



2011 ENERGY SURVEY

NSBA
National Small Business Association[®]



Foreword

The energy use of a single small business may be minimal but when taken collectively, the 26.9 million small businesses in this country consume a significant amount of energy. With individuals and businesses trying to find savings wherever they can, there has been a renewed focus on energy costs both nationally and among the small-business community. Energy costs are continually at the top of small businesses' list of concerns but remain an expense over which they can exert little control. Finding ways to reduce energy use while maintaining or improving productivity benefits both the individual business and national energy policy.

The 2011 survey expands upon our 2009 results where appropriate and also provides a snapshot of the new, emerging landscape of energy efficiency. This survey examines the approaches business owners take when it comes to energy costs and looks at potential programs that could help small businesses reduce their energy costs.

Small-business owners remain concerned about their energy costs and have taken affirmative steps to reduce these costs. Over the past three years, 82 percent of the small-business owners surveyed say they have taken one or more steps to reduce the amount of energy their business consumes. The guiding force behind these energy conservation measures overwhelmingly was the desire to save money. This renewed focus on energy costs should be expected to continue as 52 percent of survey participants are "very concerned" with the future energy costs of running their business, while only eight percent are unconcerned with future energy costs.

Unfortunately, finding the capital to invest in new energy conservation measures remains a significant obstacle, with 40 percent citing cash flow as the primary obstacle to making their business more energy efficient.

Compared with the 2009 survey, small-business owners still cite cash flow as their biggest obstacle to making their business more energy efficient. Businesses continue to increase prices to offset higher energy costs with some implementing fuel surcharges while most simply include it within the price. The Energy Star label has become more visible in the small business community, increasing 5 percent since 2009. More businesses are also researching utility-sponsored energy efficiency programs with ten percent more businesses knowing whether these programs are available.

There is abundant potential for the small business community to contribute to the changing dynamic in how this country consumes energy. Finding programs that fit the needs of small businesses remains a difficult hurdle because each small business is distinct. With energy costs continuing to rise, we must find ways to reduce these burdensome energy bills to keep America's small-business community competitive.

We hope you find this survey informative and useful.

Sincerely,

Todd McCracken
NSBA President

Larry Nannis
NSBA Board of Trustees Chair




Demographics

Which of the following best describes the structure of your business?

Corporation	36%
S-Corp	35%
Sole Proprietorship	12%
Partnership	2%
LLC	15%

How many total full-time personnel are currently employed by your business?

0	4%
1 to 5	39%
6 to 10	24%
20 - 99	28%
100 - 499	4%
500 or more	1%

What were your gross sales or revenues for your most recent fiscal year?

Less than \$100,000	11%
\$100,000 to \$250,000	10%
\$250,001 to \$500,000	13%
\$500,001 to \$1 million	13%
\$1 million to \$5 million	30%
\$5 million to \$25 million	18%
\$25 million to \$75 million	4%
More than \$75 million	1%

How long has your business been in operation?

5 years or less	6%
6-10 years	12%
11-20 years	25%
21-30 years	18%
31 or more years	39%

Which of the following best describes the industry or sector in which your business operates?

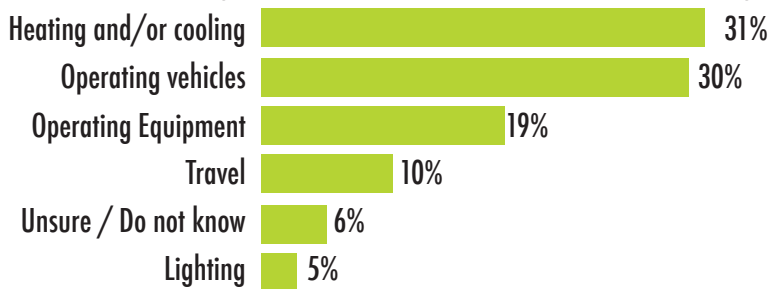
Professional services	24%
Manufacturing	20%
Construction	11%
Distribution	9%
Retail	8%
Transportation	6%
Insurance	5%
Real estate	4%
Fabricated Products	4%
Software	3%
Health Care	3%
Finance	2%
Food Service	1%



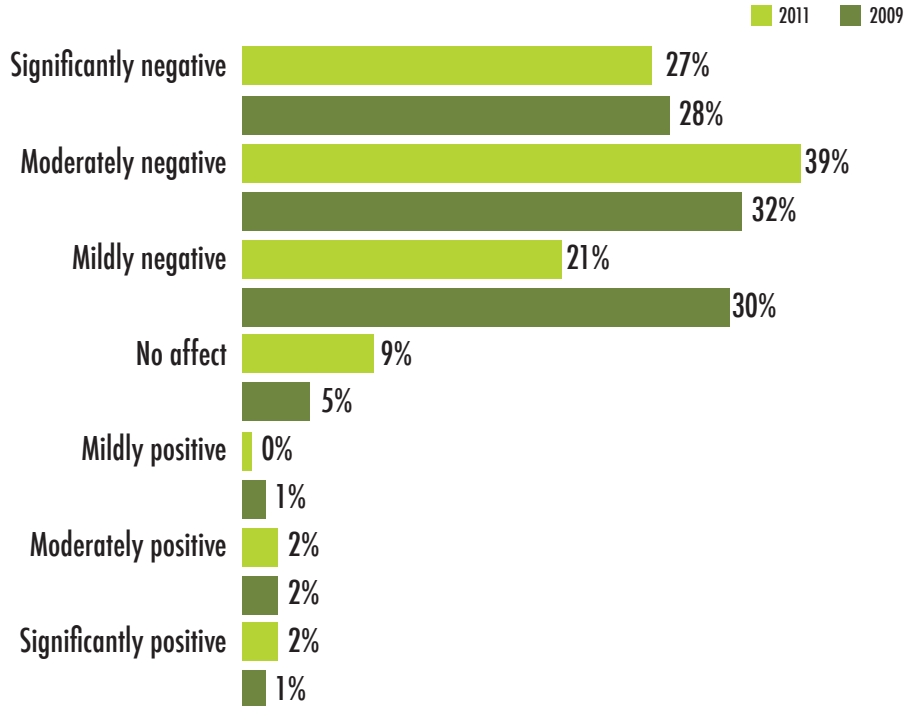
Energy Costs

Small businesses are facing unprecedented challenges in today's economy and every penny counts. After several years of declining customer demand, tightened lending standards and volatile credit card rates, no small business can afford to spend an inordinate amount of money on energy costs. Rising energy prices and extreme volatility hold overwhelmingly negative implications for small businesses, with 87 percent citing the negative effects of these costs on their business. These costs are forcing small businesses to increase customer prices just to stay afloat, which puts small businesses at risk in today's economy.

Which of the following accounts for your firm's primary energy costs?



What has been the effect on your business of rising and/or volatile energy prices?

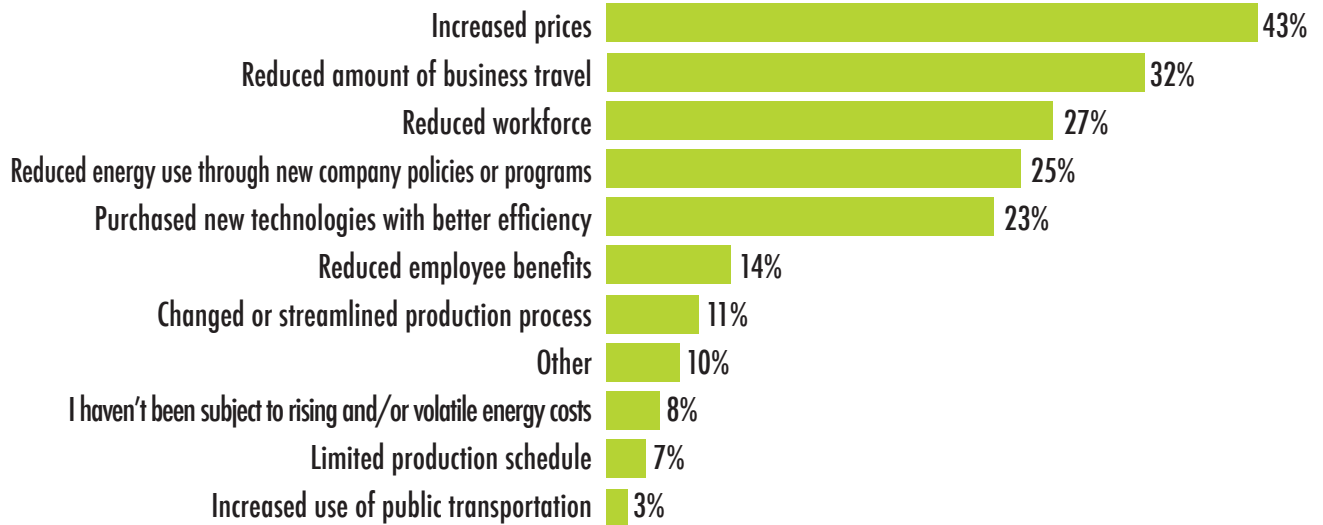


The overwhelming majority of small-business owners—87 percent—report a negative effect on their business of rising and/or volatile energy prices.



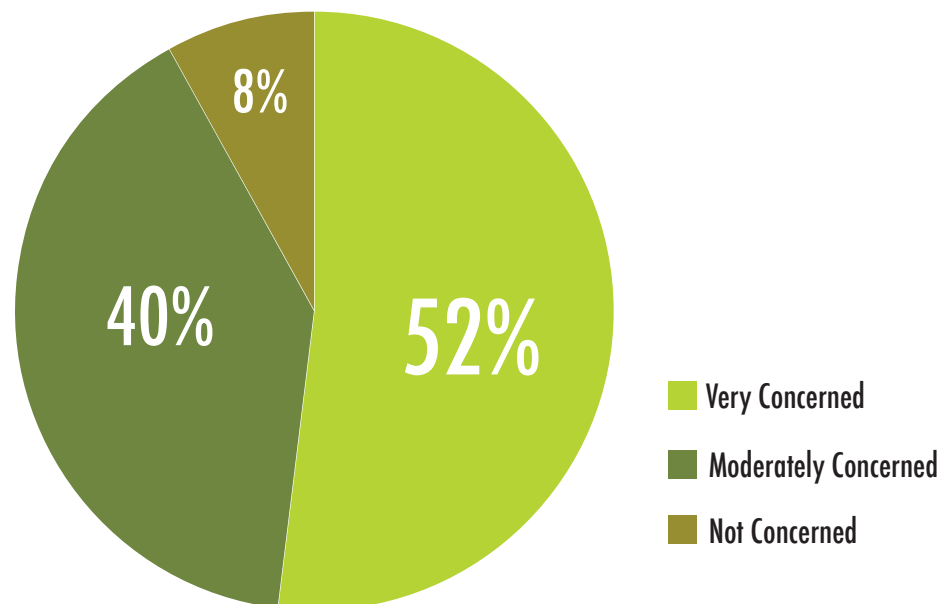
Energy Costs

In what ways have you coped with rising and/or volatile energy costs? (Check all that apply)



Among those who chose "other" the most common ways cited were: limit work area and travel, improve scheduling, change to a four-day work week and instituted a fuel charge on customers.

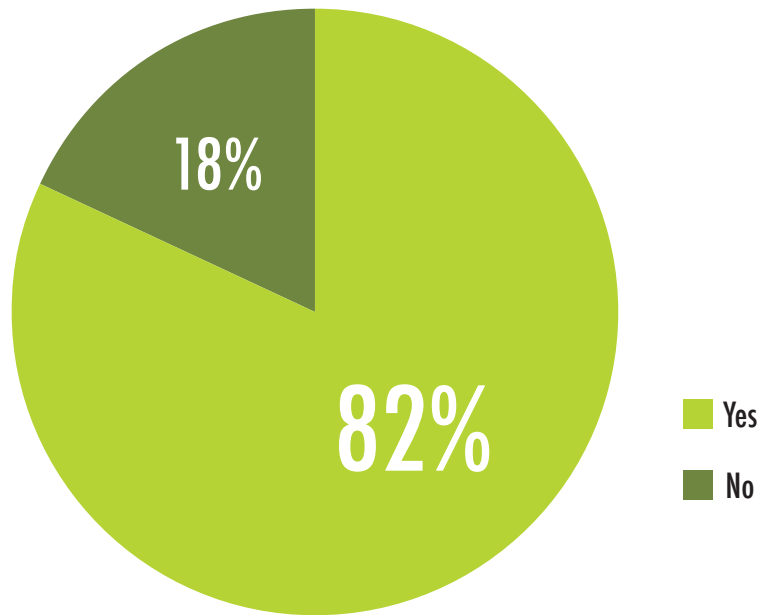
How concerned are you about the future energy costs of your business?



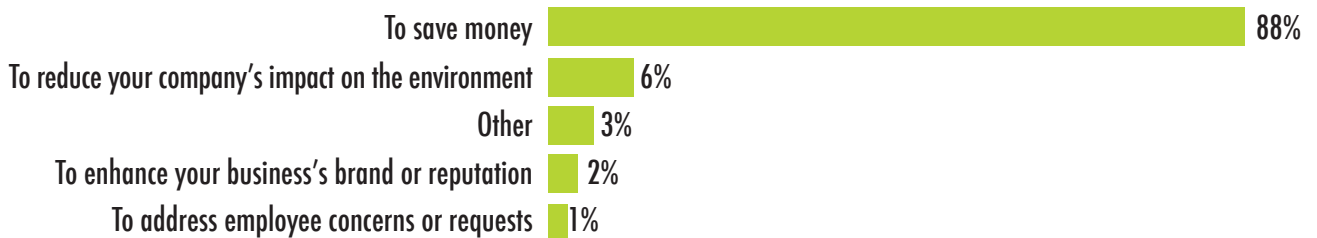
Energy Efficiency

The majority of small-business owners still see energy efficiency as their best opportunity to save money. One third of small businesses made investments in new energy efficient equipment as a way to save on energy costs. Businesses also purchased new, more efficient lighting fixtures and installed new windows or doors to reduce their energy use. While many businesses have invested in energy efficiency, only 16 percent have had an energy audit of their facilities during the past two years. Ensuring that small businesses are getting the best return on their energy investments by encouraging better access to energy audits should be a priority for policymakers.

Within the last three years, have you taken one or more steps to reduce the amount of energy your business consumes?



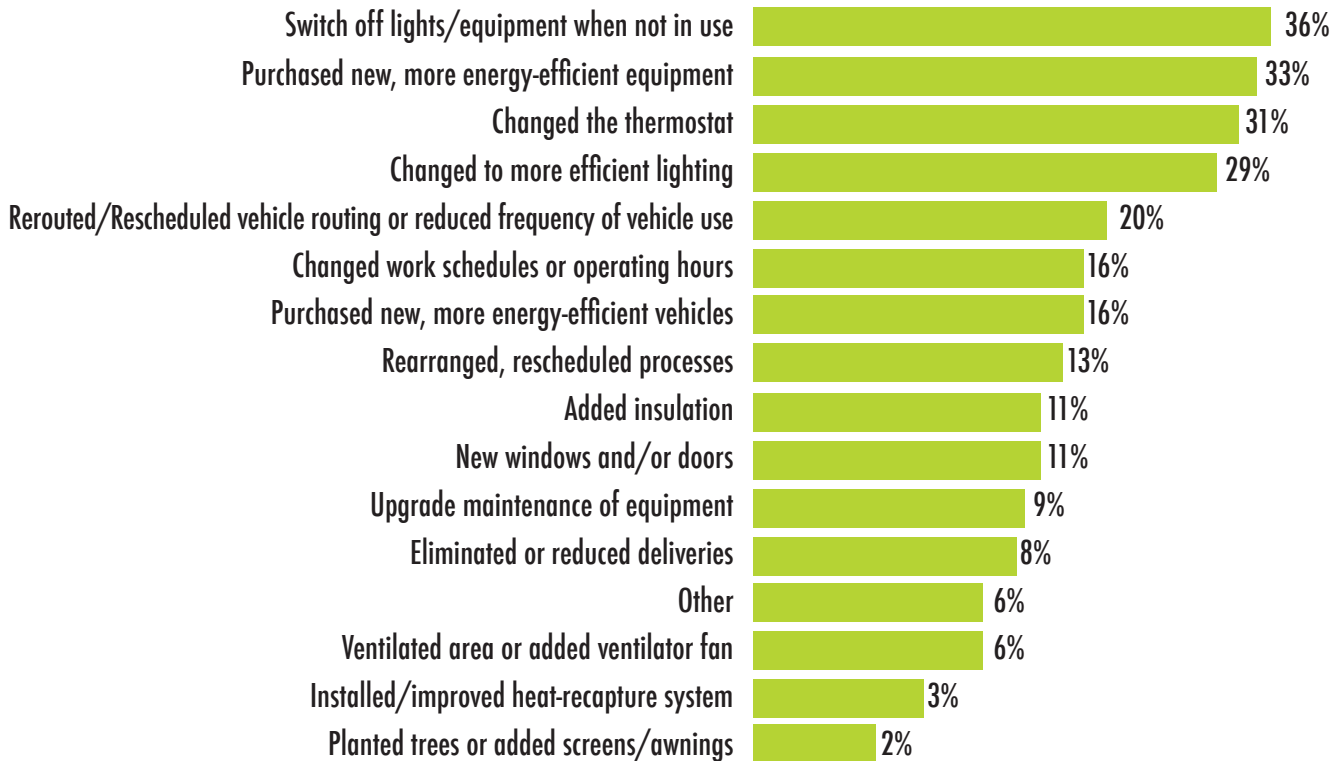
What is the MOST important reason why your business changed how it uses energy?



Among those who chose "other" the most common reasons given were to make a product more competitive and to lower customer pricing.

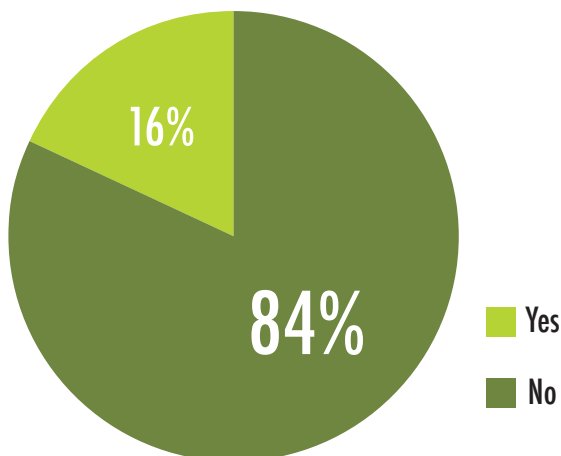
Energy Efficiency

What were the most important steps you took? (Please select your top two answers)

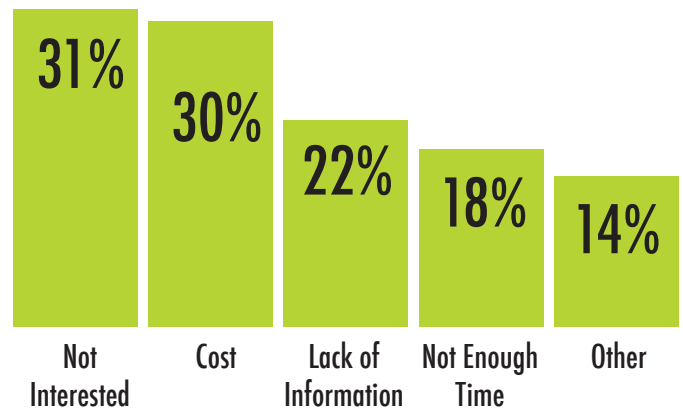


Among those who chose "other" the most common responses given were: installed sky lights and/or solar panels, reduced employee travel and allowed telecommuting.

Has your business conducted an energy audit of your facilities by a hired consultant or local utility over the past two years?



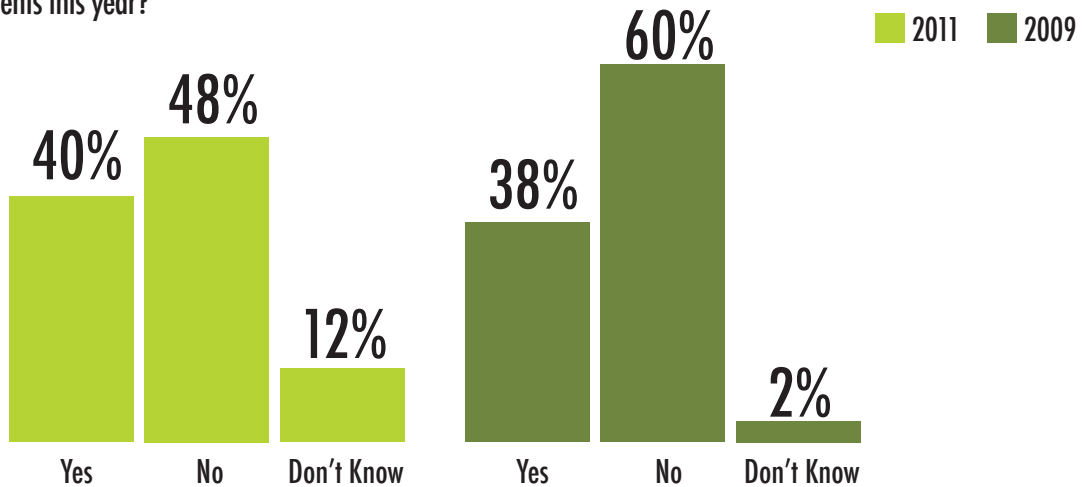
If you have NOT conducted an energy audit of your facilities, what is the primary reason why? (Check all that apply)



Among those who chose "other" the most common response given was that they lease their facilities and/or occupy a very small or virtual office.

Energy Efficiency

Have you made energy-efficiency investments for your business in the last 18 months and/or do you plan to invest in energy-efficiency improvements this year?



What is the main obstacle to making your business more energy efficient?

Cash flow	40%
Lack of time to research and implement	20%
Other	14%
Lack of resources	9%
Don't know	9%
Available technology	8%

Among those who chose "other" the most common responses given were: the poor economy, they lease their facilities and they don't have the time.

If the following options were made available to you, which one would make you most willing to invest in energy-efficiency improvements this year for your business?

A tax credit that allowed you to deduct 30% of the cost of your investment	30%
A grant program that reduced the overall cost of the investment	21%
Free technical assistance from an energy efficiency expert	12%
Nothing will make me more willing to invest in energy improvements for my business	12%
Other	9%
A loan program that allowed you to pay back the cost of the investment over 2-3 years at low or zero interest rates	8%
Information package that allowed you to compare available technologies side-by-side	8%

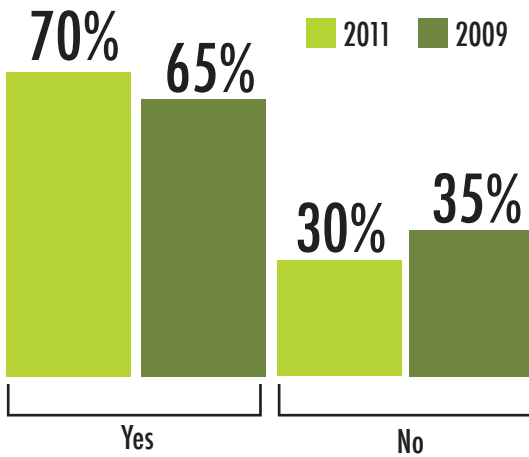
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Energy Efficiency Programs

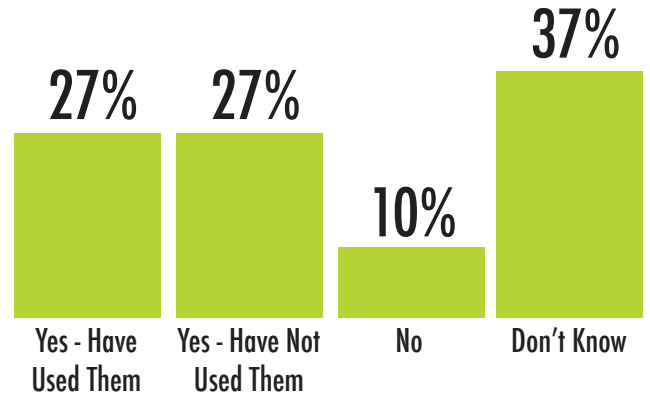


Recent government efforts on improving small-business energy efficiency appear to be making notable—if somewhat modest—strides. There has been modest growth in small-business owners' awareness of, and participation in various energy-efficiency programs, and many also expressed interest in a tax credit for energy efficiency investments as a driver for them to undertake new conservation measures.

Are you familiar with the national Energy Star product label and technical support program?

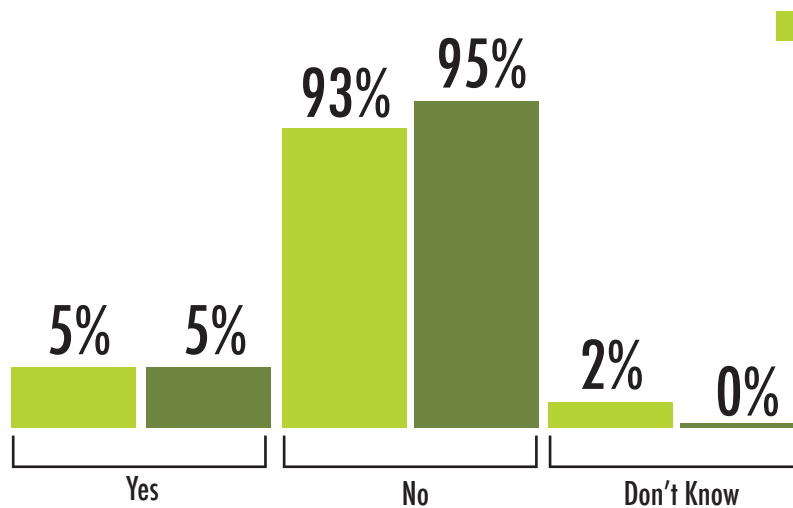


Are there utility-sponsored programs in your area that provide small businesses with information on energy efficiency and if so, have you used these services?



Comparatively, the number of small businesses who have heard and/or used a local utility-sponsored energy efficiency program has increased from 47 percent in 2009 to 54 percent in 2011.

Have you made use of a utility-sponsored On-Bill Financing program to upgrade or retrofit your business?

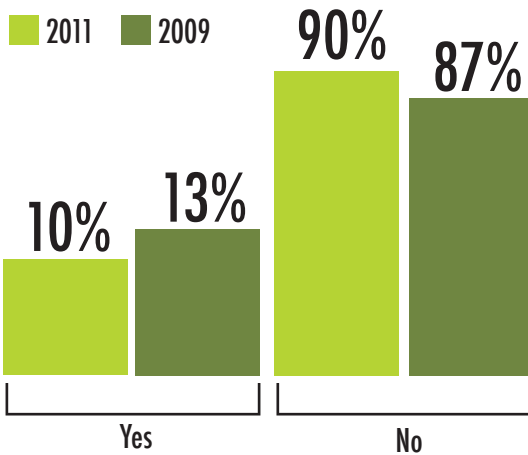


Alternative Energy Sources

Only a small minority of businesses have invested in alternative energy sources. Those businesses that have invested here, overwhelmingly invested in solar PV panels. Many small-business owners are interested in alternative energy, but it remains outside the scope of most small-businesses ability to invest the time and/or resources in it. Creating better resources on alternative energy technologies and coupling that with a tax credit or grant program could increase the number of small businesses adopting these new technologies.



Has your business invested in alternative sources of energy?



If yes, which of the following alternative energy sources has your business invested in? (Check all that apply)

Energy Source	2011	2009
Solar power	62%	47%
Wind power	24%	18%
Solar hot water	24%	6%
Other	24%	58%
Hydroelectric	19%	6%
Fuel Cell	5%	n/a
Ethanol	0%	18%
Geothermal	0%	n/a

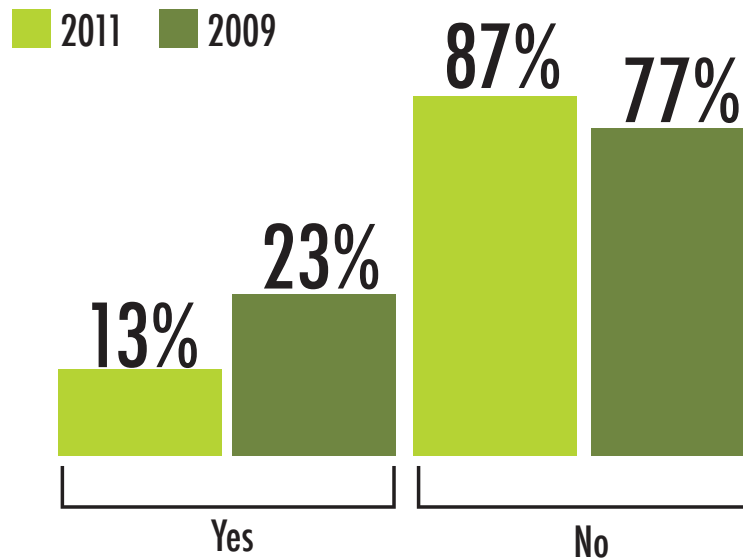
Which of the following, if made available, would make your business willing and able to invest in alternative sources of energy? (Check all that apply)

A tax credit that allowed you to deduct 30% of the cost of your investment	38%
A grant program that reduced the overall cost of the investment	30%
Free technical assistance from an alternative energy expert	27%
I am not interested in investing in these technologies	25%
Information package that allowed you to compare available technologies side-by-side	22%
A loan program that allowed you to pay back the cost of the investment over 2-3 years at low or zero interest rates	18%
Other	8%

Fuel-Efficient Vehicles

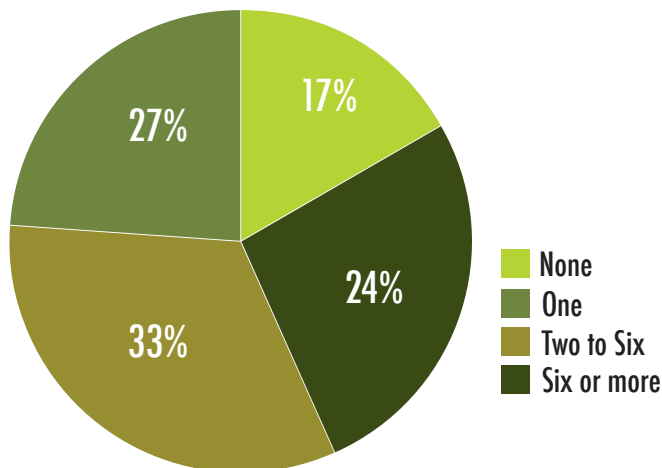
The majority of small businesses use two or more vehicles each day for business activities. With fuel costs the major concern for roughly 30 percent of businesses, there is significant motivation to find ways to decrease these expenses. Many businesses have reduced business travel, changed their delivery area or reduced the frequency of vehicle use. The introduction of new, high mileage vehicles over the past two years has done little to offset the financial burden of higher fuel prices. Only a small percentage of small businesses have been able to purchase or lease these new, high-mileage vehicles, meaning that most small businesses are saddled with high fuel costs and little opportunity to reduce them.

In the past 18 months, have you purchased or leased any alternative-fuel, hybrid or other high miles per gallon (MPG) rated vehicles for your business?

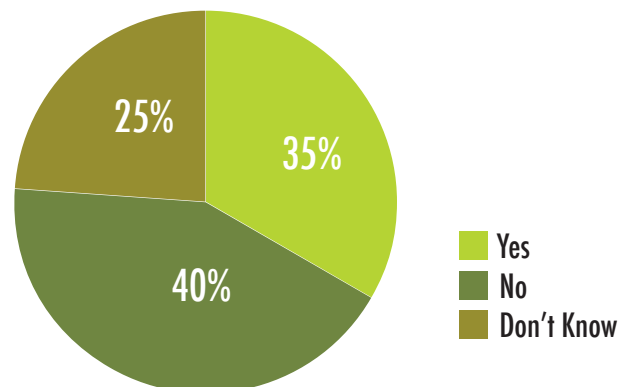


It is worth noting that in 2009, survey participants were asked if they had purchased or leased higher-mileage vehicles, not specifically hybrid or alternative-fuel vehicles. Also contributing to the lower-take-up in 2011, despite the fact that there are more hybrid and alternative fuel vehicles on the market now, is the extended, downturned economy.

How many vehicles do you use in your business?



Would you consider investing in alternative-fuel or hybrid vehicles if the purchase or lease was accompanied by a tax credit?



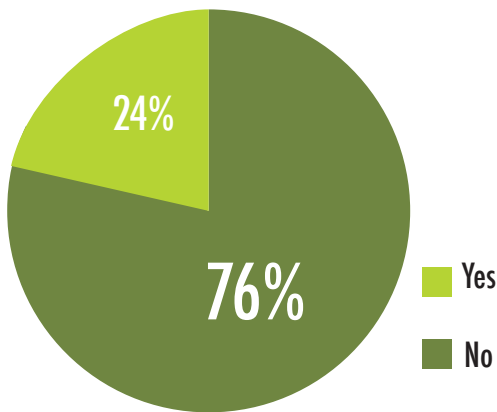


Being Green

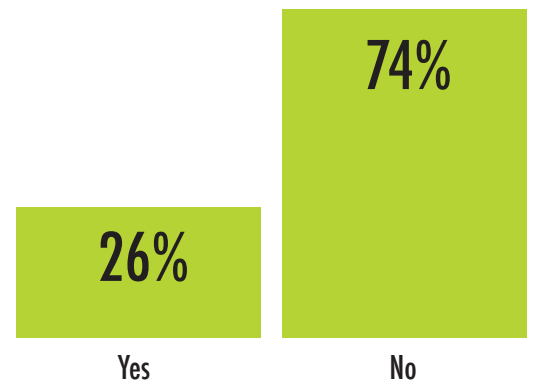


The majority of small-business respondents in this survey do not consider themselves a “green business.” However, the fact that 24 percent DO consider themselves green is relatively notable – that’s about one in four. In 2009, nearly the same number said they would be interested in being certified as a green business. Additionally, there has been a slight increase since 2009 in the number of small businesses who said they are more likely to do business with a green business.

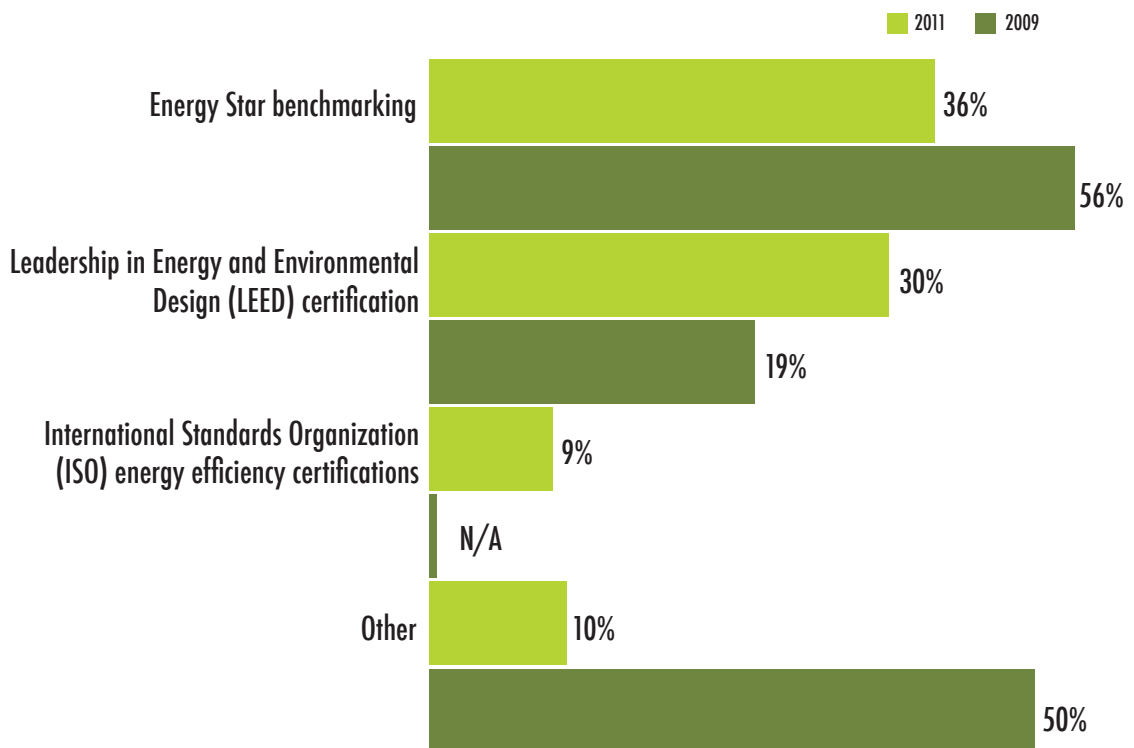
Do you consider or market your business as a “Green Business”?



Are you more likely to conduct business-to-business transactions with a “green business”?



Have you utilized any of the following energy certification programs? (Check all that apply)





Methodology

The 2011 NSBA Energy Survey was conducted on-line among more than 200 small-business members of NSBA representing every industry in every state in the nation Aug. 17 – Sept. 13, 2011. While the results in this survey can be extrapolated to the at-large small-business community, it is worth mentioning that NSBA members tend to be older, more well-established small businesses.