

2010 Small Business Technology Survey



## Foreword

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Since 1937, the National Small Business Association (NSBA) has been the nation's leading small-business advocate. As part of NSBA's mission to address the needs and represent the concerns of the U.S. small-business community, we conduct a series of surveys and quick polls throughout the year. In addition to our semi-annual Economic Reports, NSBA routinely surveys our membership on key issues ranging from health care to credit cards. We are pleased to provide the *2010 NSBA Small Business Technology Survey* to provide a glimpse into how small businesses today are using technology.

The average small-business owner wears many hats: president, chief financial officer, human resources manager and head of development. Another important, but often overlooked role many small-business owners play is chief technology officer. The results of this survey underscore the importance of affordable and user-friendly technology for small businesses.

NSBA's small-business members were surveyed on their utilization of technology, the time and cost of technology, doing business on-line, social media, telecommuting and innovation. The results show that computers play a significant role in small businesses, with the majority of small-business owners spending more than three hours per day on a computer. Furthermore, despite the challenge posed by keeping up with the rapid pace of change in technology, 98 percent of respondents think it is important to keep up with new technology.

When it comes to utilizing technology to streamline and make business more efficient, 86 percent have a Web site for their business, 84 percent responded that they purchase supplies on-line, 73 percent bank on-line and 62 percent utilize electronic bill pay. Only 41 percent however utilize an automated payroll service for their employees.

Small businesses face many challenges when it comes to their technology. One-quarter of respondents handle all tech issues for their company, and nearly half spend more than two hours per week resolving technology issues. Survey respondents cited security as their number one technology issue with cost coming in a close second.

Although a majority report not being engaged in social media, a large minority (47 percent) are using sites such as LinkedIn and Facebook for business networking purposes. Social networking continues to evolve and is being seen more and more by small-business owners as an affordable method of doing business and reaching new customers.

Another growing trend impacted by technology is the increase in telecommuting in the last several years. According the 1997 Annual NSBA Survey of Small- and Mid-Sized Business, only nine percent of small businesses allowed telecommuting, ten years later in 2007 that number jumped to 19 percent. Today, 44 percent of small businesses allow their employees to telecommute.

In order to stay competitive and thrive, small businesses look to technology as a critical tool to increase efficiency and grow business networks. This is increasingly important, particularly given the downturned economy small-business owners have been faced with over the last three years.

We hope you find this survey useful and informative.

Sincerely,



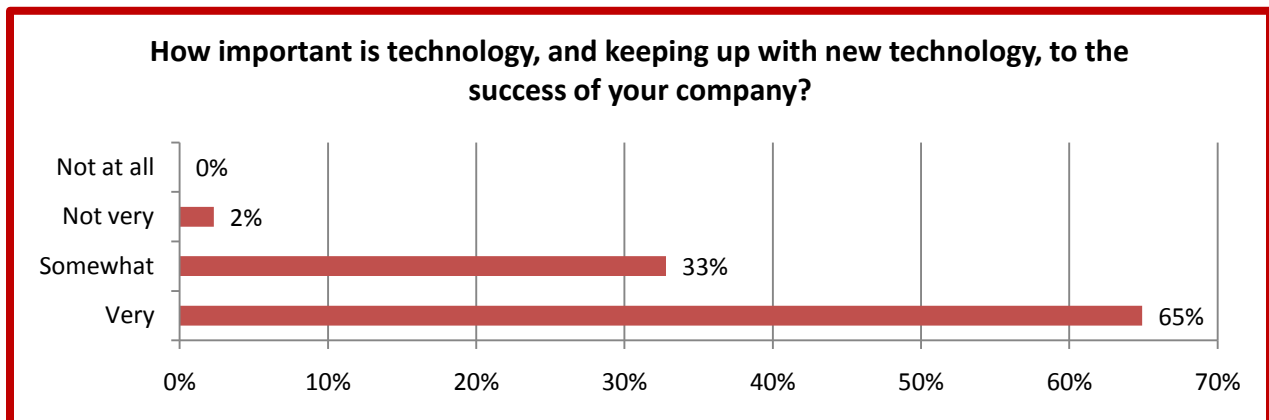
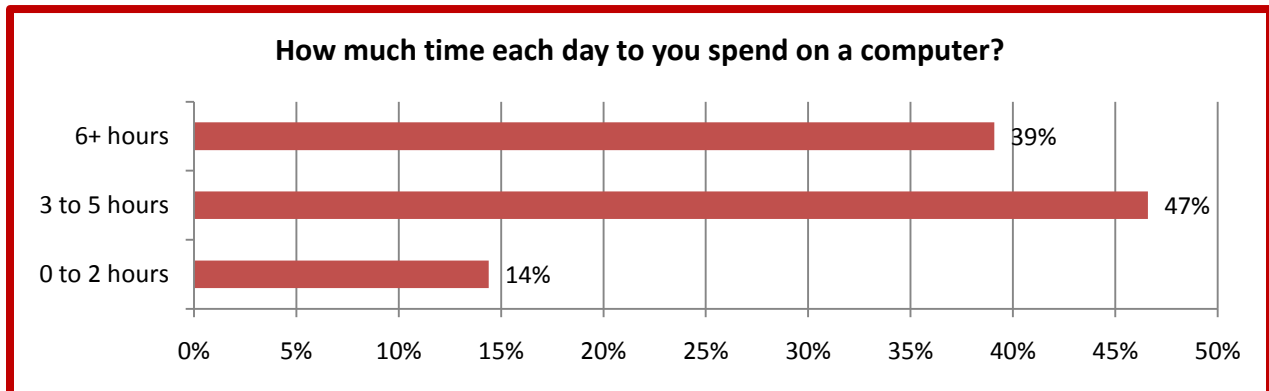
Larry Nannis, Chair



Todd McCracken, President

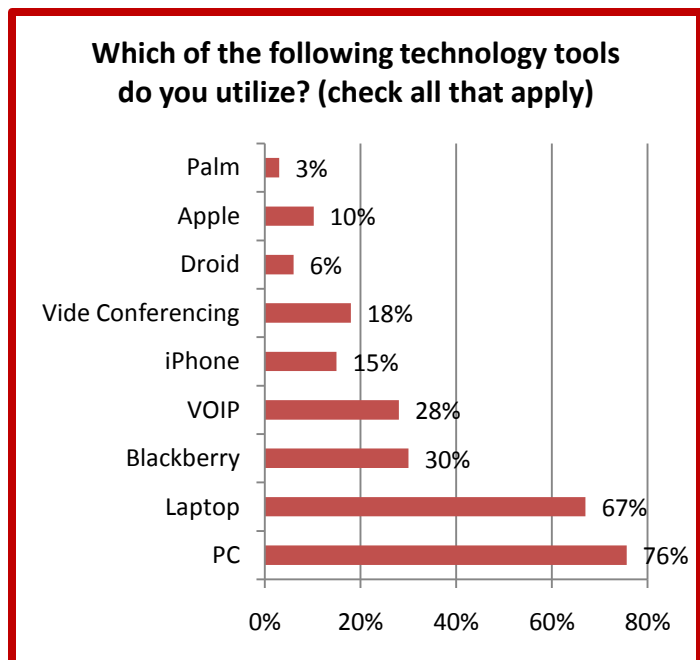
## Small Business Utilization of Technology

The average small-business owner uses 19 computers in his or her business from computers for staff to servers to laptops for travel. Forty-seven percent of small-business respondents said they spend three to five hours per day on a computer and 39 percent spend more than six hours per day on a computer. Although keeping up with the rapid pace of change in technology was cited as a major challenge for small businesses, the overwhelming majority (98 percent) think it is important to keep up with new technology.

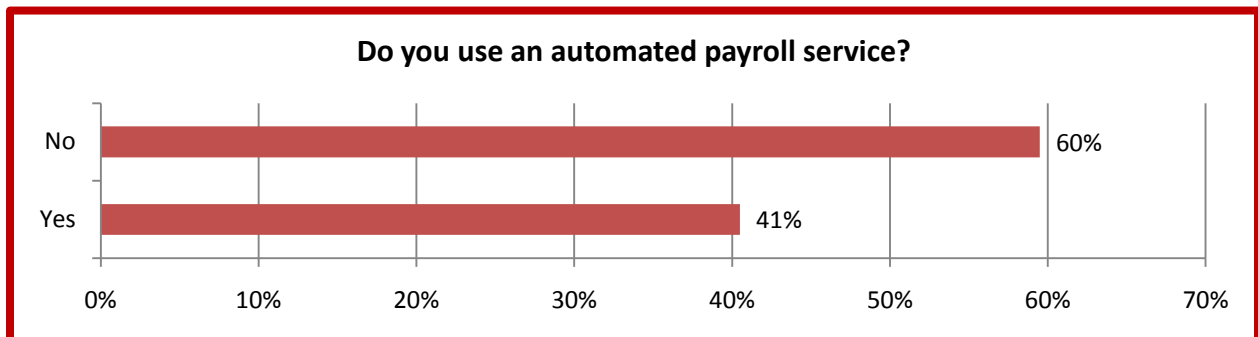
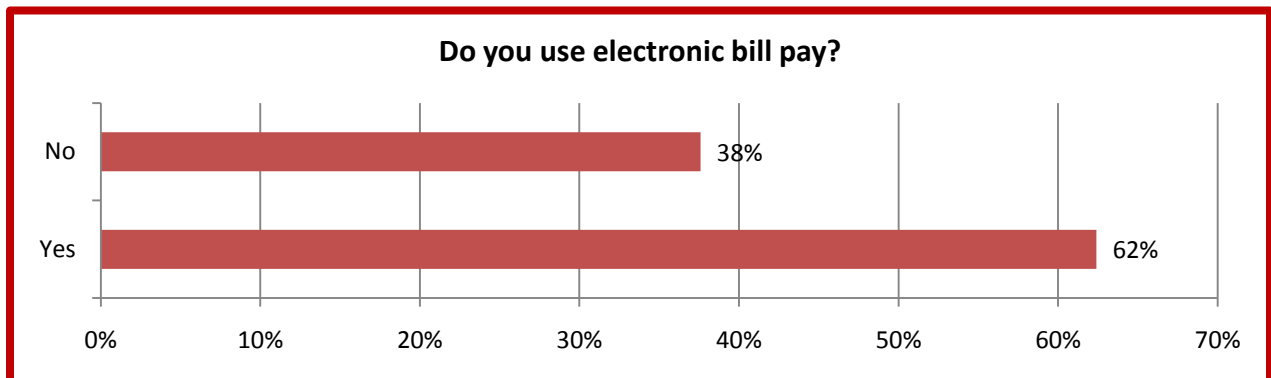
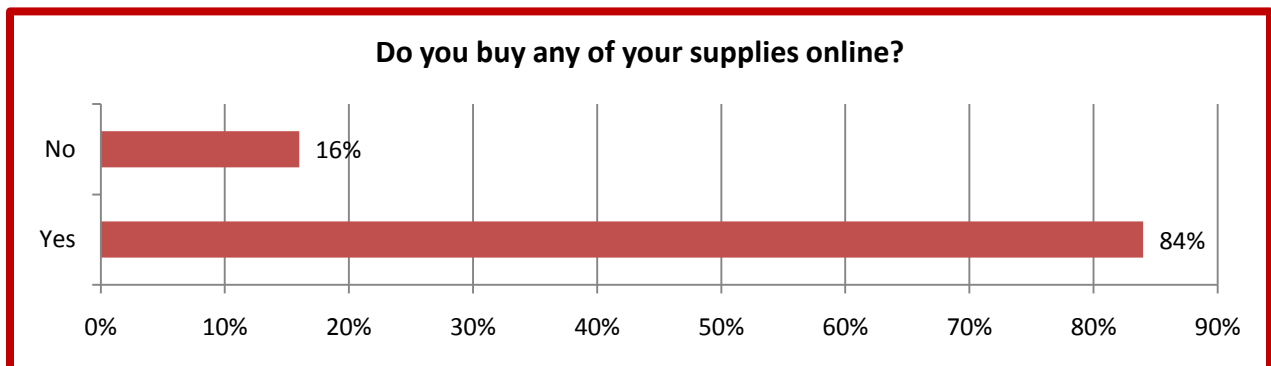
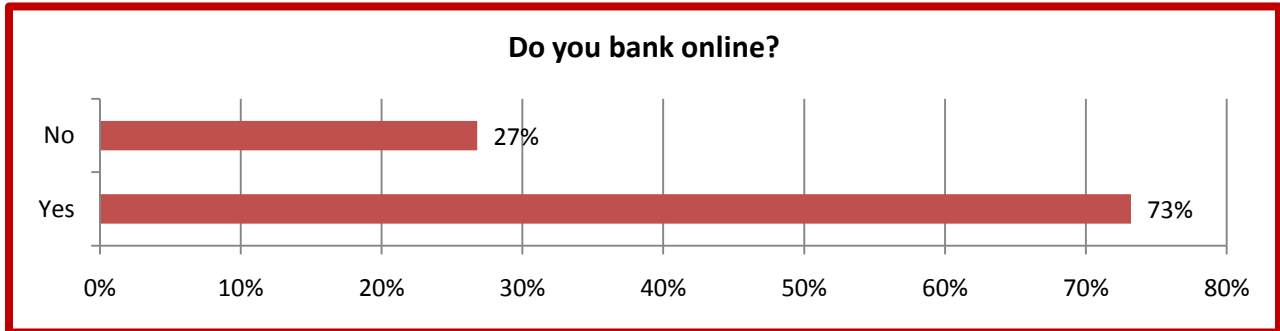


The majority of respondents to this survey reported using some kind of high-speed internet service such as DSL, while a small minority—three percent—reported still using dial-up. This is likely higher among the at-large small-business community given that this survey was conducted on-line, thereby excluding some of the less technology-savvy small-business owner members of NSBA.

When asked about other technology tools, the majority (57 percent) responded that they do use a hand-held device such as a Blackberry or iPhone. Although it is a minority, there is a substantial percentage of small-business owners (28 percent) that utilize Voice Over Internet Protocol (VOIP) technology such as Skype. A smaller percentage of respondents (18 percent) utilize video conferencing.

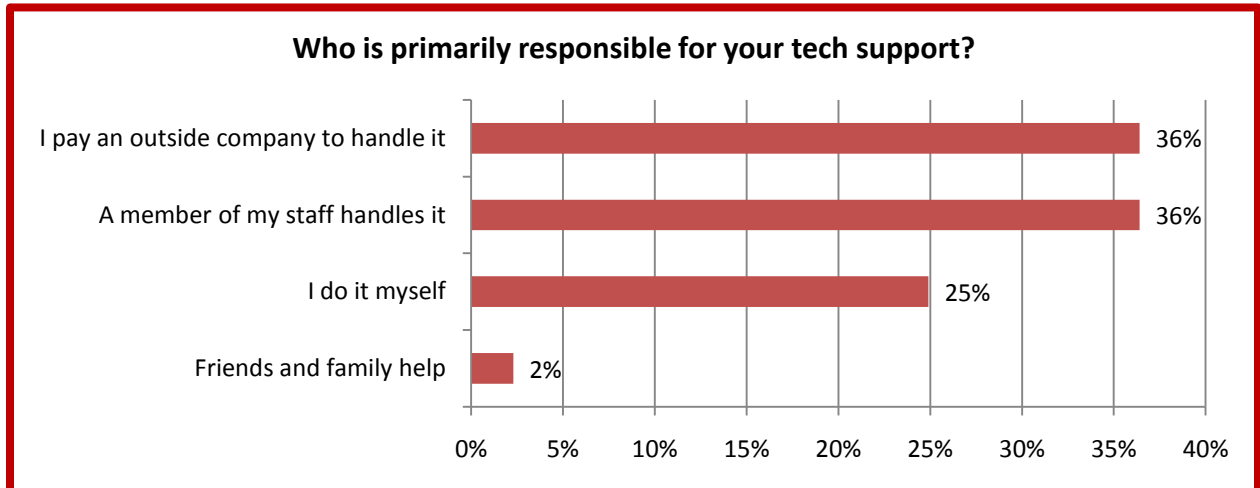


When it comes to utilizing technology to streamline and make business more efficient, many small businesses are on-board. Eighty-four percent responded that they purchase supplies on-line. With regards to banking, 73 percent bank on-line and 62 percent utilize electronic bill pay. Only 41 percent however utilize an automated payroll service for their employees.

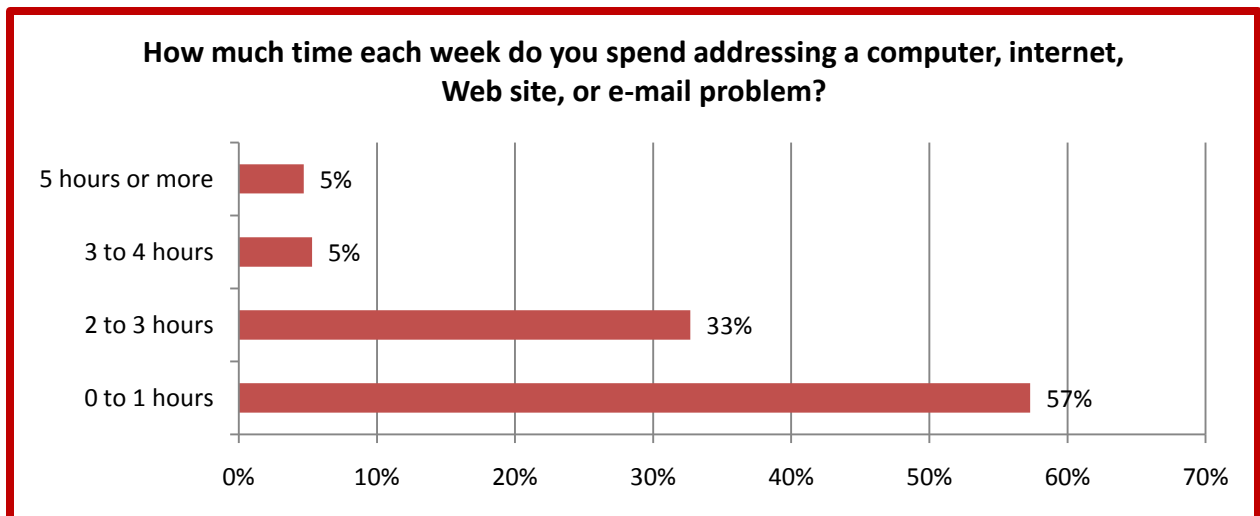


## Time and Cost of Technology

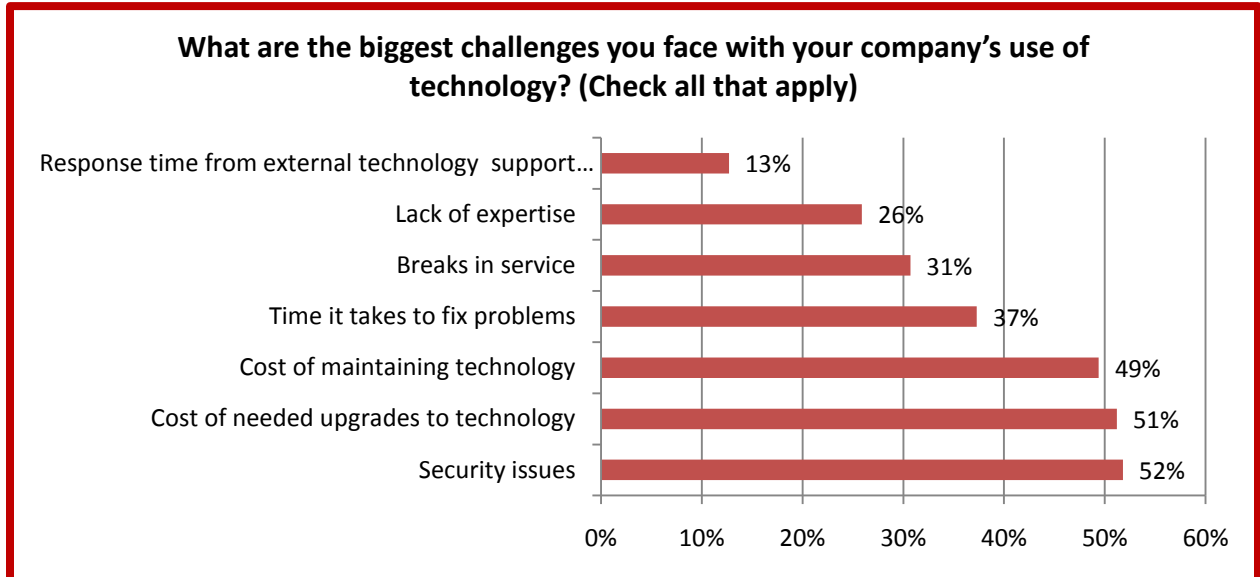
With only a limited number of hours in the day, small-business owners recognize that time spent on one issue is time taken away from another issue. According to the survey responses, about one-quarter of small-business owners handle tech-support for the entire company themselves. The majority, however, task someone else with that duty. Thirty-six percent reported that a member of their staff handles tech support, and another 35 percent say they pay an outside company to handle tech support.



While the majority of respondents report spending one hour or less per week trouble-shooting a technology issue, the fact that 43 percent are spending more than two hours per week on technology problems shows clearly how important a role technology plays in the average small business.



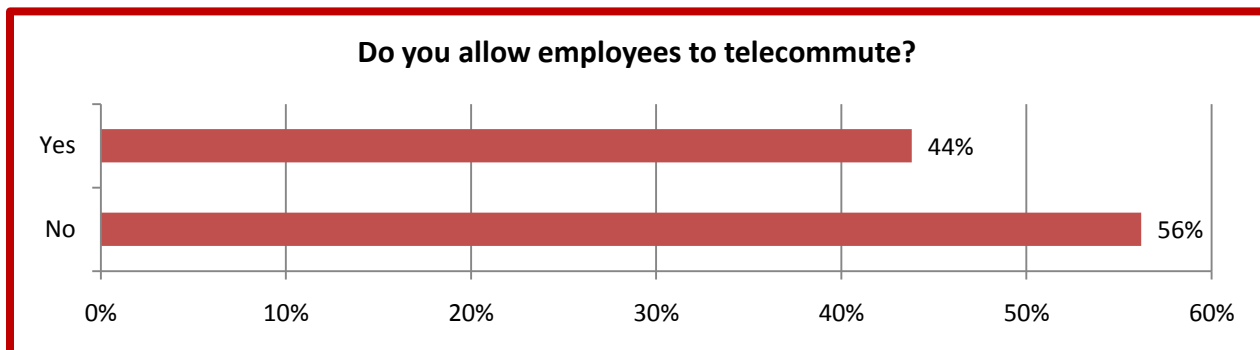
Small businesses face many challenges when it comes to their technology. The most widely-reported issue: security. Fifty-two percent rated security issues the number one challenge they face when it comes to the use of technology in their business. The second and third highest-rated challenges have to do with cost. Fifty-one percent reported that cost of needed upgrades was a significant challenge and 49 percent cited cost of maintaining technology as a significant challenge.



## **Telecommuting**

One interesting trends that has been on the rise among small-business owners, likely due to continually improving technology, is allowing employees to telecommute. According the Annual NSBA Survey of Small- and Mid-Sized Business, in 1997 only nine percent of small businesses allowed telecommuting, ten years later in 2007 that number jumped to 19 percent.

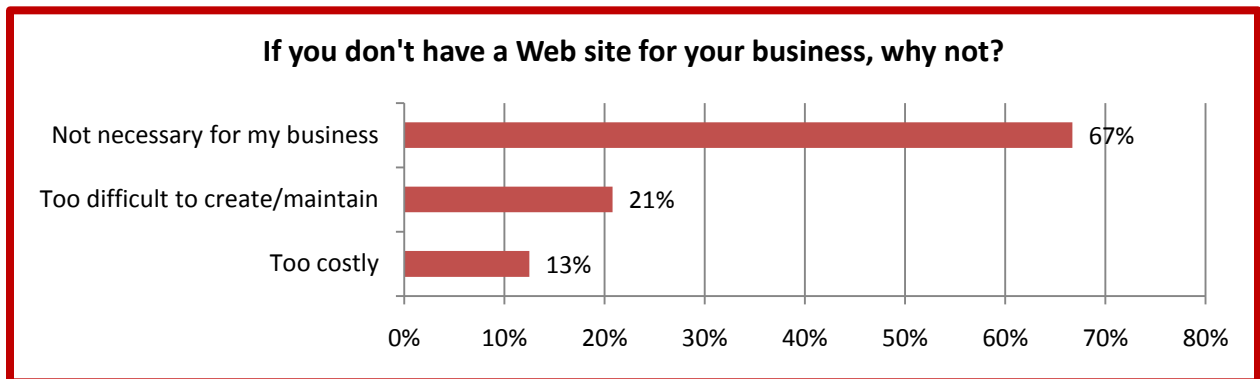
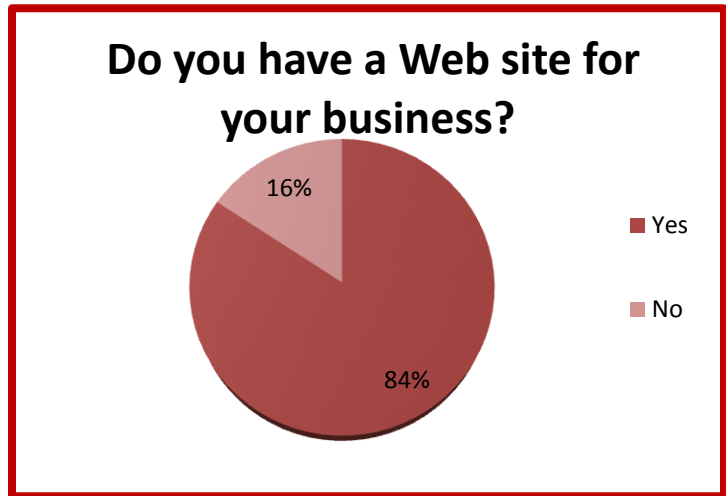
According to NSBA's most recent technology survey, 44 percent of small businesses allow their employees to telecommute. Granted, the demographics of the two surveys are somewhat different, but there is no doubt that technology improvements have made telecommuting a much more affordable and reliable benefit to offer employees.



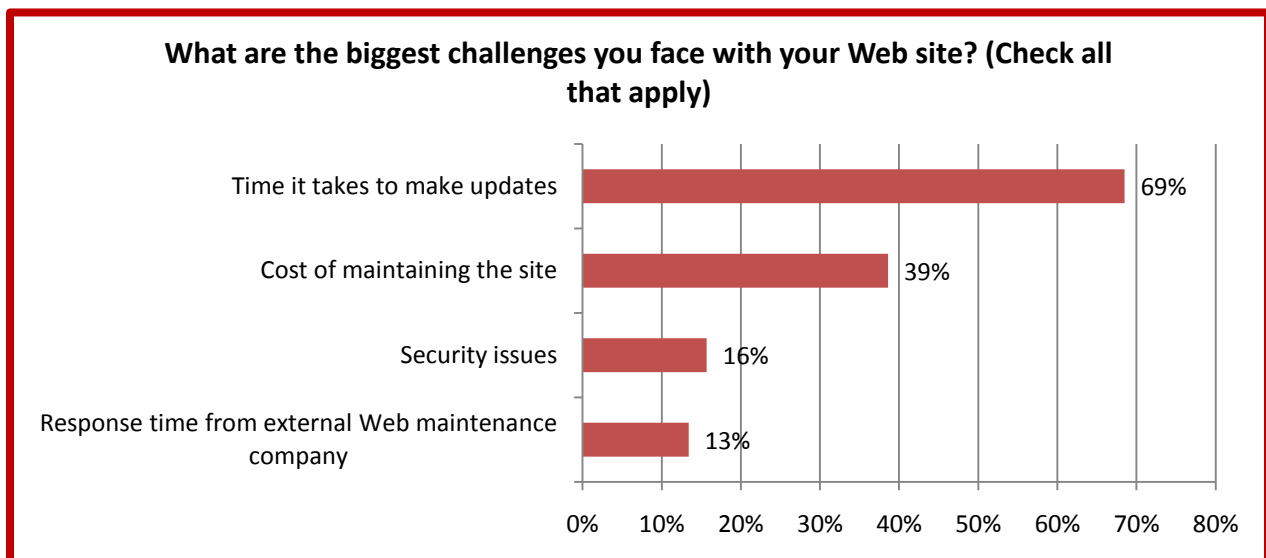
## Doing Business On-Line

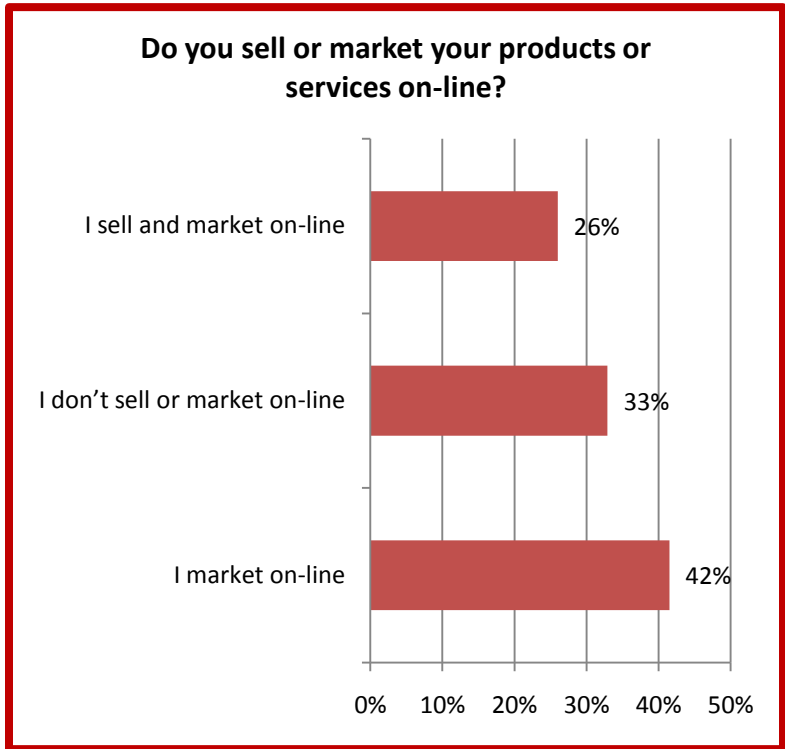
Today's ever-changing business climate makes Web sites more important than ever. And while the majority of small businesses (84 percent) do have a Web site for their business, the 16 percent that do not could be facing uphill challenges as the Internet continues to grow and replace other forms of business searches.

Among those that don't have a Web site, the most widely-cited reason is the belief that it is not necessary for their business. The second top response was that it is too difficult to create and maintain a Web site.



When it comes to the challenges of a company Web site, 69 percent said the biggest challenge is the time it takes to make updates, with the cost of maintaining the site a distant second at 39 percent. Interestingly, as opposed to general technology issues, only 16 percent cited security issues as a significant challenge to their Web site.



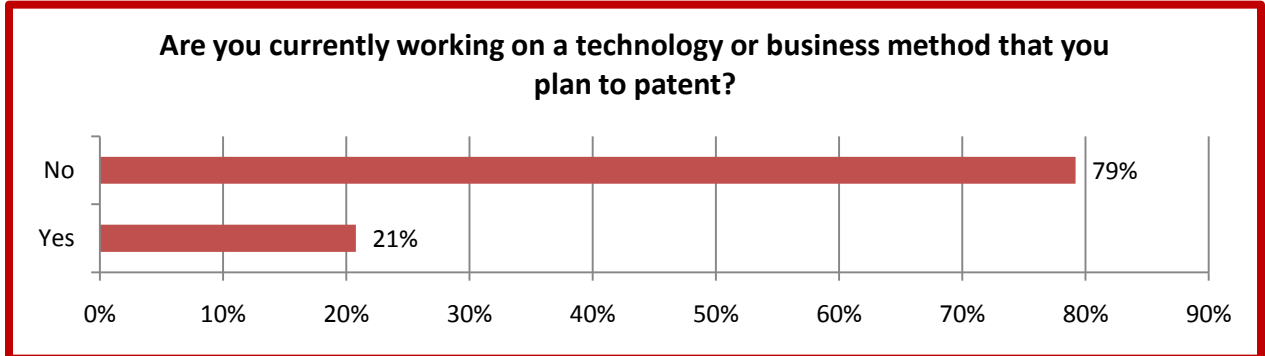
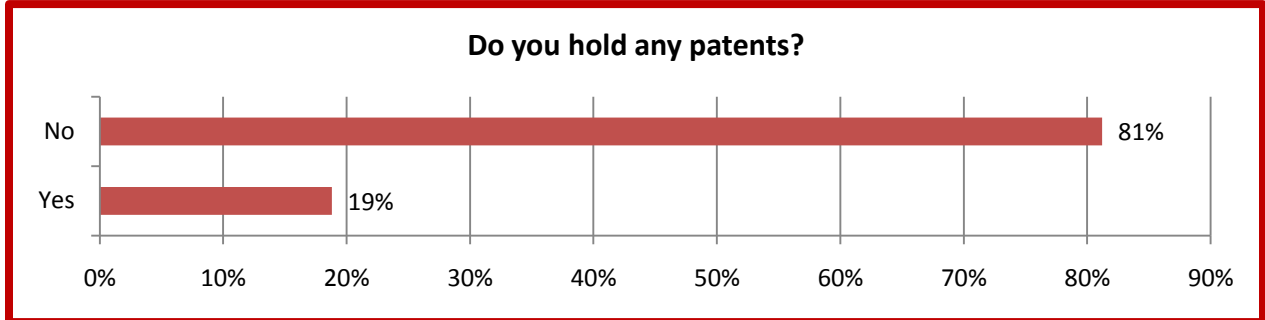


Only one-fourth (26 percent) of small businesses surveyed sell their products and/or services on-line through their Web site while a larger group—41 percent—market their goods and/or services on-line. Somewhat surprising, one-third of small businesses don't sell or market their goods and/or services on-line whatsoever. The reason given: 78 percent said they don't have products or services they can sell on-line.

According to the survey, all businesses that sell their products on-line do so through their own company Web site, with just a small percentage of them (three percent) selling through on-line portals such as E-bay. Ninety-one percent of these businesses accept credit or debit cards and 22 percent accept pay-pal.

**Innovation**

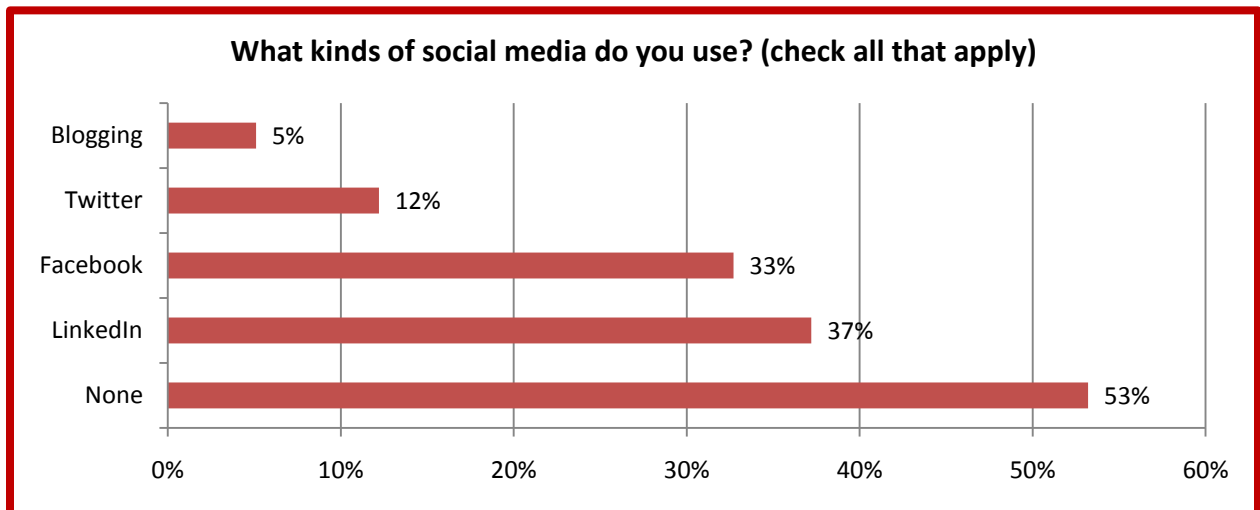
Technology doesn't just play a prominent role in how small businesses are operated, it oftentimes is a key business practice. Small-business owners have always led innovation and been incubators for new technology. In fact, small businesses hold 13 times more patents per-employee than large companies. According to the survey, 19 percent of respondents hold a patent. Among those that do hold a patent, 84 percent developed the technology and 16 percent purchased the patent. Twenty-one percent reported that they are currently working on a technology or business method that they plan to patent.



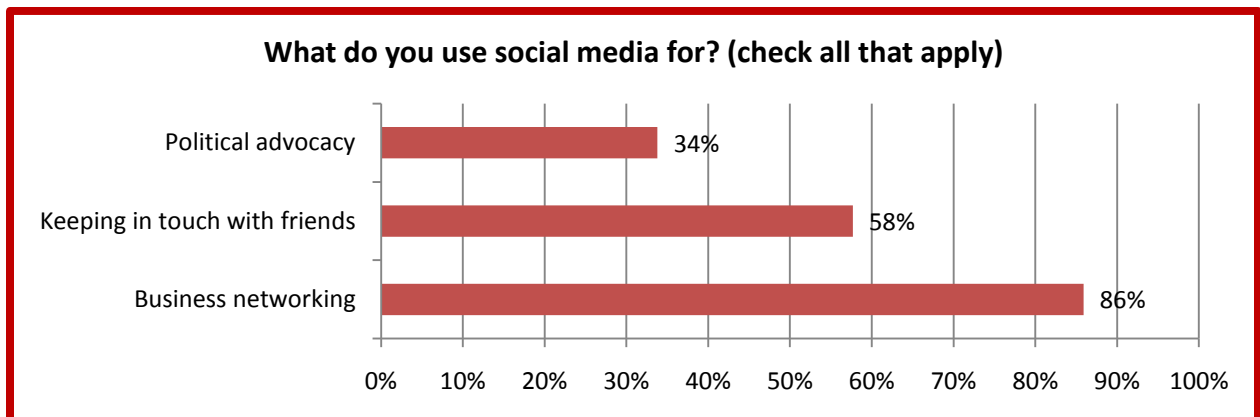


## Social Media

In the last two to three years, social media has grown exponentially. With sites like Facebook and LinkedIn, many small-businesses are utilizing these new tools to market their businesses. However, a narrow majority of small businesses still are not using social media. Among those that do utilize various social media sites (47 percent,) LinkedIn ranked at the top of the list with 37 percent using their service. Facebook was a close second at 33 percent with Twitter rounding out the bottom at 12 percent.



As expected given the demographics of the survey respondents, the top reasons for using these social media sites were: business networking (86 percent,) keeping in touch with friends (58 percent,) and political advocacy (34 percent.)



## Conclusion

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There are more 29.6 million small businesses in the U.S., and nearly 70 million people either work for or run a small business. Making technology that is affordable and reliable to these millions of people is critical to the ongoing success and growth of the small-business economy. Given the struggles small businesses have faced in the last three years, technology can offer myriad opportunities for small businesses to achieve new growth and make their existing practices better. As the nation's oldest small-business advocacy organization operating on a staunchly nonpartisan basis, NSBA is committed to ensuring policies that take steps forward to making enhanced technology a reality for America's small businesses.

## NSBA Member Profile

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Number of Employees	
0-5	39%
6 to 10	14%
11 to 20	18%
21 to 50	19%
51 to 100	6%
More than 100	5%

Annual Revenue	
Less than \$100K	33%
\$100K - \$500K	33%
\$500K - \$1M	11%
\$1M - \$5M	16%
\$5M - \$25M	5%
\$25M +	2%

Number of Years in Business	
Less than 1 year	3%
1 - 3 years	18%
4 - 6 years	19%
7 - 10 years	14%
11 - 15 years	12%
16 + years	33%

Region	
Northeast	23%
Midwest	23%
South	30%
West	24%

### Methodology

The 2010 NSBA *Small Business Technology Survey* was conducted on-line among 200 small-business members of NSBA from across the country. The survey took place August 8 to 27 and asked detailed questions of small-business owners about how they utilize technology.

For more information on this, or any other NSBA survey, please visit [www.nsba.biz](http://www.nsba.biz), or contact Molly Brogan at [press@nsba.biz](mailto:press@nsba.biz) or 202-552-2904.