

The Annual Survey of Entrepreneurs: An Update

by

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Abstract

We provide an update on the Annual Survey of Entrepreneurs (ASE), which is a relatively new Census Bureau business survey. About 290,000 employer firms in the private, non-agricultural U.S. economy are in the ASE sample. Its content is relatively constant over collections, allowing for comparability over time; however, each year there are approximately ten new questions in a changing topical module. Earlier topical modules covered innovation (2014) and management practices (2015). The topical module for reference year 2016 covers business advice and planning, finance, and regulations. The ASE is collected through a partnership of the Census Bureau with the Kauffman Foundation and the Minority Business Development Agency. Qualified researchers on approved projects may request access to the ASE micro data through the Federal Statistical Research Data Center (FSRDC) network.

Keyword: Census Bureau, entrepreneurship, firm-level data, topical module.

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1. Introduction

The Annual Survey of Entrepreneurs (ASE) was designed to fill a gap in our understanding of entrepreneurship and business startups. An extensive existing empirical literature had demonstrated that business startups play critical roles in innovation, job creation, and productivity dynamics.¹ Much of this literature used existing Census Bureau products in the empirical exercises, such as the Longitudinal Business Database or Business Dynamics Statistics, but it was clear that more information was needed. The content and design of the ASE reflects the recommendations of a National Academies of Sciences panel (Haltiwanger, Lynch, and Mackie (2007)), the Kauffman Foundation, the Minority Business Development Agency, and academic experts. The ASE is collected through a partnership of the Census Bureau with the Kauffman Foundation and the Minority Business Development Agency (MBDA). This paper provides an update to our earlier paper which introduced the ASE (Foster and Norman (2016)).

As a brief overview, the ASE acts as an annual supplement to the employer component of the quinquennial Survey of Business Owners (SBO). The ASE samples about 290,000 firms with paid employees over the entire private non-agricultural U.S. economy and collects information on up to four owners of sampled firms and characteristics of these firms.² The ASE has a series of core questions repeated in every year and a rotating topical module. The core questions are grouped into owner and business questions. Owner information collected includes demographic information (age, sex, educational attainment, citizenship, ethnicity, race, and veteran status) and information on their business activities (for example, how they acquired ownership of the business). Business information about the firm includes business operations, types of workers,

¹ See for example, Decker et al. (2014).

² The ASE website provides more details. See <https://www.census.gov/programs-surveys/ase/technical-documentation/methodology.html>.

plans for the firm (motivation and aspirations), funding issues, globalization, and digitalization. Firm specific questions concern: the year the business was established, funding, workers, customers, digital presence, global presence, and business operations. There are approximately fifty core questions and about ten topical module questions for each survey wave.

Collection of the ASE is entirely through an electronic instrument. Dissemination of the results from the ASE occurs through two mechanisms. Publicly available information is released in tables formatted similarly to those from the SBO. Estimates are produced for number of firms, sales and receipts, number of employees for the pay period including March 12, and annual payroll. These can be viewed at multiple levels of geography and by industry and by gender, ethnicity, race, and veteran status.³ For research questions that require more detailed information, qualified researchers on approved projects may request access to micro data from the ASE through the Federal Statistical Research Data Center (FSRDC) network.⁴

As of this writing, results from the first reference year (2014) of the ASE have been released, results from the second reference year (2015) are soon to be released, and collection will soon start for the third reference year (2016). The release of the 2014 results provided an important view of the current state of the entrepreneurial process in the U.S. economy. Immediately following the release of the data, news reports highlighted key facts.⁵ Later, more detailed reports using the ASE provided more in depth analysis of the results. At this time, researchers in the FSRDCs are using the ASE combined with other micro data to help better

³ Information from the ASE is available through American Fact Finder, see the ASE website for links.

⁴ See <https://www.census.gov/fsrdc>.

⁵ In the five days following the ASE press release, Census tracked about 30 news stories using ASE data around the country; many highlighting a local angle for the data.

understand some of the longer term trends in entrepreneurship.⁶ While it is not possible to summarize all of these, we briefly discuss some highlights below and provide more details throughout this paper where relevant.

The examples below all focus on financing: either initial financing for starting/acquiring the business or recent financing experiences. In two related articles in the *Wall Street Journal*, Simon and Overberg (2016a, 2016b) focus on the sources of financing for startups and growth and on demographic differences in sources of funding. They find that compared to older firms, *recent* startups rely more heavily on personal sources of finance (savings and credits cards) as opposed to bank loans and equity when starting up.⁷ This pattern is especially pronounced for women and minority business owners. They also point to the importance of the collapse of the housing market in causing financial constraints for startups as owners could not rely as heavily on home equity loans and using their houses as collateral for loans. In terms of funds for growth, they report that compared to White owners, Black business owners were less likely to seek capital in the current year, and when seeking it, less likely to get the full amount requested.

Turning to more detailed reports, Robb and Morelix (2016) also focus on differences in startup capital usage by owner race and ethnicity in their Kauffman report. Personal/family savings are the most cited source over all groups but there are differences across groups. For example, usage of business bank loans for startup financing varies from a high of 19 percent for White owners to a low of 13 percent for Hispanic owners. A second Kauffman report examines

⁶ As Ben Casselman from FiveThirtyEight noted: “The report’s most valuable insights will come in future years, as trends become clear, but even the first year’s data contains interesting nuggets. For example, by far the largest share of new businesses in Missouri — nearly a third — are in health care, an area the state has actively promoted. Also interesting: Women own a higher share of startups in Missouri than in any other state. That could be a hint that one way to help turn America’s entrepreneurial slump around is to help more women to start businesses.” 9/12/2016.

⁷ Whether this pattern is driven by survivor bias could be tested by examining the micro data. The authors thank David Brown for pointing this out. Robb and Robinson (2010) find that startups rely heavily on bank financing and less so on friends and family-based sources, but caution this pattern might be unique to the time frame (using the Kauffman Firm Survey for about 5,000 firms in 2004).

geographic differences in startup financing and current financing, focusing on venture capital. Stangler, Tareque, and Morelix (2016) find that the distribution of venture capital financing for startups is unevenly distributed over geography. While on average less than 1 percent of firms used venture capital for financing startups, there are about six metro areas where the percentage is about twice the national average (led not surprisingly by Silicon Valley metro areas). Finally, the Aspen Institute white paper, “Bridging the Divide: How Business Ownership Can Help Close the Racial Wealth Gap,” extensively uses the 2014 ASE. Klein (2017) finds that minority owner-owned firms (specifically, Black- and Hispanic-owned firms) face challenges related to financing due to lower levels of personal wealth and access to business credit.⁸ Given the differences in experiences and outcomes by demographic groups, many of these examples point to the importance of jointly collecting business and owner data.

In the next section, we provide an overview of the sample and core content for the ASE. In Section 3 we describe the use of a modular approach for special inquiries. The final section describes plans for future work.

2. Overview of Sample and Core Content

The sample for the ASE over all three collection years is approximately 290,000 employer firms in the entire private non-agricultural U.S economy.⁹ The ASE sample was designed to provide information on young firms and to allow for longitudinal analysis. The same in-scope businesses remained in the ASE sample over all three collection years. Firm deaths or

⁸ Klein (2017) notes the importance of data in developing policies and cites the ASE as an example of a valuable source for such data: “Several federal initiatives are particularly important in ensuring sufficient, high quality data on business ownership. The first is newly-created Annual Survey of Entrepreneurs from the US Census Bureau which can shed light yearly on the state of employer firms (p.23).”

⁹ The ASE covers only employer firms; the Census Bureau is investigating using modeling to address needs for information on non-employer firms for 2013-2016. See <https://www.census.gov/programs-surveys/ase/technical-documentation/methodology.html>.

those firms that became out of scope were removed from the sample and were offset by a number of births. From year to year, there were about 30,000 births. About half of the firms selected from the business frame for employer firms have been in business for fewer than 10 years. The ASE sample was designed using multiple sources of information to estimate the probability that a business was minority- or women-owned.¹⁰

The ASE universe was stratified by metropolitan statistical area, frame, and age of business. Large companies, including those operating in more than one state, were selected with certainty based on volume of sales, payroll, or number of paid employees. All certainty cases represent only themselves (that is, they have a selection probability of one and a sampling weight of one). The certainty cutoffs varied by sampling stratum and each stratum was sampled at varying rates (depending on the number of firms in a particular stratum). The remaining universe was subjected to stratified systematic random sampling.¹¹

The content of the core instrument has not changed significantly over the three collections (exceptions are noted below). Table 1 summarizes the core content and updates Table 3 from Foster and Norman (2016). The ordering of the questions differs over ASE collection years due to changes in the placement of the topical module. The module questions are imbedded in the survey close to other related questions (rather than all being grouped together at the end). The table also provides information for the relevant concepts in the SBO when there is overlap (questions that appear only on the ASE are noted in italics in the table). The complete 2016 ASE worksheet is in the Appendix.

There are nine changes to the core content of 2016 as compared to 2015. In discussing

¹⁰ While firms are placed in a frame for sampling, responses to the survey, data processing and/or data analysis may require a firm to be reclassified for tabulation.

¹¹ Researchers interested in comparing the sampling frames of the ASE and the SBO should see Table 2 of Foster and Norman (2016).

these, we refer to the worksheet, however it is important to remember that the respondents use an electronic instrument to key in responses (but may refer to the worksheet). This distinction is relevant for the three changes in which a previously multi-part question now appears as several individual questions on the worksheet.¹² The electronic instrument presents multi-part questions on separate screens; these changes to the worksheet were intended to better mimic the electronic instrument. These changes are summarized in Table 2 and we go through these below in chronological order by question number.

First, the “10 Percent or More Ownership” question (question 4) was edited to add clarifying instructions. The parenthetical phrase “(Do not count parent companies, estates, trusts, or other entities.)” has now been added to the instructions. In addition, a clarifying phrase was added to the “No” response (“Select ‘No’ ONLY if no person owned 10% or more of this business.”). These instructions help ensure that we have owner characteristics for businesses that have at least one owner who owns 10% in the business; otherwise we cannot determine the minority/women owner characteristics.

Second, clarifying language was added to the “Percent Ownership” question (question 5). The original question included three bulleted instructions to help respondents determine percentages. The revised instructions add a fourth bullet concerning how to report in the case in which there is no owner was added (“If there is no owner, please report 0%.”).

Third, the question concerning “Prior Business Ownership” (question 11) was revised to allow for more expanded responses. The original question concerned whether the owner “ever owned a business” prior to this business and the responses were Yes/No checkboxes. The revised

¹² We do not report changes to the worksheet such as minor changes to titles (for example, questions 3 and 4 have “Business Ownership” and “Business” added to their headers respectively or font (for example, adding bold to a question).

question concerns “how many previous businesses” the owner had prior to this business and there are six numeric checkbox responses ranging from 0 to 5 or more. The topical module will build upon this expanded information on owner experience. Prior business experience has been found to have an impact on business success. For example, Jarmin and Krizan (2010) find that prior experience has an impact on business success for their sample of single unit firms in the 2002 SBO; however, they determine prior experience by linking in other business data since the experience question was not added to the SBO until 2007.¹³ Shaw and Sorensen (2017) use Danish data and find that businesses started by serial entrepreneurs have higher sales and higher productivity when compared to businesses started by novice entrepreneurs.

Fourth, “Field of Highest Degree Prior to Owning the Business” (question 13) was added as a follow-up to the question concerning the education of the owner. There are 16 checkbox responses for broad fields of inquiry such as “Agriculture, Environmental and Related,” “Business or Finance,” and “Natural and Physical Sciences.” One could combine the response from this question with responses to question 8, which asks about basic job functions, to try to understand if their education is directly relevant to their activities as owner. Together, these three questions (11-13) are intended to help increase our understanding of business owner experiences, which could impact business outcomes.

Fifth, “One Family Majority Ownership” (questions 21-23) was modified in three ways. The question originally had three separate parts under one header; each of these three parts now has its own header. In addition, the skip pattern was revised slightly so that it appears only in the second question in the set. Finally, the category “spouses” was expanded to cover “spouses/unmarried partners.” This change makes responses to this question more comparable to

¹³ The prior experience question on the 2007 and 2012 SBO differs from the analogous question on the ASE, since the SBO version includes self-employment prior experience (see question 15 in 2007 and question 12 in 2012).

the “Number of Owners” question earlier in the survey, which notes in its instructions to “Count spouses and partners as separate owners.”

Sixth, the strategy of separating components of earlier multi-part questions under distinct headers for each part was undertaken for the question on “Capital Funding” (questions 28 and 29). The question originally had two parts; each of these parts now has its own header. No other part of this question was changed.

Seventh, the question and responses for “Avoidance of Additional Financing” (question 39) were changed to avoid having different behaviors grouped under the same response. The original question was “did this business need additional financing and the owner(s) chose not to apply?” and the original responses were “yes” and “no.” Unfortunately, this meant that people would respond yes/no based upon two conditions that were not possible to identify separately. Thus the question was changed to “did this business need additional funding?” and the answers were changed to “Yes, business needed additional funding and the owner(s) chose not to apply,” “Yes, business needed additional funding and the owner(s) did apply,” and “No, business did not need additional financing.” Only the first response leads to the follow up question concerning why they did not apply for funding that they needed.

Eight, the question concerning “Negative Impact on Profitability” (question 42) was revised slightly to anticipate the topical module. The original version of the question had Yes/No checkbox answers for nine categories. A tenth category, “Government regulations (federal, state, and/or local)” was added to the list in between “Taxes” and “Slow business or lost sales.” As will be discussed below, this change to the question helps to lead into three related questions concerning regulations on the topical module (which follow immediately after this question).

Finally, the strategy of separating components of earlier multi-part questions under

distinct headers for each part was undertaken for the question on “E-Commerce” (questions 59 and 60). The question originally had two parts; each of these parts now has its own header. No other part of this question was changed.

3. Topical Module

In addition to the core content, each year the ASE includes a changing topical module of about ten new questions relevant to entrepreneurs and business startups. The modular approach to the survey is intended to give the Census Bureau the flexibility needed to adjust content quickly to better measure the dynamic U.S. economy.¹⁴ The content of these modules is developed in consultation with stakeholders and experts in the fields of inquiry. The 2014 module concerned innovative activities. The 2015 module collected information on management practices including the adoption of structured management practices, the prevalence of less formal employment relationships, and record keeping practices. The 2016 module covers three broad areas of interest: finance, regulation, and business planning and advice. Table 3 summarizes the content of the modules over all three collections.

Financing is the first of the three topics in the module and contains four related questions. These questions follow immediately after the core funding questions. The first two questions (questions 35 and 36) cover banking relationships and are intended to capture whether the business banking relationships build upon existing personal banking relationships. Banking relationships include, for example, having checking accounts, savings accounts, credit cards, and/or loans. The first question asks whether the business banking relationships occur at the

¹⁴ The modular approach was specifically recommended by the NAS panel. See Haltiwanger, Lynch, and Mackie (2007).

same financial institution as personal banking relationships. If so, respondents are asked a follow-up question on how long the personal relationship was in place before the business relationship commenced. The third question (question 37) asks about whether the business was required to provide collateral or a loan guarantee for any outstanding loan. Finally, the fourth financing question (question 38) asks about purchases on account. This last question is similar to a question that appears on the Kauffman Firm Survey which asks about the amount of purchases made through trade financing.¹⁵

These questions may help us better understand the challenges that business owners face in starting up or expanding their businesses. This is especially true for smaller businesses where we might expect business banking relationships to be built on personal banking relationships. As Kerr, Kerr, and Nanda (2015) note, debt financing is important for small and young businesses, but it is precisely these businesses where information asymmetries are so strong. They note that one way to overcome this asymmetry is by pledging personal collateral against business loans.¹⁶ Relying on existing relationships may also help mitigate these information asymmetries.

Regulations and their impact on business outcomes form the second set of questions in the module. There are three questions concerning regulations, and as noted above, these are placed immediately following the question on negative impact on profitability. The first question (question 43) requests more details to the question on impact on profitability by asking the impact of 12 areas of regulation (for example, employee hiring or health permits and regulations), plus a write-in for “Other.” For each of these, the impact on profitability ranges

¹⁵ Question F13 from the Kauffman Firm Survey asks about purchases through trade financing where it notes “Trade financing is where a business has an arrangement with a supplier to make purchases on account.”

¹⁶ Their primary exercises examine the link between house prices and home equity loans for startups and find the collateral impacts are modest. They use the 2007 SBO to validate their primary results. Robb and Robinson (2010) use the Kauffman Firm Survey to look at home equity and access to capital for startups.

over five checkbox responses from very negative to very positive and also includes a response option for not applicable. The next two questions (questions 44 and 45) ask about the impact of regulations on starting or acquiring the business and on business growth.

These questions could help us better understand the impact of regulations on businesses.¹⁷ Understanding this relationship is complicated, since the relationship between regulations and business performance does not simply depend on the presence of regulations or the number of regulations, but the attributes of the regulations and their enforcement.¹⁸ Thus, the presence of a “good” regulatory environment is often one factor in determining whether a country has good governance.¹⁹ Klapper, Laeven, and Rajan (2006), for example, argue that the impact of financial regulations, labor regulations, and intellectual property regulations on firm entry could be either positive or negative. Similarly, they note that *a priori*, the impact of entry regulations on productivity is not clear, since entry regulations could either dampen creative destruction or effectively screen out weaker potential entrants.²⁰ Goldschlag and Tabarrok (2015) combine measures of industry regulation with Census measures of industry dynamism and do not find evidence that regulation is behind the recent decline in business dynamism in the U.S.

Business advice and planning is the topic for the final four questions in the module.

¹⁷ Those interested in this subject include, for example, the Small Business Administration (SBA) which houses the Office of the National Ombudsman whose mission is to assist small businesses concerning federal regulatory enforcement.

¹⁸ Parker and Kirkpatrick (2012) note the following attributes for better regulation: “regulation should be *consistent* to avoid unnecessary uncertainty for the private sector; *accountable* to the democratic process; *transparent* in terms of operation and effects; *proportional* when tackling market failures; and *targeted* at the problem to be addressed, to avoid unintended impacts elsewhere in the economy” (p. 43).

¹⁹ The governance index used by the World Bank has six attributes, including regulatory quality (Kauffman, Kraay, and Mastruzzi (2005)). Klapper, Laeven, and Rajan (2006) find that low entry costs, high private credit, low labor regulations, and high property rights often appear together and form a favorable business environment.

²⁰ Using firm-level data from 21 European countries, they find the impact of regulations on outcomes is mixed: entry regulations negatively impact entry (and negatively impact productivity); financial regulations (developed capital markets) positively impact entry in financially dependent industries; labor regulations negatively impact entry in labor intensive industries; and property regulations positively impact entry in R&D intensive industries.

Three of these questions concern advice or mentorship, and thus can be considered complementary to the questions that ask about the owner's education and experience. In all cases, the survey is attempting to capture the human capital available to the owner (either their own or drawing on that of others). As Klein (2017) points out, this ability to draw on the experience of others can be especially important for entrepreneurs who may not have the same level of education or entrepreneurial experience.²¹ The first question (question 46) concerns reasons for seeking advice (either paid or unpaid), providing 14 different subject areas for advice (for example, on employee relations, product development, technology) and for "other" (write in). A follow-up question (question 47) for those respondents who did seek advice asks about the providers of the advice. Nine possible providers are listed, including family, friends, professional colleagues, employees, legal and professional advisors, customers, suppliers, government-supported technical assistance programs and "other" (write in). Government-supported technical assistance is especially of interest to providers of this assistance, but many policymakers are interested in understanding the diffusion of knowledge. For example, the 2010 Management and Organizational Practices Survey (MOPS) asked whether managers at manufacturing plants learned about management practices from 7 possible providers (consultants, competitors, suppliers, customers, trade associations or conferences, new employees, or headquarters) and "other."

The last question on advice/mentorship (question 48) asks whether the advice or mentoring led to, or is expected to lead, to positive business outcomes or changes in business operations. The responses to this question could be compared to the responses concerning

²¹ "For entrepreneurs who lack social and business networks and family members with experience in business ownership, negotiating these [business] challenges is particularly difficult, and finding advisors, coaches, or mentors who can provide trusted and unbiased advice can be key to their success." (p. 27).

Reasons for Owning the Business (question 20) which includes “An entrepreneurial friend or family member was a role model.” Fairlie and Robb (2007) find that having a family business experience has a positive impact on small business outcomes (using data from the precursor to the SBO).

The final question in the module (question 49) concerns the “Exit Strategy” for the business. This question includes ten possible checkbox replies (where more than one can be checked). Responses include “Walk away from the business,” “Sell or merge the business with another firm,” and “Prepare an Initial Public Offering (IPO).” In some sense, this question can be considered the bookend to the earlier questions in the survey concerning both motivation for owning the business and the aspirations for the business. In addition to finding the specific exit strategy of interest, researchers may find evidence that having an exit plan is a signal of higher competencies of the business owner(s).

4. Future Work

The ASE has already provided insights into the challenges facing entrepreneurs and startups in the U.S. The core instrument and its existing topical modules will help us better understand innovation activities in these firms as well as their use of structured management practices and nontraditional employment arrangements. With the addition of the 2016 topical module, we expect to better understand financing dynamics, the impact of regulations, and the learning process at firms. As the micro data from the ASE are made available to qualified researchers on approved projects in the FSRDC system, we look forward to even greater expansion of our understanding of entrepreneurship and startups.

Table 1: Summary of ASE Core Questions (Comparison to SBO, New Items in Italics)

| Concept | SBO ¹ | ASE2014 ² | ASE2015 ² | ASE2016 ³ |
|---|------------------|----------------------|----------------------|----------------------|
| Ownership Information | 1-5 | 1-5 | 1-5 | 1-5 |
| Owner Specific ⁴ | | | | |
| Acquiring the business | 7-8 | 6-7 | 6-7 | 6-7 |
| Responsibilities | 9-1 | 8-10 | 8-10 | 8-10 |
| Prior Ownership Experience | 12 | 11 | 11 | 11 |
| Demographics of Owner | 13-19 | 12-18 | 12-18 | 12-19 ⁵ |
| <i>Reasons for owning the business</i> | | 19 | 19 | 20 |
| Business Specific | | | | |
| Family owned | 6 | 20 | 20 | 21-23 ⁶ |
| <i>Aspirations</i> | | 21 | 21 | 24 |
| <i>Owner funding</i> | | 22 | 22 | 25 |
| Year established | 62 | 23 | 23 | 26 |
| Franchise | 63 | 24 | 24 | 27 |
| Capital funding | 64 | 25 | 25 | 28-29 ⁶ |
| <i>Sources and challenges for funding</i> | 65 | 26-30 | 26-30 | 30-34 |
| <i>Avoidance of Additional Funding</i> | | 31-32 | 31-32 | 39-40 |
| <i>Profitability</i> | | 33 | 33 | 41 |
| <i>Negative impacts on profitability</i> | | 34 | 34 | 42 |
| Types of customers | 66 | 35 | 35 | 50 |
| <i>Customer location</i> | | 36 | 36 | 51 |
| Global presence and outsourcing | 67-69 | 37-39 | 37-39 | 52-54 |
| Language | 70 | 40 | 40 | 55 |
| Worker types | 71 | 41 | 41 | 56 |
| Benefits provided to workers | 72 | 42 | 52 | 57 |
| Digital presence (website, e-commerce) | 73-74 | 43-44 | 53-54 | 58-60 |
| Home operation | 75 | 45 | 55 | 61 |
| Intellectual property | 76 | 46 | 56 | 62 |
| Business activity over the calendar year | 77 | 47 | 57 | 63 |
| Current operating status | 78 A | 56 | 58 | 64 |
| If ceased operation, reason | 78 B | 57 | 59 | 65 |

Notes:

1. Source: 2012 SBO Worksheet for the long form (numbers added).
2. Source: Foster and Norman (2016) Appendices B and C (numbers added).
3. Source: Appendix of this paper (numbers added).
4. Owner Specific questions are repeated for up to four owners.
5. In 2016, Field of Highest Degree was added as question 13.
6. In 2016, multipart questions split into component pieces on worksheet

Table 2: Changes in Core Content for 2016

| Q# | Title/Descriptor | Description of Changes |
|-------|---|---|
| 4 | 10 Percent or More Ownership | Clarifying instructions added |
| 5 | Percent Ownership | Clarifying instructions added |
| 11 | Prior Business Ownership | Detailed responses added |
| 13 | Field of Highest Degree Prior to Owning | New question |
| 21-23 | One Family Majority Ownership | Headers added to component questions, skip pattern altered, responses changed |
| 28-29 | Capital Funding/Amount of Capital | Headers added to component questions |
| 39 | Avoidance of Additional Financing | Responses changed for clarity |
| 42 | Negative Impact on Profitability | Gov't Regulation added to response |
| 59-60 | E-Commerce/Percentage of E-Commerce | Headers added to component questions |

Note: Q# is the implied question number from 2016 worksheet

Table 3: Summary of ASE Modules

| Concept | ASE2014 ¹ | ASE2015 ¹ | ASE2016 ¹ |
|--|----------------------|----------------------|----------------------|
| <i>Research and Development and Innovation</i> ² | | | |
| Product innovation over the last three years | 48 | | |
| Process innovation over the last year years | 49 | | |
| R&D activities | 50 | | |
| Total R&D cost | 51 | | |
| Purchased R&D costs | 52 | | |
| Business R&D costs | 53 | | |
| Funding sources for R&D activities | 54 | | |
| Number of R&D employees | 55 | | |
| <i>Management and Personnel Practices</i> ³ | | | |
| Percentages of types of workers | | 42 | |
| Types of tasks performed by types workers | | 43A-F | |
| Managing service or production problems | | 44 | |
| Number of key performance indicators | | 45 | |
| Frequency of key performance indicators | | 46 | |
| Business targets | | 47AB | |
| Employee promotion | | 48 | |
| Under performing employee | | 49 | |
| Record-keeping, decisions, budgeting & finance | | 50AB | |
| Record-keeping, decisions, sales & purchases | | 51AB | |
| <i>Banking, Regulation, and Advice and Planning</i> ⁴ | | | |
| Business banking relationship | | | 35-36 |
| Outstanding loans | | | 37 |
| Purchases on account | | | 38 |
| Types of regulations | | | 43 |
| Regulations and starting/acquiring business | | | 44 |
| Regulations and growth of business | | | 45 |
| Reasons for seeking business advice | | | 46 |
| Providers of business advice | | | 47 |
| Outcome of advice or mentoring | | | 48 |
| Exit Strategy | | | 49 |

Notes:

1. Source: ASE Worksheets (questions are not explicitly numbered in worksheet).
 2. Questions derived from the Microbusiness Innovation Science and Technology Survey.
 3. Questions derived from the MOPS and other sources.
 4. Questions derived from multiple sources.
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Welcome to the 2016 Annual Survey of Entrepreneurs

DO NOT use this worksheet to respond to the survey, it is intended to assist you with gathering and preparing your data prior to reporting online. Please view the online report for specific instructions.

Return to <https://econhelp.census.gov/ase> when you are ready to report online.

CONTACT INFORMATION

Please enter the first and last name of the person who is filling out this survey. We request a telephone number so we can contact you if there is a question.

Contact Name:

Phone:

Ext:

Email:

NUMBER OF OWNERS

In 2016, how many people owned this business?

- Do not combine two or more owners to create one owner.
- Count spouses and partners as separate owners.
 - 1 person – Skip to Business - 10 % or More Ownership
 - 2 people – Skip to Business - 10 % or More Ownership
 - 3 people – Skip to Business - 10 % or More Ownership
 - 4 people – Skip to Business - 10 % or More Ownership
 - 5-10 people – Skip to Business - 10 % or More Ownership
 - 11 or more people
- Business is owned by a parent company, estate, trust, or other entity
- Don't know

BUSINESS OWNERSHIP - GOVERNMENT OR TRIBAL ENTITY

In 2016, was this business owned by a government or tribal entity?

Yes

No

BUSINESS - 10% or MORE OWNERSHIP

In 2016, did at least one **person** own 10% or more of this business? (Do not count parent companies, estates, trusts or other entities.)

Yes

No – Select “No” **ONLY** if no person owned 10% or more of this business.

PERCENT OWNERSHIP

For the person(s) owning the largest percentage(s) in this business in 2016, please list the percentage owned by each person and his or her name.

- **Do not report** percentages owned by parent companies, estates, trusts, or other entities.
- If more than 4 people owned this business equally, select any 4 people.
- Round percentages to whole numbers. For example, report 1/3 ownership as 33%.
- If there is no owner, please report 0%.

| | Percentage Owned (Estimates are acceptable) | Name of Person |
|----------|---|----------------|
| Owner 1: | | |
| Owner 2: | | |
| Owner 3: | | |
| Owner 4: | | |

OWNER 1 – If applicable, if not skip to page 18

INITIAL ACQUISITION

How did *Owner 1* initially acquire ownership of this business? **Select all that apply.**

- Founded or started
- Purchased
- Inherited
- Received transfer of ownership or gift

INITIAL ACQUISITION YEAR

In what year did *Owner 1* initially acquire ownership of this business?

- Year
- Don't Know

JOB FUNCTION(S)

In 2016, which of the following were *Owner 1*'s function(s) in this business? **Select all that apply.**

- Managing day-to-day operations
- Providing services and/or producing goods
- Financial control with the authority to sign loans, leases, and contracts
- None of these functions

AVERAGE NUMBER OF HOURS WORKED

In 2016, what was the average number of hours per week that *Owner 1* spent managing or working in this business?

- | | |
|--------------------|------------------|
| None | 40 hours |
| Less than 20 hours | 41-59 hours |
| 20-39 hours | 60 hours or more |

PRIMARY INCOME SOURCE

In 2016, did this business provide *Owner 1*'s primary source of personal income?

- Yes
- No

PRIOR BUSINESS OWNERSHIP

Prior to establishing, purchasing, or acquiring this business, how many previous businesses has *Owner 1* owned?

- 0
- 1
- 2
- 3
- 4
- 5 or more

EDUCATION PRIOR TO OWNING THE BUSINESS

What was the highest degree or level of school *Owner 1* completed **prior to** establishing, purchasing, or acquiring this business?

- Less than high school graduate
- High school graduate - Diploma or GED
- Technical, trade, or vocational school
- Some college, but no degree
- Associate Degree
- Bachelor’s Degree
- Master’s, Doctorate, or Professional Degree

FIELD OF HIGHEST DEGREE PRIOR TO OWNING THE BUSINESS

Prior to establishing, purchasing, or acquiring this business, what was the field of the highest degree completed for *Owner 1*? **Select all that apply.**

- Agriculture, Environmental and Related
- Architecture and Building
- Business or Finance
- Education
- Engineering and Related Technologies
- Food or Hospitality
- Health, Medicine or Pharmacy
- Humanities or Arts
- Information Technology or Computer Science
- Law or Legal Studies
- Mathematics, Economics, or Statistics
- Natural and Physical Sciences
- Social Sciences
- Other (Specify) ↗

No Bachelor’s, Master’s, Doctorate, or Professional Degree
 Don’t know

SEX

What is the sex of *Owner 1*?

- Male
- Female

AGE

What was the age of *Owner 1* as of December 31, 2016?

- | | |
|----------|------------|
| Under 25 | 45-54 |
| 25-34 | 55-64 |
| 35-44 | 65 or over |

U.S. CITIZENSHIP

Was *Owner 1* born a citizen of the United States?

- Yes
- No

ETHNICITY

Is *Owner 1* of Hispanic, Latino, or Spanish origin?

No, not of Hispanic, Latino, or Spanish origin

Yes, Mexican, Mexican American, Chicano

Yes, Puerto Rican

Yes, Cuban

Yes, another Hispanic, Latino, or Spanish origin - *Enter origin, for example, Argentinean, Colombian, Dominican, Nicaraguan, Salvadoran, Spaniard, and so on.* ↗

RACE

What is *Owner 1's* race? **Select all that apply.** (For this survey, Hispanic origins are not races.)

White

Black or African American

American Indian or Alaska Native - *Enter name of enrolled or principal tribe.* ↗

Asian Indian

Japanese

Native Hawaiian

Chinese

Korean

Guamanian or Chamorro

Filipino

Vietnamese

Samoan

Other Asian - *Enter race, for example, Hmong, Laotian, Thai, Pakistani, Cambodian, and so on.* ↗

Other Pacific Islander - *Enter race, for example, Fijian, Tongan, and so on.* ↗

Some other race - *Enter race.* ↗

MILITARY SERVICE

Has *Owner 1* ever served in any branch of the U.S. Armed Forces, including the Coast Guard, the National Guard, or a Reserve component of any service branch?

Yes

No – Skip to Reasons for Owning the Business

(If yes) Do any of the following characteristics describe *Owner 1's* military service? **Select all that apply.**

Served on active duty military service, not including training for the Reserves or National Guard

Disabled as the result of illness or injury incurred or aggravated during military service

Served on active duty military service after September 11, 2001

Served on active duty military service in 2016

Served in the National Guard or as a reservist of any branch of the U.S. Armed Forces in 2016

None of the above

REASONS FOR OWNING THE BUSINESS

How important to *Owner 1* are each of the following reasons for owning this business? **Select one for each row.**

| | | | |
|--|-----------|-----------|-----------|
| | Not | Somewhat | Very |
| | Important | Important | Important |

Wanted to be my own boss

Flexible hours

Balance work and family

Opportunity for greater income/Wanted to build wealth

Best avenue for my ideas/goods/services

Couldn't find a job/Unable to find employment

Working for someone else didn't appeal to me

Always wanted to start my own business

An entrepreneurial friend or family member was a role model

Other (Specify) ↙

OWNER 2 - If applicable, if not skip to page 18

INITIAL ACQUISITION

How did *Owner 2* initially acquire ownership of this business? **Select all that apply.**

- Founded or started
- Purchased
- Inherited
- Received transfer of ownership or gift

INITIAL ACQUISITION YEAR

In what year did *Owner 2* initially acquire ownership of this business?

- Year
- Don't Know

JOB FUNCTION(S)

In 2016, which of the following were *Owner 2's* function(s) in this business? **Select all that apply.**

- Managing day-to-day operations
- Providing services and/or producing goods
- Financial control with the authority to sign loans, leases, and contracts
- None of these functions

AVERAGE NUMBER OF HOURS WORKED

In 2016, what was the average number of hours per week that *Owner 2* spent managing or working in this business?

- | | |
|--------------------|------------------|
| None | 40 hours |
| Less than 20 hours | 41-59 hours |
| 20-39 hours | 60 hours or more |

PRIMARY INCOME SOURCE

In 2016, did this business provide *Owner 2's* primary source of personal income?

- Yes
- No

PRIOR BUSINESS OWNERSHIP

Prior to establishing, purchasing, or acquiring this business, how many previous businesses has *Owner 2* owned?

- 0
- 1
- 2
- 3
- 4
- 5 or more

EDUCATION PRIOR TO OWNING THE BUSINESS

What was the highest degree or level of school *Owner 2* completed **prior to** establishing, purchasing, or acquiring this business?

- Less than high school graduate
- High school graduate- Diploma or GED
- Technical, trade, or vocational school
- Some college, but no degree
- Associate Degree
- Bachelor’s Degree
- Master’s, Doctorate, or Professional Degree

FIELD OF HIGHEST DEGREE PRIOR TO OWNING THE BUSINESS

Prior to establishing, purchasing, or acquiring this business, what was the field of the highest degree completed for *Owner 2*? **Select all that apply.**

- Agriculture, Environmental and Related
- Architecture and Building
- Business or Finance
- Education
- Engineering and Related Technologies
- Food or Hospitality
- Health, Medicine or Pharmacy
- Humanities or Arts
- Information Technology or Computer Science
- Law or Legal Studies
- Mathematics, Economics, or Statistics
- Natural and Physical Sciences
- Social Sciences
- Other (Specify) 

No Bachelor’s, Master’s, Doctorate, or Professional Degree
 Don’t know

SEX

What is the sex of *Owner 2*?

- Male
- Female

AGE

What was the age of *Owner 2* as of December 31, 2016?

- | | |
|----------|------------|
| Under 25 | 45-54 |
| 25-34 | 55-64 |
| 35-44 | 65 or over |

U.S. CITIZENSHIP

Was *Owner 2* born a citizen of the United States?

- Yes
- No

ETHNICITY

Is *Owner 2* of Hispanic, Latino, or Spanish origin?

No, not of Hispanic, Latino, or Spanish origin

Yes, Mexican, Mexican American, Chicano

Yes, Puerto Rican

Yes, Cuban

Yes, another Hispanic, Latino, or Spanish origin- *Enter origin, for example, Argentinean, Colombian, Dominican, Nicaraguan, Salvadoran, Spaniard, and so on.* ↗

RACE

What is *Owner 2's* race? **Select all that apply.** (For this survey, Hispanic origins are not races.)

White

Black or African American

American Indian or Alaska Native - *Enter name of enrolled or principal tribe.* ↗

Asian Indian

Japanese

Native Hawaiian

Chinese

Korean

Guamanian or Chamorro

Filipino

Vietnamese

Samoan

Other Asian - *Enter race, for example, Hmong, Laotian, Thai, Pakistani, Cambodian, and so on.* ↗

Other Pacific Islander - *Enter race, for example, Fijian, Tongan, and so on.* ↗

Some other race - *Enter race.* ↗

MILITARY SERVICE

Has *Owner 2* ever served in any branch of the U.S. Armed Forces, including the Coast Guard, the National Guard, or a Reserve component of any service branch?

Yes

No – Skip to Reasons for Owning the Business

(If yes) Do any of the following characteristics describe *Owner 2's* military service? **Select all that apply.**

Served on active duty military service, not including training for the Reserves or National Guard

Disabled as the result of illness or injury incurred or aggravated during military service

Served on active duty military service after September 11, 2001

Served on active duty military service in 2016

Served in the National Guard or as a reservist of any branch of the U.S. Armed Forces in 2016

None of the above

REASONS FOR OWNING THE BUSINESS

How important to *Owner 2* are each of the following reasons for owning this business? **Select one for each row.**

| | | | |
|--|-----------|-----------|-----------|
| | Not | Somewhat | Very |
| | Important | Important | Important |

Wanted to be my own boss

Flexible hours

Balance work and family

Opportunity for greater income/Wanted to build wealth

Best avenue for my ideas/goods/services

Couldn't find a job/Unable to find employment

Working for someone else didn't appeal to me

Always wanted to start my own business

An entrepreneurial friend or family member was a role model

Other (Specify) 

OWNER 3 - If applicable, if not skip to page 18

INITIAL ACQUISITION

How did *Owner 3* initially acquire ownership of this business? **Select all that apply.**

- Founded or started
- Purchased
- Inherited
- Received transfer of ownership or gift

INITIAL ACQUISITION YEAR

In what year did *Owner 3* initially acquire ownership of this business?

- Year
- Don't Know

JOB FUNCTION(S)

In 2016, which of the following were *Owner 3's* function(s) in this business? **Select all that apply.**

- Managing day-to-day operations
- Providing services and/or producing goods
- Financial control with the authority to sign loans, leases, and contracts
- None of these functions

AVERAGE NUMBER OF HOURS WORKED

In 2016, what was the average number of hours per week that *Owner 3* spent managing or working in this business?

- | | |
|--------------------|------------------|
| None | 40 hours |
| Less than 20 hours | 41-59 hours |
| 20-39 hours | 60 hours or more |

PRIMARY INCOME SOURCE

In 2016, did this business provide *Owner 3's* primary source of personal income?

- Yes
- No

PRIOR BUSINESS OWNERSHIP

Prior to establishing, purchasing, or acquiring this business, how many previous businesses has *Owner 3* owned?

- 0
- 1
- 2
- 3
- 4
- 5 or more

EDUCATION PRIOR TO OWNING THE BUSINESS

What was the highest degree or level of school *Owner 3* completed **prior to** establishing, purchasing, or acquiring this business?

- Less than high school graduate
- High school graduate - Diploma or GED
- Technical, trade, or vocational school
- Some college, but no degree
- Associate Degree
- Bachelor’s Degree
- Master’s, Doctorate, or Professional Degree

FIELD OF HIGHEST DEGREE PRIOR TO OWNING THE BUSINESS

Prior to establishing, purchasing, or acquiring this business, what was the field of the highest degree completed for *Owner 3*? **Select all that apply.**

- Agriculture, Environmental and Related
- Architecture and Building
- Business or Finance
- Education
- Engineering and Related Technologies
- Food or Hospitality
- Health, Medicine or Pharmacy
- Humanities or Arts
- Information Technology or Computer Science
- Law or Legal Studies
- Mathematics, Economics, or Statistics
- Natural and Physical Sciences
- Social Sciences
- Other (Specify) ↗

No Bachelor’s, Master’s, Doctorate, or Professional Degree
 Don’t know

SEX

What is the sex of *Owner 3*?

- Male
- Female

AGE

What was the age of *Owner 3* as of December 31, 2016?

- | | |
|----------|------------|
| Under 25 | 45-54 |
| 25-34 | 55-64 |
| 35-44 | 65 or over |

U.S. CITIZENSHIP

Was *Owner 3* born a citizen of the United States?

- Yes
- No

ETHNICITY

Is *Owner 3* of Hispanic, Latino, or Spanish origin?

No, not of Hispanic, Latino, or Spanish origin

Yes, Mexican, Mexican American, Chicano

Yes, Puerto Rican

Yes, Cuban

Yes, another Hispanic, Latino, or Spanish origin - *Enter origin, for example, Argentinean, Colombian, Dominican, Nicaraguan, Salvadoran, Spaniard, and so on.* ↗

RACE

What is *Owner 3's* race? **Select all that apply.** (For this survey, Hispanic origins are not races.)

White

Black or African American

American Indian or Alaska Native - *Enter name of enrolled or principal tribe.* ↗

Asian Indian

Japanese

Native Hawaiian

Chinese

Korean

Guamanian or Chamorro

Filipino

Vietnamese

Samoan

Other Asian - *Enter race, for example, Hmong, Laotian, Thai, Pakistani, Cambodian, and so on.* ↗

Other Pacific Islander - *Enter race, for example, Fijian, Tongan, and so on.* ↗

Some other race - *Enter race.* ↗

MILITARY SERVICE

Has *Owner 3* ever served in any branch of the U.S. Armed Forces, including the Coast Guard, the National Guard, or a Reserve component of any service branch?

Yes

No – Skip to Reasons for Owning the Business

(If yes) Do any of the following characteristics describe *Owner 3's* military service? **Select all that apply.**

Served on active duty military service, not including training for the Reserves or National Guard

Disabled as the result of illness or injury incurred or aggravated during military service

Served on active duty military service after September 11, 2001

Served on active duty military service in 2016

Served in the National Guard or as a reservist of any branch of the U.S. Armed Forces in 2016

None of the above

REASONS FOR OWNING THE BUSINESS

How important to *Owner 3* are each of the following reasons for owning this business? **Select one for each row.**

| | Not Important | Somewhat Important | Very Important |
|--|------------------|-----------------------|-------------------|
|--|------------------|-----------------------|-------------------|

Wanted to be my own boss

Flexible hours

Balance work and family

Opportunity for greater income/Wanted to build wealth

Best avenue for my ideas/goods/services

Couldn't find a job/Unable to find employment

Working for someone else didn't appeal to me

Always wanted to start my own business

An entrepreneurial friend or family member was a role model

Other (Specify) ↗

OWNER 4 - If applicable, if not skip to page 18

INITIAL ACQUISITION

How did *Owner 4* initially acquire ownership of this business? **Select all that apply.**

- Founded or started
- Purchased
- Inherited
- Received transfer of ownership or gift

INITIAL ACQUISITION YEAR

In what year did *Owner 4* initially acquire ownership of this business?

- Year
- Don't Know

JOB FUNCTION(S)

In 2016, which of the following were *Owner 4's* function(s) in this business? **Select all that apply.**

- Managing day-to-day operations
- Providing services and/or producing goods
- Financial control with the authority to sign loans, leases, and contracts
- None of these functions

AVERAGE NUMBER OF HOURS WORKED

In 2016, what was the average number of hours per week that *Owner 4* spent managing or working in this business?

- | | |
|--------------------|------------------|
| None | 40 hours |
| Less than 20 hours | 41-59 hours |
| 20-39 hours | 60 hours or more |

PRIMARY INCOME SOURCE

In 2016, did this business provide *Owner 4's* primary source of personal income?

- Yes
- No

PRIOR BUSINESS OWNERSHIP

Prior to establishing, purchasing, or acquiring this business, how many previous businesses has *Owner 4* owned?

- 0
- 1
- 2
- 3
- 4
- 5 or more

EDUCATION PRIOR TO OWNING THE BUSINESS

What was the highest degree or level of school *Owner 4* completed **prior to** establishing, purchasing, or acquiring this business?

- Less than high school graduate
- High school graduate - Diploma or GED
- Technical, trade, or vocational school
- Some college, but no degree
- Associate Degree
- Bachelor’s Degree
- Master’s, Doctorate, or Professional Degree

FIELD OF HIGHEST DEGREE PRIOR TO OWNING THE BUSINESS

Prior to establishing, purchasing, or acquiring this business, what was the field of the highest degree completed for *Owner 4*? **Select all that apply.**

- Agriculture, Environmental and Related
- Architecture and Building
- Business or Finance
- Education
- Engineering and Related Technologies
- Food or Hospitality
- Health, Medicine or Pharmacy
- Humanities or Arts
- Information Technology or Computer Science
- Law or Legal Studies
- Mathematics, Economics, or Statistics
- Natural and Physical Sciences
- Social Sciences
- Other (Specify) ↗

No Bachelor’s, Master’s, Doctorate, or Professional Degree
 Don’t know

SEX

What is the sex of *Owner 4*?

- Male
- Female

AGE

What was the age of *Owner 4* as of December 31, 2016?

- | | |
|----------|------------|
| Under 25 | 45-54 |
| 25-34 | 55-64 |
| 35-44 | 65 or over |

U.S. CITIZENSHIP

Was *Owner 4* born a citizen of the United States?

- Yes
- No

ETHNICITY

Is *Owner 4* of Hispanic, Latino, or Spanish origin?

No, not of Hispanic, Latino, or Spanish origin

Yes, Mexican, Mexican American, Chicano

Yes, Puerto Rican

Yes, Cuban

Yes, another Hispanic, Latino, or Spanish origin - *Enter origin, for example, Argentinean, Colombian, Dominican, Nicaraguan, Salvadoran, Spaniard, and so on.* ↗

RACE

What is *Owner 4's* race? **Select all that apply.** (For this survey, Hispanic origins are not races.)

White

Black or African American

American Indian or Alaska Native - *Enter name of enrolled or principal tribe.* ↗

Asian Indian

Japanese

Native Hawaiian

Chinese

Korean

Guamanian or Chamorro

Filipino

Vietnamese

Samoan

Other Asian - *Enter race, for example, Hmong, Laotian, Thai, Pakistani, Cambodian, and so on.* ↗

Other Pacific Islander - *Enter race, for example, Fijian, Tongan, and so on.* ↗

Some other race - *Enter race.* ↗

MILITARY SERVICE

Has *Owner 4* ever served in any branch of the U.S. Armed Forces, including the Coast Guard, the National Guard, or a Reserve component of any service branch?

Yes

No – Skip to Reasons for Owning the Business

(If yes) Do any of the following characteristics describe *Owner 4's* military service? **Select all that apply.**

Served on active duty military service, not including training for the Reserves or National Guard

Disabled as the result of illness or injury incurred or aggravated during military service

Served on active duty military service after September 11, 2001

Served on active duty military service in 2016

Served in the National Guard or as a reservist of any branch of the U.S. Armed Forces in 2016

None of the above

REASONS FOR OWNING THE BUSINESS

How important to *Owner 4* are each of the following reasons for owning this business? **Select one for each row.**

| | | | |
|--|-----------|-----------|-----------|
| | Not | Somewhat | Very |
| | Important | Important | Important |

Wanted to be my own boss

Flexible hours

Balance work and family

Opportunity for greater income/Wanted to build wealth

Best avenue for my ideas/goods/services

Couldn't find a job/Unable to find employment

Working for someone else didn't appeal to me

Always wanted to start my own business

An entrepreneurial friend or family member was a role model

Other (Specify) 

Business Specific Questions

The next questions apply to the entire business and only require one response from the respondent regardless of how many owners were entered.

ONE FAMILY MAJORITY OWNERSHIP

In 2016, did **two or more members of one family own the majority** of this business? (Family refers to spouses/unmarried partners, parents/guardians, children, siblings, or close relatives.)

Yes

No

JOINT OWNERSHIP

Did spouses/unmarried partners jointly own this business?

Yes

No – Skip to Business Aspirations

EQUAL OPERATION

Was this business operated equally by both spouses/unmarried partners?

Yes, equally operated by spouses/unmarried partners

No, primarily operated by **Owner 1**

No, primarily operated by **Owner 2**

BUSINESS ASPIRATIONS

Where would the owner(s) like this business to be in five years? **Select one.**

Larger in terms of sales or profits

About the same amount of sales or profits

Smaller in terms of sales or profits

Other (Specify)

FUNDING FROM OWNER(S)

For 2016, what was the total amount of money that the owner(s) personally put into the business? *Your best estimate is fine. Please report in thousands.*

Include:

- Investments from personal savings
- Personal retirement accounts
- Home equity loans
- Personally borrowed funds

\$ _____ ,000

YEAR OF BUSINESS ESTABLISHMENT

In what year was this business originally established?

Year

Don't know

FRANCHISE OPERATION

In 2016, did all or part of this business operate as a franchise?

Yes

No

CAPITAL FUNDING

For the owner(s) you reported, what was the source(s) of capital used to start or initially acquire this business? If you did not report any owners, skip to Amount of Capital Needed to Start or Initially Acquire Business. **Select all that apply.**

Personal/family savings of owner(s)

Personal/family assets other than savings of owner(s)

Personal/family home equity loan

Personal credit card(s) carrying balances

Business credit card(s) carrying balances

Government-guaranteed business loan from a bank or financial institution, including SBA-guaranteed loans

Business loan from a bank or financial institution

Business loan from federal, state, or local government

Business loan/investment from family/friend(s)

Investment by venture capitalist(s)

Grants

Other source(s) of capital

Don't know

None needed – Skip to Funding from Family, Friends, and Employees

AMOUNT OF CAPITAL NEEDED TO START OR INITIALLY ACQUIRE THE BUSINESS

For the owner(s) you reported, what was the total amount of capital used to start or initially acquire this business? (Capital includes savings, other assets, and borrowed funds of owner(s).)

Less than \$5,000

\$100,000 - \$249,999

\$5,000 - \$9,999

\$250,000 - \$999,999

\$10,000 - \$24,999

\$1,000,000 - \$2,999,999

\$25,000 - \$49,999

\$3,000,000 or more

\$50,000 - \$99,999

Don't know

FUNDING FROM FAMILY, FRIENDS, AND EMPLOYEES

For 2016, what was the total amount of money this business received from family, friends, and employees?

Your best estimate is fine. Please report in thousands.

\$ _____,000

FUNDING FROM BANKS OR OTHER FINANCIAL INSTITUTIONS

For 2016, what was the total amount of money this business borrowed from a bank or other financial institution, including business loans, a business credit card carrying a balance, or a business line of credit? *Include all draws on a business line of credit, even if paid off during the year. Your best estimate is fine. Please report in thousands.*

\$ _____,000

FUNDING FROM OUTSIDE INVESTORS

For 2016, what was the total amount of money this business received from angel investors, venture capitalists, or other businesses in return for a share of ownership in this business? *Your best estimate is fine. Please report in thousands.*

(An "angel investor" is an affluent individual who provides capital for a business start-up, usually in exchange for convertible debt or ownership equity.)

\$ _____,000

FUNDING FROM GOVERNMENT GRANTS

For 2016, what was the total amount of money this business received from government grants (such as the Small Business Innovation Research (SBIR) and/or Small Business Technology Transfer (STTR) programs)? *Your best estimate is fine. Please report in thousands.*

\$ _____,000

NEW FUNDING RELATIONSHIPS

In 2016, did this business attempt to establish any **new funding relationship** (for example, loans, investments, or gifts) with any of the following sources? **(Select one for each row.)**

| | No | Yes, received <u>total amount</u> of the funding requested | Yes, but <u>did not receive the total amount</u> requested |
|---|----|--|--|
| Other owner(s) (if applicable) | | | |
| Family, friends, or employees | | | |
| Banks, credit unions, or other financial institutions | | | |
| Home equity loans in name of business owners | | | |
| Credit cards | | | |
| Trade credit (for example, buy now, pay later) | | | |
| Angel investors | | | |
| Venture capitalists | | | |
| Other investor businesses | | | |
| Crowdfunding platform (for example, Prosper, Kickstarter, etc.) | | | |
| Grants (for example, federal government’s Small Business Technology Transfer Program (STTR) or Small Business Innovation Research Program (SBIR)) | | | |
| Other (Specify) ↙ | | | |

BUSINESS BANKING RELATIONSHIPS

In 2016, were this business's banking relationships with the same financial institutions as any of the owner's personal banking relationships? Banking relationships include business checking or savings accounts, credit cards, loans, etc. **Select one.**

Yes

No – Skip to Outstanding Loans

The owner(s) had no business banking relationships – Skip to Outstanding Loans

Don't know – Skip to Outstanding Loans

BANKING RELATIONSHIP DURATION

How long were the owner's personal banking relationships in place before financial transactions were first conducted by this business? **Select one.**

0 - 1 month

2 - 5 months

6 - 12 months

More than 12 months

Don't know

OUTSTANDING LOANS

In 2016, was this business required to provide collateral or loan guarantee for any outstanding loan? **Select one.**

Business did not have an outstanding loan

Yes

No

Don't Know

PURCHASES ON ACCOUNT

In 2016, did this business make any purchases on account or using trade credits? Trade credits are invoice payment terms a business establishes with their suppliers allowing them to purchase goods or services now and pay at a later date.

Yes

No

AVOIDANCE OF ADDITIONAL FINANCING

At any time during 2016, did this business need additional financing?

Yes, business needed additional financing and the owner(s) **chose not to apply**

Yes, business needed additional financing and the owner(s) **did apply** – Skip to Profitability

No, business **did not need** additional financing – Skip to Profitability

AVOIDANCE OF ADDITIONAL FINANCING - CONTINUED

Why did this business choose not to apply for additional financing? **Select all that apply.**

Did not think business would be approved by lender

Did not want to accrue debt

Decided the financing costs would be too high

Preferred to reinvest the business profits instead

Felt the loan search/application process would be too time consuming

Decided the additional financing was no longer needed

Decided to wait until funding conditions improved

Decided to wait until company hit milestones to be in stronger position to raise funds

Other (Specify) 

PROFITABILITY

For 2016, did this business have profits, losses, or break even? **Select one.**

- Profits
- Losses
- Break even

NEGATIVE IMPACT ON PROFITABILITY

For 2016, did each of the following negatively impact the profitability of this business? **Select one in each row.**

Yes No

- Access to financial capital
- Cost of financial capital
- Finding qualified labor
- Taxes
- Government regulations (federal, state, and/or local)
- Slow business or lost sales
- Customers or clients not making payments or paying late
- The unpredictability of business conditions
- Changes or updates in technology
- Other (Specify) ↗

TYPES OF REGULATIONS

For 2016, what impact did each of the following types of government regulations have on this business’s profitability?
(Select one in each row.)

| | Very Negative | Somewhat Negative | No Impact | Somewhat Positive | Very Positive | Not Applicable |
|-------------------------------------|------------------|----------------------|--------------|----------------------|------------------|-------------------|
| Employee hiring | | | | | | |
| Workers’ compensation | | | | | | |
| Occupational health and safety | | | | | | |
| Health insurance | | | | | | |
| Employment records | | | | | | |
| Business and professional licensing | | | | | | |
| Building and renovation permits | | | | | | |
| Business registration | | | | | | |
| Health permits and inspections | | | | | | |
| Environmental | | | | | | |
| Trade | | | | | | |
| Financial | | | | | | |
| Other (Specify) ↴ | | | | | | |

REGULATIONS AND STARTING OR ACQUIRING THE BUSINESS

What impact did regulations have on the ability to initially start or acquire this business?

- Positive impact
- Negative impact
- No impact
- Don’t know

REGULATIONS AND GROWTH OF THE BUSINESS

During 2016, what impact did regulations have on expanding this business’s operations, such as by increasing production, adding locations, or attaining new customers?

- Positive impact
- Negative impact
- No impact
- Business did not plan to expand operations
- Don’t know

REASONS FOR SEEKING BUSINESS ADVICE

During 2016, what was this business's primary reason(s) for seeking paid or unpaid business advice or mentoring from others? **Select all that apply.**

- Employee relations (for example, hiring, workforce retention, employee performance/growth, employee separation)
 - Management and day-to-day operations
 - Product development and innovation
 - Investment and access to capital
 - Succession planning and exit strategy
 - Increasing sales
 - Reducing costs
 - Taxes and accounting
 - Business finances
 - Regulatory compliance
 - Technology/Information Technology
 - Key performance indicators and business targets
 - Copyrights, trademarks, and patents
 - Legal
 - Did not seek advice/mentoring – Skip to Exit Strategy
 - Other (Specify)
-

PROVIDERS OF BUSINESS ADVICE

During 2016, from whom did this business seek the advice or mentoring selected in the 'Reasons for Seeking Business Advice' question? **Select all that apply.**

- Family (Family refers to spouses/unmarried partners, parents/guardians, children, siblings, or close relatives.)
 - Friends
 - Professional colleagues
 - Employees
 - Legal and professional advisors
 - Customers
 - Suppliers
 - Government-supported technical assistance program (for example, Small Business Administration (SBA) Small Business Development Center, Women's Business Center, or Minority Business Development Agency (MBDA) Business Center)
 - Other (Specify)
-

OUTCOME OF ADVICE OR MENTORING

During 2016, did the advice or mentoring selected in the 'Reasons for Seeking Business Advice' question lead to positive business outcomes or changes in business operations that are anticipated to be positive?

- Yes
- No

EXIT STRATEGY

Which of the following best describes this business’s current exit strategy for any of the owners? An exit strategy is a plan the business owners create to describe how they intend to exit the business and capture their investment.

Select all that apply.

- Walk away from the business
- Liquidate or sell off assets and repay the business’s liabilities
- Sell the business to employees or managers (for example, offer an Employee Stock Ownership Plan (ESOP), management buyout, or employee buyout)
- Sell or merge the business with another firm
- Sell the business to another individual that is not an owner of the same business
- Sell or transfer ownership to another owner of the same business
- Sell or transfer ownership of the business to a family member(s) that is not an owner of the same business
- Prepare an Initial Public Offering (IPO)
- Other (Specify) 

Business does not currently have an exit strategy for any owner

TYPES OF CUSTOMERS

In 2016, which of the following types of customers accounted for 10% or more of this business’s total sales of goods and/or services? **Select all that apply.**

- Federal government
- State and local government, including school districts, transportation authorities, etc.
- Other businesses, including distributors of your products
- Other organizations (foreign governments, nonprofits, etc.)
- Individuals

CUSTOMER LOCATIONS

During 2016, where were this business’s customers or clients located? *Round to the nearest whole percent. Your best estimate is fine. If none, report “0.”*

| | |
|--|-------------|
| Same region as the business | ____% |
| Outside of the region but within the U.S. (Domestic) | ____% |
| Outside the United States (International) | ____% |
| TOTAL | 100% |

SALES OF EXPORTS OUTSIDE THE UNITED STATES

In 2016, what percent of this business’s total sales of goods and/or services consisted of **exports outside the United States**?

_____ % None Don’t know

OPERATIONS OUTSIDE THE UNITED STATES

In 2016, did this business have operations outside the United States?

- Yes
- No

OUTSOURCING OR TRANSFERS OUTSIDE THE UNITED STATES

In 2016, did this business outsource or transfer any business function and/or service to another company outside the United States?

- Yes
- No

LANGUAGE(S)

In 2016, which language(s) did this business conduct transactions with its customers? **Select all that apply.**

| | | |
|---------------------|------------|------------|
| English | German | Portuguese |
| African language(s) | Hindi/Urdu | Russian |
| Arabic | Italian | Spanish |
| Chinese | Japanese | Tagalog |
| French | Korean | Vietnamese |
| French Creole | Polish | Other |

TYPES OF WORKERS

In 2016, which of the following types of workers were used by this business? **Select all that apply.**

Full-time paid employees (workers who received a W-2)
 Part-time paid employees (workers who received a W-2)
 Paid day laborers
 Temporary staffing obtained from a temporary help service
 Leased employees from a leasing service or a professional employer organization
 Contractors, subcontractors, independent contractors, or outside consultants (workers who received a 1099 or payment from another company)
 None of the above

EMPLOYEE BENEFITS

In 2016, which of the following employee benefits were paid totally or partly by this business? **Select all that apply.**

Health insurance
 Contributions to retirement plans, including 401(k), Keogh, etc.
 Profit sharing and/or stock options
 Paid holidays, vacation, and/or sick leave
 Tuition assistance and/or reimbursement
 None of the above

WEBSITE

In 2016, did this business have a website?

Yes
 No

E-COMMERCE

In 2016, did this business have any e-commerce sales? (E-commerce sales are sales of goods and/or services where an order is placed by the buyer or price and terms of the sale are negotiated over the Internet, extranet, EDI network, electronic mail, or other online system. Payment may or may not be made online.)

Yes
 No – Skip to Home Operation

PERCENTAGE OF E-COMMERCE

In 2016, what percent of this business's total sales of goods and/or services were e-commerce sales?

| | |
|--------------|------------|
| Less than 1% | 20% - 49% |
| 1% - 4% | 50% - 99% |
| 5% - 9% | 100% |
| 10% - 19% | Don't know |

HOME OPERATION

In 2016, did this business operate primarily from somebody’s home?

- Yes
- No

COPYRIGHTS, TRADEMARKS, AND PATENTS

In 2016, did this business own one or more of the following? **Select all that apply.**

- | | | |
|-----------|------------------|------|
| Copyright | Patent (granted) | None |
| Trademark | Patent (pending) | |

BUSINESS ACTIVITY CHARACTERISTICS

In 2016, did any of the following characteristics describe the activity of this business? **Select all that apply.**

- Operated less than 40 hours per week on average
- Operated less than 12 months
- Seasonal business (for example, fireworks sales or tax preparer)
- Operated occasionally (for example, event organizer or guest speaker)
- None of the above

CURRENTLY OPERATING

Is this business currently operating?

- Yes – Skip to Remarks
- No

CEASE OPERATION

Did the operations cease for any of the following reasons? **Select all that apply.**

- | | |
|---|-------------------------------|
| Owner’s military deployment | Lack of business loans/credit |
| Owner’s illness or injury | Lack of personal loans/credit |
| Owner(s) retired | Started another business |
| Owner(s) deceased | Sold this business |
| Operated for a specific or one-time event | Other |
| Inadequate cash flow or low sales | |

REMARKS

Please use this space for any explanations that may be essential in understanding your reported data.

THANK YOU

REPORT ONLINE - DO NOT RETURN