

## Letter from Robb Hilson



We are pleased to share the spring 2014 Bank of America Small Business Owner Report, a semi-annual study that uncovers the concerns, aspirations and perspectives of small business owners around the country.

Our industry is seeing an exciting shift – a rise in the growth of women-owned businesses. As such, this report takes a special look at female small business owners, and how they deal with the demands of running their own business – from family dynamics to aspirational goals. We also compared attitudes of female and male entrepreneurs and found that women show more optimism than their male counterparts about the future of their businesses. Yet across the board, they are more concerned about broader economic issues including health care costs, interest rates and the strength of the U.S. dollar.

Loan approvals are on the rise, which is good news for our industry as it signifies growth. Also, small business owners planning to apply for loans this year are looking to use those funds to expand operations or make an upgrade, such as the purchase of new equipment. Additionally, the majority of those surveyed are confident that their local economy will improve in the next year.

At Bank of America, we know that the local economy is crucial to the growth and success of small business owners, which is why we have dedicated small business experts around the country. We have also committed to expanding our small business presence and will be hiring more than 200 new small business bankers in key markets throughout the nation in 2014.

Whether a business has been in the family for generations or is just starting out, Bank of America is committed to helping small businesses reach their full potential in the coming year.

**Robb Hilson**, Small Business Executive, Bank of America

## Methodology

Braun Research conducted the Bank of America *Small Business Owner Report* survey by phone between March 4 and March 31, 2014, on behalf of Bank of America. Braun contacted a nationally representative sample of 1,000 small business owners in the United States with annual revenue between \$100,000 and \$4,999,999 and employing between 2 and 99 employees. In addition, 300 small business owners were also surveyed in nine target markets: Los Angeles, Dallas, Washington, D.C., New York, Boston, Chicago, San Francisco, Atlanta and Miami. The margin of error for the national sample is +/- 3.1 percent; the margin of error for the oversampled markets (where n=300) is +/- 5.7 percent; and the margin of error for the oversampled markets (where n=301) is +/- 5.6 percent, with each reported at a 95 percent confidence level.

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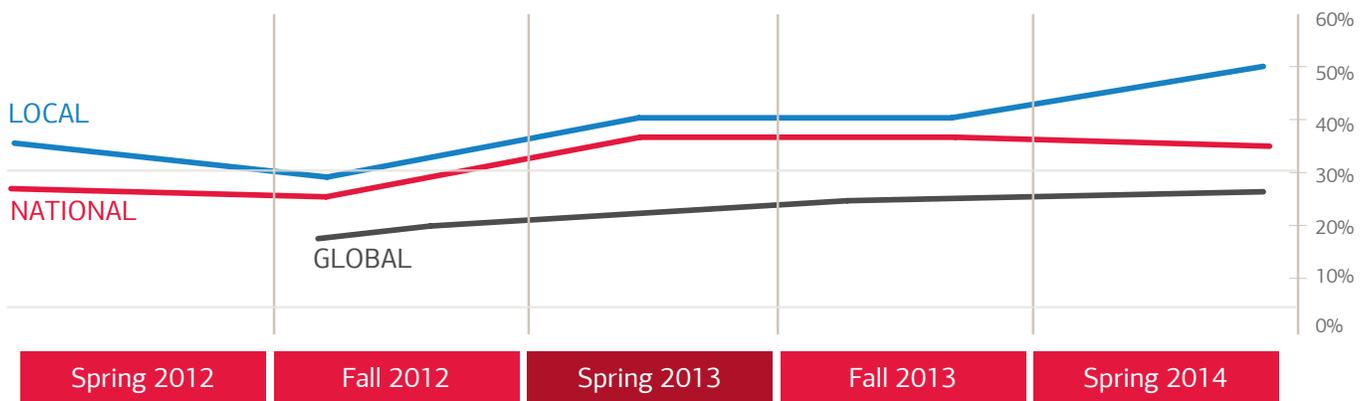
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Client Profile

## There's no place like home: Confidence in the local economy continues to rise

Small business owners are feeling confident this year – both in their own businesses and in their local communities. The majority (68%) expect their revenues to increase in the next 12 months, an increase of 17 percent from the spring 2013 Small Business Owner Report. They are also planning to hire more employees, with more than half (52%) saying they intend to add to their staff in the next year, an increase of 21 percent from last year. Furthermore, they are more confident in their local economy than they have been since this report first launched two years ago.

### Confidence that the local, national, and global economy will improve:



However, small business owners are increasingly worried about the effect of national and international economic issues on their business.

### Top concerns include:



Health care costs



The effectiveness of U.S. government leaders



Commodities prices

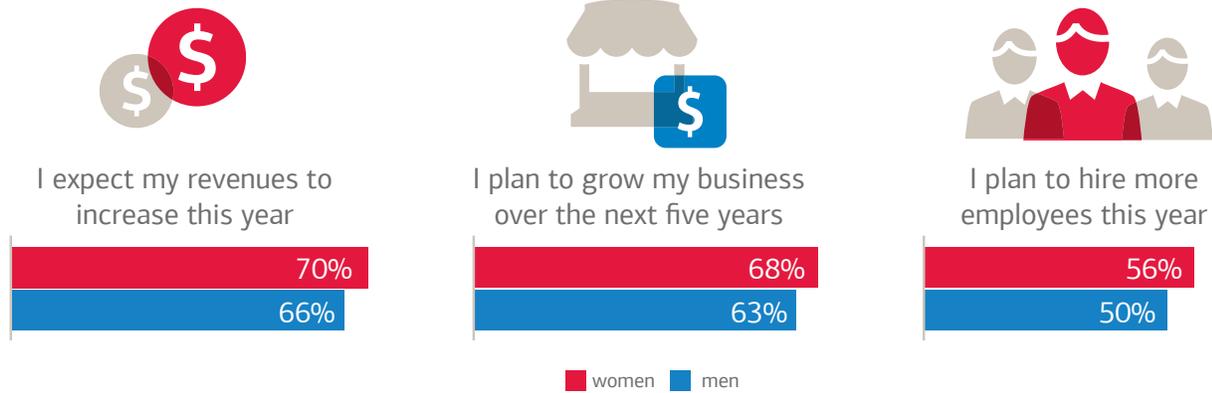


Global stock market

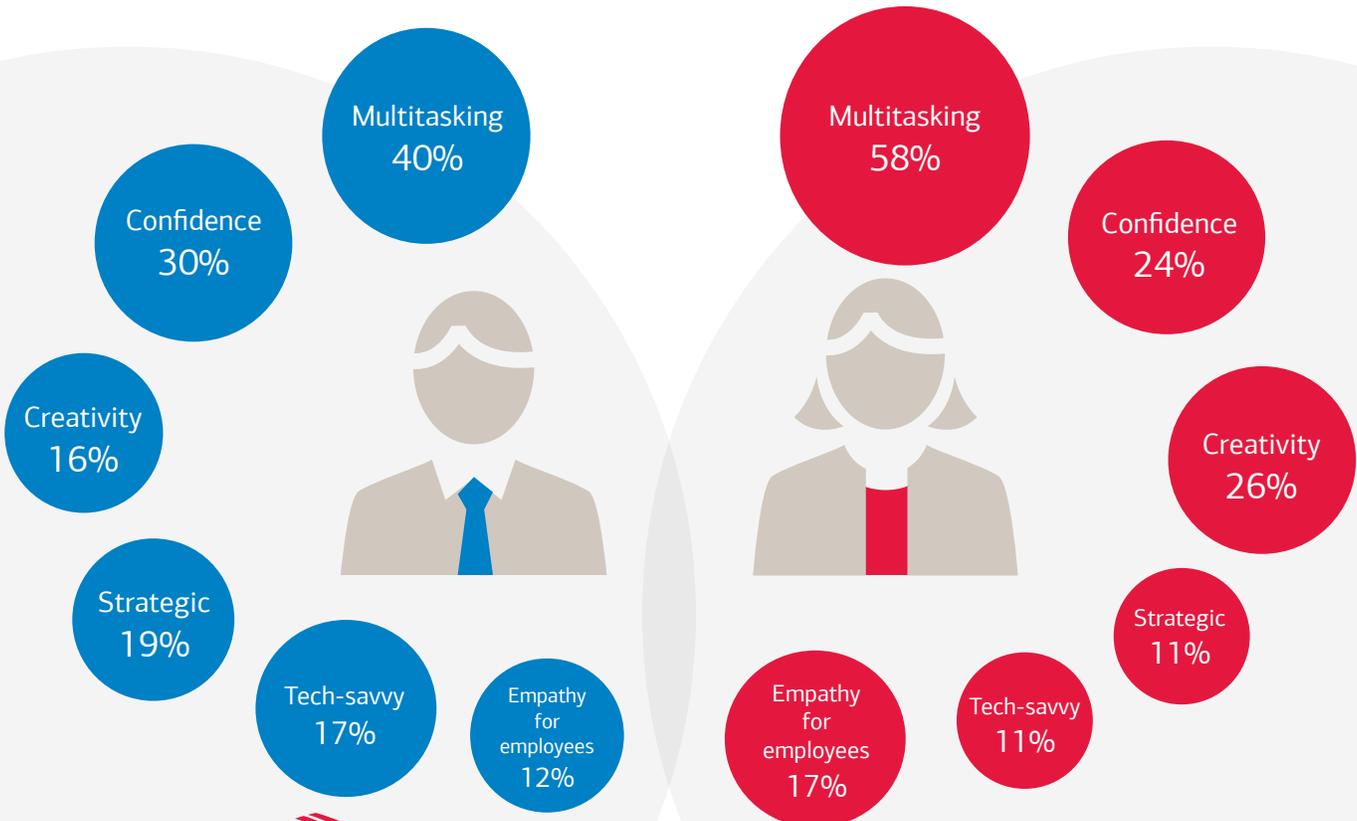


## Women are focused on growth

The outlook for women small business owners is strong. Two out of five women surveyed started running their business within the last five years. But whether they opened shop last year or last decade, the majority (68%) have plans to continue growing over the next five years and nearly three quarters (70%) expect their revenue to increase this year. Women also plan to hire more employees than men do.



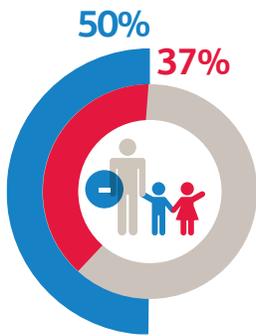
Despite being optimistic about the future of their businesses, women are less likely than men to count “confidence” as a key character trait. What they do consider to be their strongest attributes:



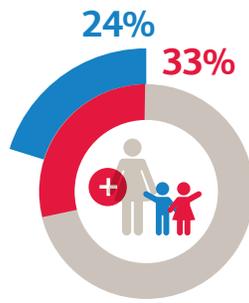
## At home and at work, women spend more time with family

Not only are women (58%) more likely than men (40%) to count multi-tasking as one of their key skills, but women (59%) are also more effective than men (55%) at juggling work/life balance. This plays out in that one in three women are actually able to spend more time with their family as a result of running their small business, and many say running their business has no bearing on the amount of time they spend with family.

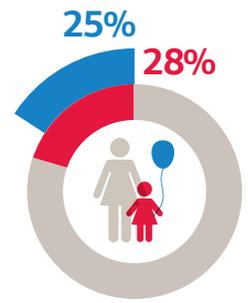
### When asked the amount of time they are able to spend with their families, small business owners answered:



I spend **less time** with my family as a result of running my small business



I spend **more time** with my family as a result of running my small business



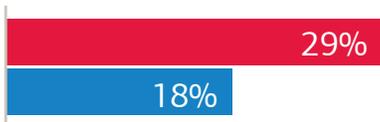
Running a small business has **no bearing** on the amount of time I spend with my family

■ women ■ men

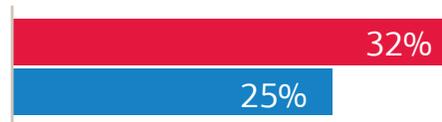
Women are also more likely to spend time with their families at work, with nearly a third saying their children will always have a place to work in their business. Men are more likely to believe it is better for their relationship if their children don't work for their business.

### Women are more likely to hire their children:

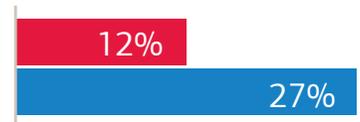
My child/ren work for my business



My child/ren will always have a place to work in my business



It is best for our relationship if my child/ren don't work for my business

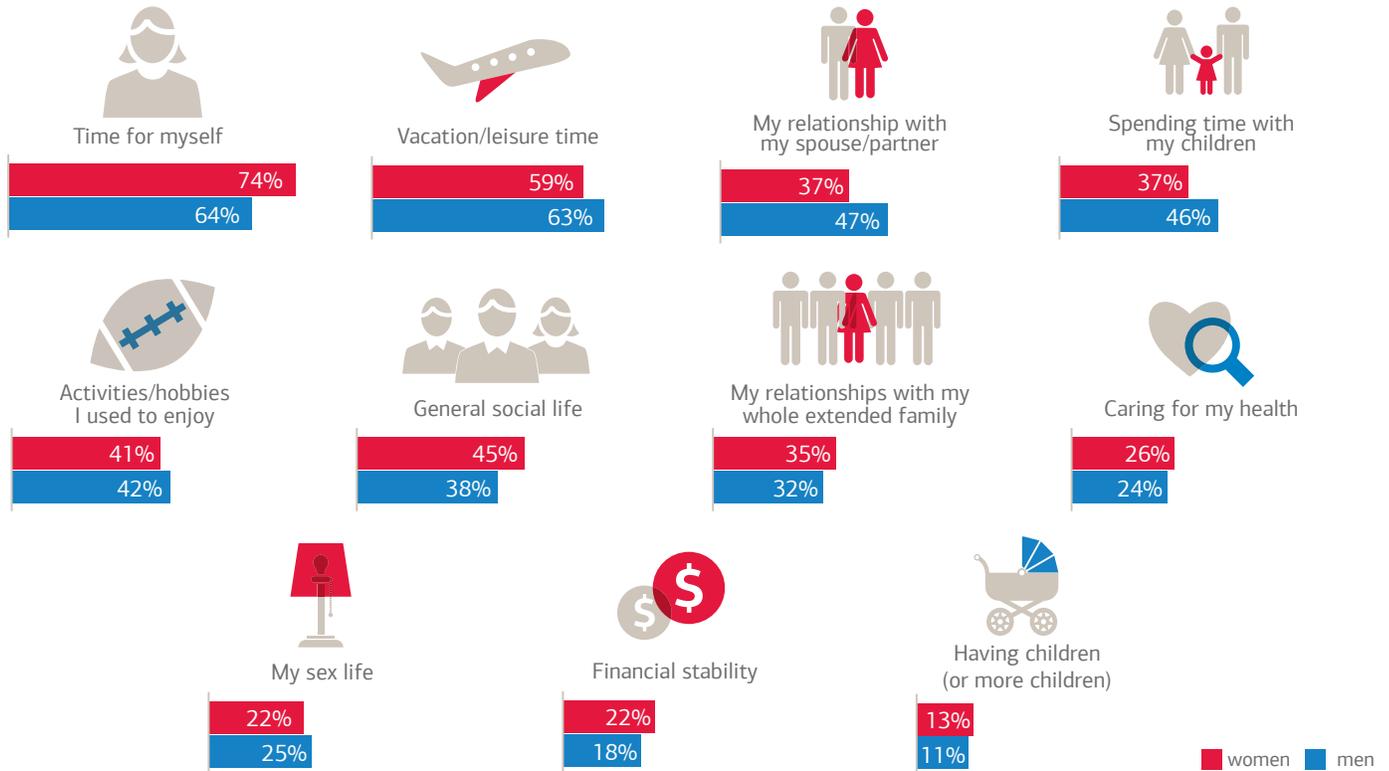


■ women ■ men

## Success is not without sacrifice

Nearly three out of four (72%) small business owners say they have made significant sacrifices in their personal lives for their businesses, with women more likely to sacrifice time for themselves, their social life, and their financial stability. Men are more likely to sacrifice their relationship with their spouse, time with their children, and their sex life.

**When asked what sacrifices they have made for their business, small business owners answered:**

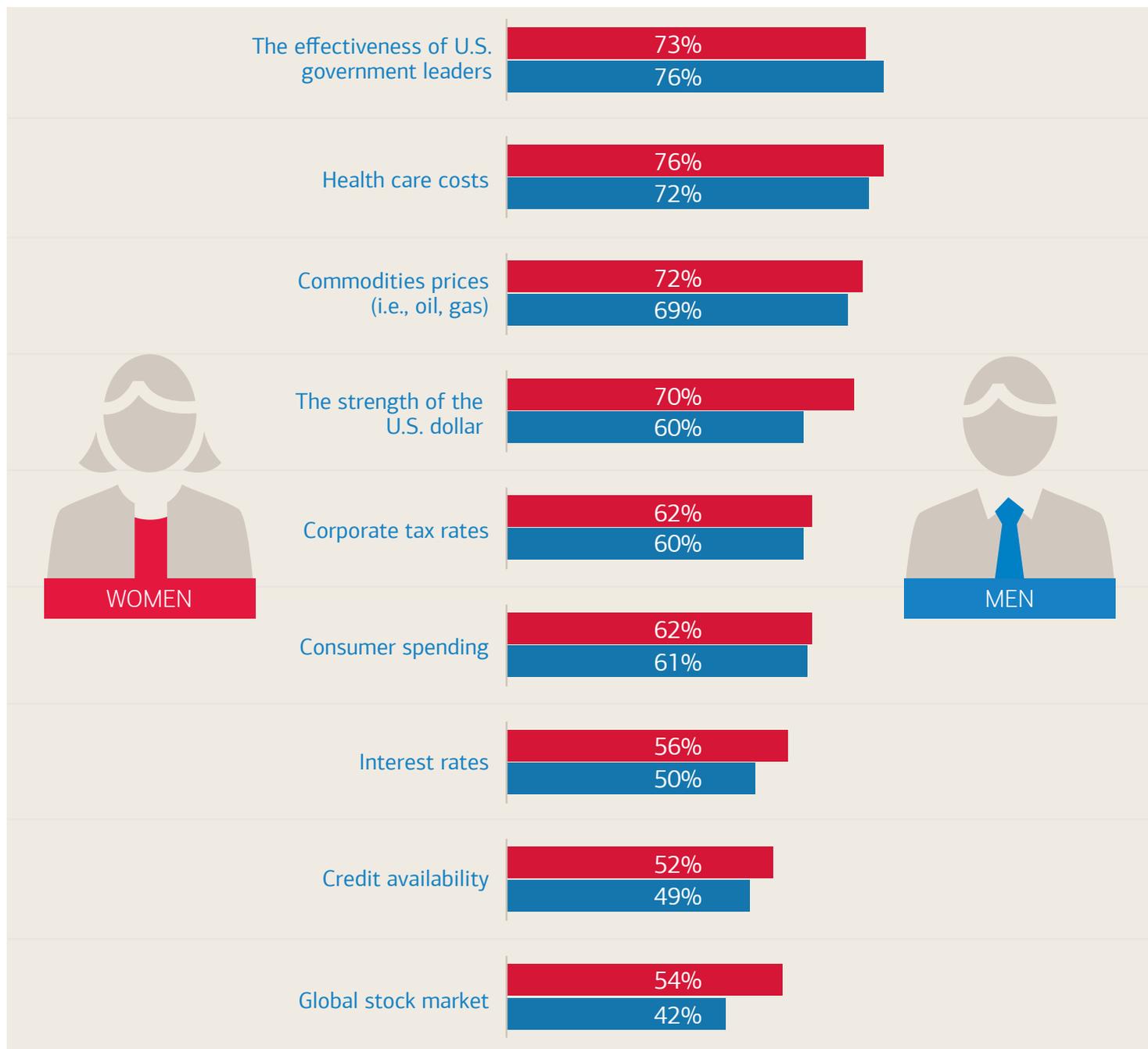


Women and men seem to agree about their biggest regrets, as both ranked “not spending enough time with my loved ones” as their top regret and “not starting my business sooner” as second. They also ranked their greatest accomplishments in the same order, with their number one accomplishment being that they have enough money to support their family.



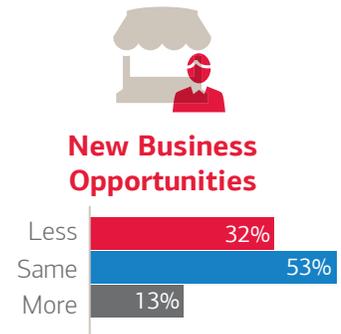
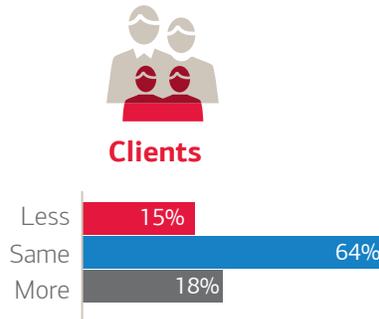
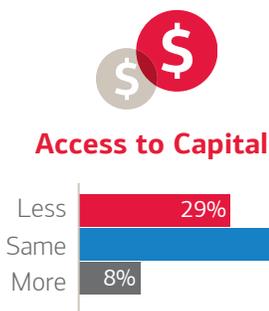
## Most economic issues are more concerning to women than men

Small business owners continue to be increasingly concerned about national and global issues, and how they will affect their businesses. Yet nearly across the board, women are more concerned about these issues than men.

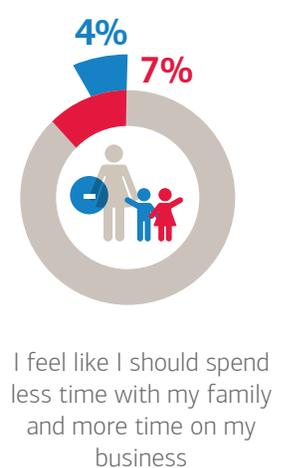
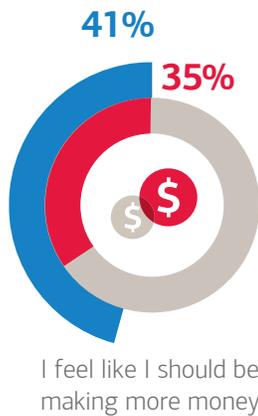
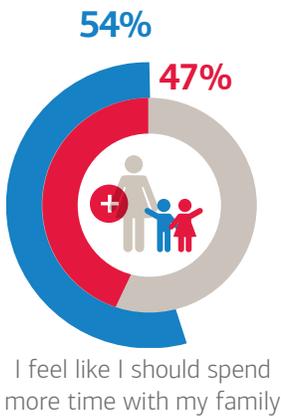


## Gender impacts on professional and personal lives

Nearly a third of women feel they have less access than their male counterparts when it comes to capital (29%) and new business opportunities (32%). However, nearly one in five women (18%) think they have more access to clients than men do.



Some small business owners feel conflicted about personal obligations and how they should be spending their time. And nearly a third (31%) of women who feel this way believe it is due to gender stereotypes. Things that women and men feel conflicted about include:

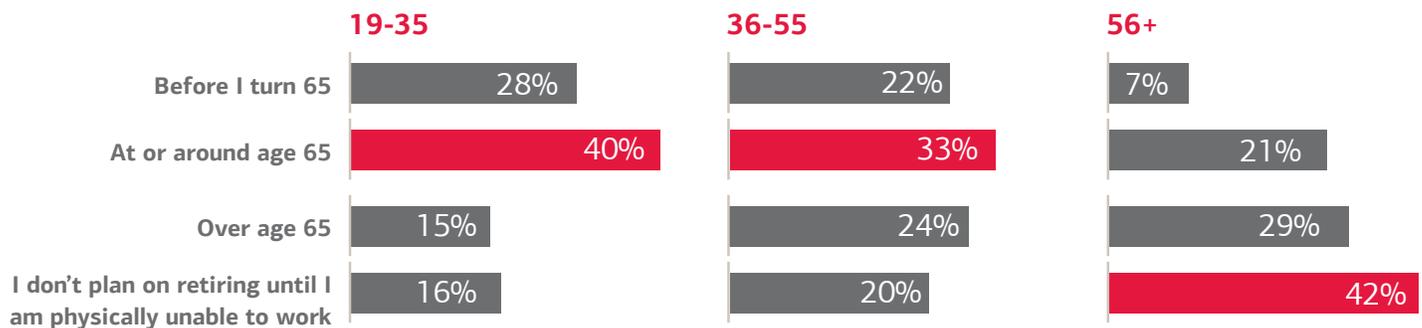


■ women ■ men

## 'Till Death do us Part'...with their business

Small business owners evidently love what they do, and many told us that they would work until they are physically unable to. This is especially true for older owners, with more than half (64%) saying their reason for a delayed retirement is due to the fact that they enjoy running their business and don't want to stop working.

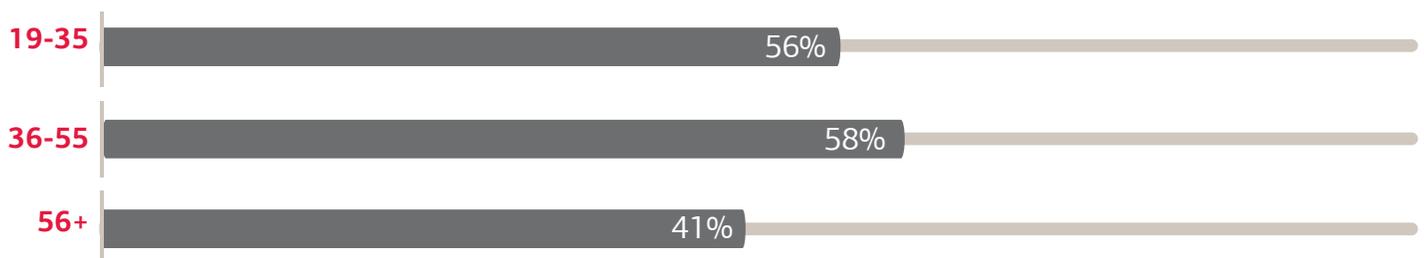
### When asked when they plan to retire, small business owners across different age groups answered:



Across all age groups, more than half (52%) of those who have a succession plan for when they retire intend to sell or transfer to a family member. Nearly a quarter (23%) plan to transfer to a non-family member and approximately one in ten (11%) plan to dissolve the business.

However, older small business owners (56+) are less likely to have a succession plan in place than younger owners. Reasons cited by older owners for this include the fact that they don't have a successor (46%) and that they aren't ready to give up control of their business (18%).

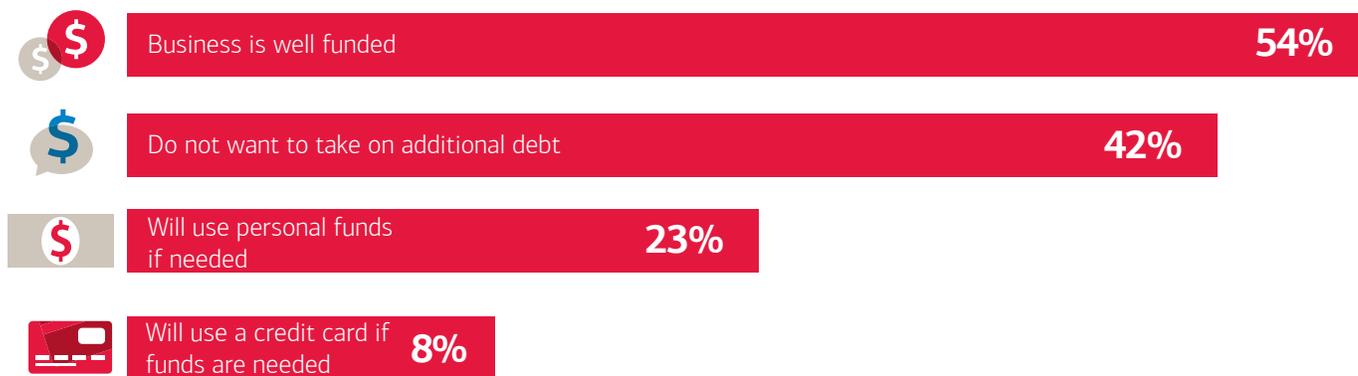
### Younger owners are more likely to say that they do have a succession plan:



## Loan applications are down, but approvals are up

Though the majority (65%) of small business owners are focused on the growth of their businesses, only 14 percent plan to apply for a loan this year, down 5 percent from spring 2013. However, the rate of approvals is on the rise: of those who applied for a loan in the past two years, 93 percent were approved, up 14 percent from 2013 and 15 percent from 2012.

### The reasons small business owners aren't applying for a loan include:



Businesses with revenues between \$250k and \$1m are most likely to apply for a loan in the next 12 months, with one in five owners in that segment saying that is their intention.

### Of those who do plan to apply for a loan, they are looking to invest it in the following ways:



## Priorities of small business owners vary from city to city

Small business owners in Los Angeles and New York are the most confident that their local economy will improve, while Atlanta is the most pessimistic. Bostonian business owners are heavily focused on family, while those in Dallas enjoy their work too much to give it up.



## Client Profile

Based in Chicago, Ill., All Bright Therapies has helped thousands of children by providing quality speech and occupational therapy services. Craving flexibility and the ability to run a business based on her own values, Amanda Albright left her previous practice, where she'd been a therapist for two years and began All Bright in 2007. Over the past two years in particular, Amanda has seen significant growth—adding staff, additional office space and an expanded clientele. While the growth is exciting, it also poses challenges. “One of the biggest obstacles for me has been cash flow. Since our two largest pay sources are insurance companies and the state via Early Intervention, the timeline of when we see the money can vary greatly,” said Albright.

Not one to back away from challenges, Amanda worked with a small business banker to discuss her situation and ended up taking out a line of credit from Bank of America. “Working with the bank has allowed me to grow the business on my own terms, which was important. I want to keep expanding the business and the positive change we're able to make in families' lives—a cash flow problem shouldn't hinder that.”



Like other small business owners trying to find a balance, Amanda struggles to divide her time among her business, her family and herself. “I always feel like there's more I can be doing here and at home. But I pride myself on being able to multitask; I'll take a break from work to have lunch with my kids or catch up on management duties when they go to bed.”

Amanda is driven to keep growing by the impact she's making in her community and the satisfaction of her employees. She says, “Being able to provide for my family feels like an added bonus!”

To learn more about Amanda's story and the mindset of small business owners across the country, visit <http://about.bankofamerica.com/en-us/partnering-locally/small-business-owner-report.html>

## Bank of America Commitment to Small Business

Bank of America has a nationwide network of banking centers and professionals that are committed to its more than three million small business clients and their local communities. The resources of Bank of America help small business owners succeed by offering convenient interactions and comprehensive banking, credit and investing solutions. The personal connection of small business bankers, client managers and practice solutions specialists contribute to the success of small businesses and their communities by making expertise more accessible.

In 2013, Bank of America announced that it extended \$10.7 billion in new loans to small businesses – a 24 percent increase over 2012. The bank's combined new and renewal small business lending totaled more than \$23 billion.