

**Small Businesses in Rural Nebraska:
Their Needs and Thoughts
Results of the Fourth Biennial Survey**

**An Analysis of the Rural Enterprise Assistance
Project 2014 Small Business Needs Assessment Survey**

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Key Findings

Business Characteristics

- Over three-quarters of respondents identifying themselves as rural small business owners have five or fewer employees.
- Based on gross business sales, many rural businesses are quite small. Over half of rural business owner respondents stated their business recorded less than \$100,000 in gross sales in the most recent business year. The number of larger businesses – those with \$500,000 or more in gross annual business sales – continues to steadily grow.
- Social media technology continues to play a large role in rural small businesses. In the 2014 survey nearly 60 percent of respondents used social media. E-mail remains the top technology used by rural small businesses. Ecommerce uses continue to grow among rural small businesses.
- In general, the 2014 REAP Small Business Needs Assessment survey continues to reveal a large number of very small rural businesses, with significant income and financial challenges throughout their history.
- Employment figures – especially among those firms hiring larger numbers of people – appear to show an improving climate for rural small businesses.

Training Needs

- There were significant differences in delivery of training and assistance by gender. Male respondents preferred more traditional methods – classroom style (multiple sessions) teaching and one-on-one training and assistance. Female respondents preferred newer, less formal methods – online training and assistance and one-time workshops.
- There is a strong preference among all age groups for training and assistance through online methods. It was the preferred method for respondents in their 30s and a strong second preference for all other age groups.
- Marketing and advertising was the most popular choice by business owners for training and assistance that would improve businesses. Two public policy-related issues were also popular training and assistance choices for business owners – taxation and regulation – likely demonstrating the importance of those issues to small businesses and the political relevance to many business owners. Succession planning and social networking, two relatively new issues, were also popular choices for business owners, reflecting both the times and the needs of an aging business ownership population.
- Service providers working with rural small businesses have a totally different idea on the most needed training and assistance. Service providers focused to a large extent on business planning and the need to develop business plan, implying that many businesses do not have sufficient or workable business plans. Service providers also believe that marketing and advertising, succession planning, social networking, and bookkeeping are needed training and assistance – as do business owners.
- There are significant differences of opinion between rural small business owners and service providers working with rural small businesses as to business planning and business knowledge and business finance knowledge. Throughout the survey service providers working with rural small businesses express a need for training and assistance on business knowledge and planning issues. This indicates that many people are starting a

business with little planning or business knowledge, likely leading to significant challenges later in the life of the business.

Business Challenges

- Financing and capital remain the chief challenges business owners had when starting their businesses. Service providers working with rural small businesses agree, but also point to basic business planning and knowledge challenges for start-up businesses.
- Responses by business owners about current business needs in many ways mirrored start-up difficulties, with capital and finance the primary current needs. However, likely due to the age of rural business owners, business succession is a primary current challenge. Among service providers working with rural businesses, capital and finances represent major current challenges, but basic business knowledge and planning remain as current needs (as they also did for start-up businesses).
- Many small business owners continue to start out with limited amounts of cash, and the issue of sufficient capital continues as a current need. This represents a critical and seemingly ongoing challenge for Nebraska rural small businesses.
- The importance of succession planning continues to grow, and continues to be among the chief concerns of rural small businesses (as first appeared in the 2012 survey). For the future of sustainable rural businesses and the viability of rural communities, it is an issue on which business development initiatives and providers should focus.
- Responses showing greater female needs in financing, capital, and business support networks suggest there are still significant differences in how males and females start and develop businesses.
- Service providers are providing early warning alarms about a lack of business planning and management among rural small businesses that may provide reasons for rural business struggles in years to come.

Financing Needs

- The majority of rural small businesses do not have a financing need within the next six months.
- A significant minority of rural small businesses (49 percent) either do have a financing need within the next six months or are unsure.
- Of those small businesses that do have a financing need in the next six months, the need is generally small. The largest group has financing needs of \$50,000 or less.
- A majority of rural small businesses do not have a financing need within the next six months to 12 months. This majority is slightly smaller than the majority that do not have financing needs within the next six months.
- A majority of respondent businesses either anticipate not having a financing issue in the next six to 12 months or are unsure.
- Of those small businesses that do have a financing need in the next six to 12 months, the need is again generally small. The largest group has financing needs of \$50,000 or less.
- The plurality of rural small businesses do have financing secured for their business. But over half either do not have business financing secured or are unsure.

Latino Respondents

- Respondents to the Spanish version of the survey were younger and more female.
- They were less experienced in their business (more likely to be in the pre-venture and new categories) and less diverse in the type of business operated.
- They are more likely to anticipate needing financing in the next 6-12 months, but less likely to have business financing secured.
- They use technology in their personal and business lives as much as other respondents, however are less likely to use social media in their businesses.

Introduction

The presentation of the 2006 Nobel Peace Prize to Dr. Muhammad Yunus and the Grameen Bank brought great attention to microenterprise development in many areas of the world, including the United States. Many researchers and commentators have lifted up small-scale entrepreneurship as an important development strategy in rural areas.¹

While there are varying views on the keys to entrepreneurial success and the answers to the challenges entrepreneurs face, it is clear that more research involving small businesses, particularly the self-employed, is in order. Many of these businesses are self-employed in rural areas of Nebraska, the prime market for the Rural Enterprise Assistance Project (REAP) of the Center for Rural Affairs.

This report details the findings of recent survey work by REAP. The “2014 Small Business Needs Assessment,” a self-administered survey, was made available to REAP clients and to local chambers of commerce, economic development organizations, Nebraska Economic Development Association members, the Nebraska Bankers Association, and other service providers who work with Nebraska’s small businesses. The survey was provided in two online forms—through direct email and as a link on the Center for Rural Affairs’ website. The REAP Needs Assessment Survey is administered biennially, with the first such survey done in 2008.

The purpose of the survey was to gather information to evaluate the needs of Nebraska’s small businesses from the perspectives of both business owners and the people who serve them. The data and the survey findings will also assist REAP and the Center for Rural Affairs in their strategic planning.

History of REAP

Established in 1973, the Center for Rural Affairs is a private, nonprofit organization with a mission to establish strong rural communities, social and economic justice, environmental stewardship and genuine opportunity for all while engaging people in decisions that affect the quality of their lives and the future of their communities.

REAP, a program of the Center for Rural Affairs, is a statewide rural microenterprise development organization started in 1990. REAP was one of 35 programs selected for a U.S.

¹ Federal Reserve Bank of Kansas City, Center for the Study of Rural America. 2002. “Are High-Growth Entrepreneurs Building the Rural Economy.” *The Main Street Economist*, August 2002; Goetz, Stephan J. 2008. “Self-Employment in Rural America: The New Economic Reality.” *Rural Realities*, Vol. 2, Issue 3, 2008.

Small Business Administration microenterprise pilot program in 1992. REAP was initially designed to address challenges to the rural economy occasioned by the farm crisis of the 1980s and early 1990s and to capitalize on the entrepreneurial spirit of people in rural and small-town Nebraska.

Research by the Center for Rural Affairs in the late 1980s and early 1990s showed that rural communities in Nebraska and other states of the Great Plains region suffered economic and social reversals as population declined and demand for products and services were reduced.² As a result, rural communities sought economic development strategies to address changes in the agricultural economy. REAP was initiated with assistance from private sources, notably from the C.S. Mott and Ford Foundations.

Public policy supporting microenterprise development did not come into existence in Nebraska until 1997 when the Nebraska Legislature adopted LB 327, the Microenterprise Development Act. Since 1997, the Microenterprise Development Act has operated from annual appropriations to the Nebraska Department of Economic Development from the Legislature. In 2005, minor policy changes and funding for the Nebraska Microenterprise Development Act were consolidated with other economic development programs in the Nebraska Advantage Act.

In 2009, the Nebraska Legislature appropriated nearly \$1 million to the Nebraska Microenterprise Development Act. Most of that amount is granted to organizations throughout the state (including REAP) to provide services to microbusinesses and entrepreneurs, and is administered by the Nebraska Enterprise Fund.

In 2011, the Nebraska Legislature adopted and the Governor signed into law LB 387, the Business and Innovation Act. LB 387 redesigned the Nebraska Microenterprise Development Act and created a new fund within the Nebraska Department of Economic Development for microenterprise development. The Department of Economic Development implemented a process of grants for micro-loan delivery organizations and for statewide technical assistance to micro-loan borrowers or potential borrowers.

REAP Services

REAP serves microenterprises (defined in Nebraska statutes as businesses with 10 full-time equivalent employees or less) in the rural areas of Nebraska (REAP uses the USDA definition of “rural,” those population centers with 50,000 population or less). REAP is a full-service microenterprise development organization consisting of nine staff located throughout rural Nebraska.

Within REAP are two projects reflecting the changing demographics of rural Nebraska and the special needs of female entrepreneurs—the Hispanic Business Center and the state’s only Women’s Business Center. Both “centers” are innovative business centers and operate without walls on a statewide rural basis.

² Funk, Patricia. 1989. *A Socio-Economic and Demographic Profile of the Middle Border*. Center for Rural Affairs, Walthill, NE; Strange, Marty, et. al. 1990. *Half A Glass of Water*. Center for Rural Affairs, Walthill, NE.

The REAP program consists of four elements—credit (microloans), technical assistance, networking, and training. REAP also offers an innovative, online lending system to help further reach rural entrepreneurs in Nebraska.

REAP Statistics

REAP started out delivering services through Peer Groups, which consisted of small businesses from a rural community or communities that met monthly. Here they received training, networking, and were the loan approval committee for fellow peer group members. Later, less formal “Roundtables” were started to receive REAP services. Entrepreneurs now mainly access the REAP program directly from referrals and also through the web site www.cfra.org/reap.

From its inception in January, 1990, through June, 2014, through a variety of lending products, REAP has placed 1,020 loans totaling over \$10.6 million. REAP has also helped clients leverage loans totaling over \$18 million from other sources since January 1, 1999. In the last three-year fiscal period(s), REAP assisted 5,973 businesses through counseling, training, and lending activities. During this time, REAP assistance and lending helped to create or retain 1,419.5 jobs. REAP only counts jobs created or retained when significant counseling (10 or more hours) is done and/or loans are made.

Survey Methodology

The self-administered survey was available online as a link on the Center for Rural Affairs’ web site, e-mailed to various contacts including REAP clients, small business related listservs, and service provider colleagues.

The survey was available in January, February, and March 2014. The survey consisted of 30 multiple choice and open-ended questions. The survey was available to participants through SurveyMonkey.com©. A series of demographic questions and descriptive questions for the responding businesses were asked.

A total of 497 individuals responded to the survey, a slight increase from the 2012 survey (there were 489 responses to the 2012 survey, 457 responses to the 2010 survey, and 258 responses to the 2008 survey). The 2014 survey included 42 respondents to the Spanish language survey. A total of 232 identified themselves as small business owners, 38 identified themselves as aspiring business owners, 35 identified themselves as lenders, 127 identified themselves as service providers (non-business owners that assists businesses and entrepreneurs), and 65 identified themselves as “other” (non-business owner). All identifying figures are comparable to the 2012 survey results, with fewer business owner respondents (280 in 2012) and more resource provider respondents (98 in 2012). All respondents live and work in Nebraska.

A series of questions about business needs were then asked. Business owners were asked to identify difficulties they experienced when starting their business; service providers and lenders were asked to identify the greatest needs of start-up businesses they were working with. Based on previous assessments, we offered a wide variety of possible difficulties. The survey offered these choices and allowed an open-ended response for “other responses.”

Finally, business owners were asked to identify current difficulties they are experiencing; service providers and lenders were asked to identify the three greatest needs of current businesses they were working with. Respondents were also asked to identify the greatest training needs business owners have to improve their business.

Following are selected findings from the survey. All survey results may be found in the Appendix.

Multiple Choice Questions and Demographics

What is your age group?

The median age of respondents was 53 (compared to 51 in 2012). Thirty-one (31) percent of respondents were in their 50s, with 16 percent in their 40s, and 23 percent in their 20s and 30s. Thirty (30) percent of respondents were 60 or older. Overall, respondents to the 2014 survey were slightly older than respondents to the 2012 survey, which is not surprising given the general aging of rural Nebraska. However, the number of respondents in their 20s was higher in 2014 compared to 2012.

| Response | Pct. |
|--------------------|-------------|
| 20-29 | 8.7 |
| 30-39 | 14.7 |
| 40-49 | 16.0 |
| 50-59 | 31.3 |
| 60 and over | 30.1 |

Describe your affiliation with Nebraska small businesses.

A plurality of all respondents – nearly 47 percent – identified themselves as “small business owner.” Over 7 percent of respondents identified themselves as an “aspiring business owner.” The remainder of respondents were non-business owners who provided assistance and services to small businesses.

What is the stage of your business? (Service Providers and Lenders were asked to skip this question.)

Nearly 75 percent of respondents identified their business as “existing” (defined as “at the business for more than one year”). Nearly 14 percent identified their businesses as in the “transitioning” stage (within 10 years of exiting the business; the “transitioning” group is comparable to the 14 percent in the 2012 survey). Nearly 7 percent of respondents identified their businesses as “new” (less than a year old) and nearly 6 percent identified themselves as in the “pre-venture” (start-up stage). Both the new and pre-venture respondents are significantly fewer than the 2012 survey respondents – 10 percent and 7 percent respectively. This is not surprising with the respondent age question results indicating a slightly older respondent pool – as the respondents age, the stage of their business will be more mature.

What category best describes your business?

Service and retail businesses dominated the responses. Nearly 40 percent of the respondents described their business as a service business, and over a quarter identified their business as retail. Agriculture (over 14 percent) and manufacturing (about 8 percent) were the next most identified categories. Three percent of respondents identified their businesses as online businesses, and over 5 percent of respondents identified themselves as construction businesses.

| Response | Pct. |
|----------------------|-------------|
| Agriculture | 14.4 |
| Manufacturing | 8.1 |
| Retail | 26.3 |
| Service | 39.1 |
| Online | 3.0 |
| Construction | 5.0 |
| Other | 11.1 |

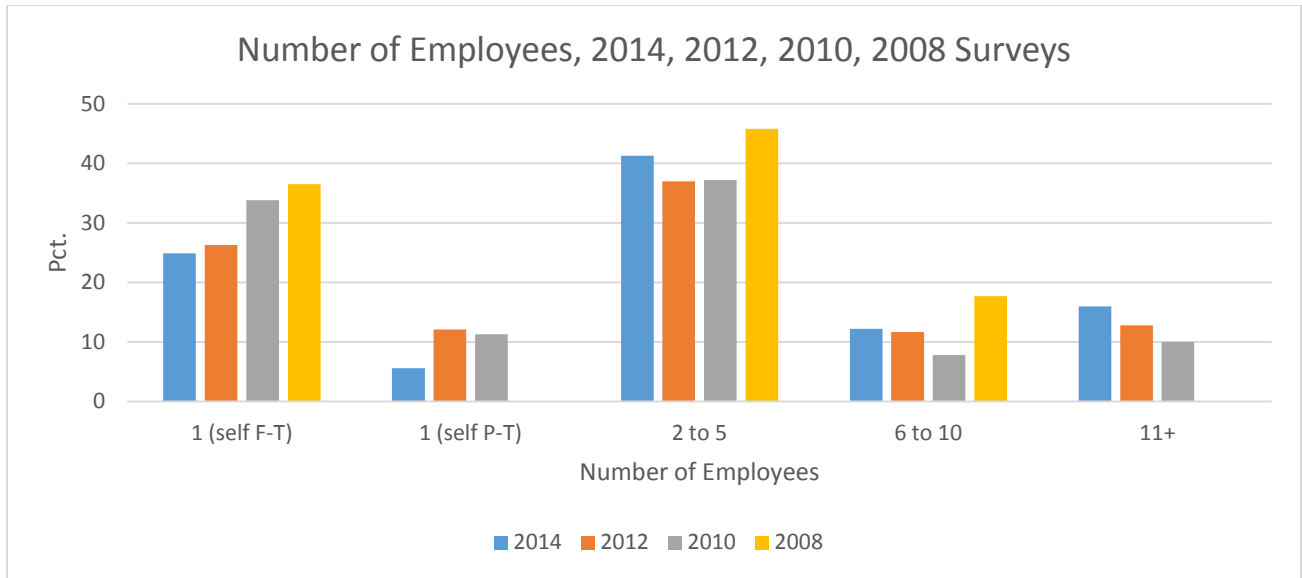
How many employees does your business employ, including yourself?

Over a third of respondents employed only themselves (nearly 25 percent full-time and nearly 6 percent part-time). Forty-one percent of respondents employed two to five employees, or people other than the respondent business owner. Nearly 30 percent of respondents employed six or more people.

The 2014 responses show a shift from the 2012 survey. Fewer respondents employ only themselves (over 38 percent did so in 2012), and more people are employing two or more (especially employment of 11 or more – nearly 13 percent in 2012 compared to 16 percent in 2014).

| Response | Pct. |
|-----------------------------|-------------|
| One (self full-time) | 24.9 |
| One (self part-time) | 5.6 |
| Two to five | 41.3 |
| Six to 10 | 12.2 |
| 11+ | 16.0 |

The 2014 survey continues an up-and-down, economy-based trend found in the 2008 and 2010 surveys (see the chart below). In 2008, more respondents employed two to five employees and six to 10 employees. In 2010 and 2012, likely due to economic contractions imposed upon businesses, more businesses employed themselves only and fewer employed others. As the economy came out of the Great Recession in 2014, the survey responses suggest more hiring and larger numbers of employees.



Note: The 2008 survey offered three responses – one (self), 5 or less, or 6 or more. For this chart 6 or more was included in the 6 to 10 category for comparison to the other surveys; 5 or less was included in the 2 to 5 category for comparison purposes. The 2008 one (self) response includes both full-time and part-time.

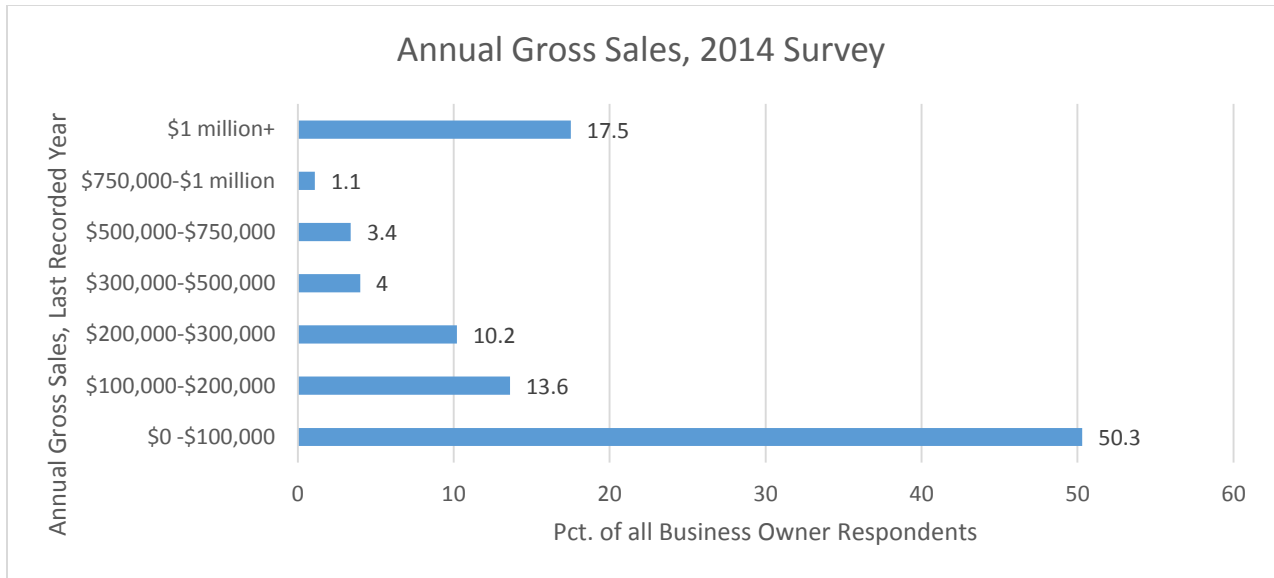
If training and/or assistance were made available to address the (business) needs, what is the preferred delivery method?

Training preferences have significantly changed since the 2012 survey. In 2014, a one-time workshop setting was most popular delivery method. The second most preferred method for training was online “available when needed” methods such as podcasts. One-on-one training and/or assistance was the third most preferred method, about half the number who preferred that method in the 2012 survey. Classroom style training (multiple sessions) was favored by significantly fewer respondents compared to 2012.

Annual gross sales for your business’s last recorded year (business owners).

Over half of business owner respondents stated their business recorded less than \$100,000 in gross sales in the most recent business year. The largest number (nearly 26 percent) reported gross annual business sales of less than \$25,000. On the other end of the scale, over 21 percent of business owner respondents reported gross annual business sales of over \$500,000 in the past business year (with over 17 percent reporting gross annual business sales of greater than \$1 million in the past business year).

The chart below outlines the responses for annual gross sales for the 2014 survey.



The table below compares the business sales responses for each of the Small Business Needs Assessment surveys since 2008. The results for this six-year period show that the smallest sales category is still the largest representative among REAP businesses, but has declined since 2010. The number of REAP businesses in the largest sales category has grown since 2008.

| Business Sales | 2014 | 2012 | 2010 | 2008 |
|----------------|-------|-------|-------|-------|
| < \$100,000 | 49.4% | 48.1% | 59.9% | 48.8% |
| \$500,000+ | 21.3% | 23.6% | 19.6% | 17.8% |

Business Needs Questions

In addition to the demographic information, the following findings are gathered from all participants in this survey.

What, if any, difficulties did you have when starting your business (business owners)?

This question allowed respondents to mark all offered responses that applied. A total of 477 responses were provided, or an average of 2.1 responses per respondent.

By far the leading difficulty was a lack of start-up cash. Obtaining financing from a traditional lender, marketing, and lack of business finance knowledge followed as the most common responses. Nearly 21 percent of respondents stated they were fortunate and had no start-up difficulties.

Currently, what are greatest needs of your business (business owners)?

Respondents were provided a list of business needs and were allowed to mark all offered responses that applied. A total of 450 responses were provided, or an average of 1.9 responses per respondent.

In many respects the responses to this question mirrored the responses to the previous question on start-up difficulties. The most identified needs are:

- Marketing
- Working Capital
- Lack of start-up cash
- Business succession knowledge and no current business needs (tied for fourth most popular response)
- Market awareness

Immediate needs such as marketing and capital top the list. But business succession, a long-term need, continues to very popular as it was in the 2012 survey.

What types of training and/or assistance would you like to have to improve your business (business owners)?

This question also provided a list of possible training and assistance topics, and respondents could mark all that apply. A total of 540 responses were provided, or an average of 2.3 responses per respondent.

The most popular responses to this question are a combination of basic, traditional business needs, newly developed business needs, and current issues facing small businesses. The most identified needs are:

- Marketing and Advertising
- Taxation
- Social networking
- Basic Bookkeeping, Intermediate Bookkeeping, and Regulations (tied for fourth most popular)
- Legal

Combined, the three levels of bookkeeping offered (basic, intermediate, and advanced) were far and away the most popular choice for training and assistance.

What do you perceive as the difficulties of start-up businesses with which you work (service providers)?

This question allowed respondents to mark all offered responses that applied. A total of 651 responses were provided, or an average of 4.4 responses per respondent.

In terms of capital and financing, service providers and business owners have very similar views on difficulties for start-up businesses. The top responses for service providers for perceived start-up difficulties were:

- Lack of start-up cash
- Lack of business finance knowledge
- Lack of a written business plan
- Obtaining financing from a traditional lender
- Marketing

Service providers perceived that start-up businesses lacked basic business knowledge and planning. These issues were far down the business owners' list.

Interestingly, whereas nearly 21 percent of business owners stated they had no start-up difficulties, no service provider had the same opinion. It is obvious that business owners and service providers have some very different views on start-up difficulties. The stark differences between the two groups of respondents would be a topic for further exploration. We can speculate that service providers are taking an independent view of businesses based on their professional experiences. Service providers likely have been trained to do small business development in a certain way, with all start-up businesses needing to follow each step to ultimately successful. Business owners, on the other hand, have not been trained that way. They are only concerned with their own businesses and their own idea. They may also have a different concept of success than do service providers. Success to a business owner may be the start of a business and the ongoing operation of a businesses based on what the business owner/entrepreneur believes is a good idea or concept.

Currently, what are greatest needs of businesses with which you work (service providers)?

Respondents were provided a list of business needs and were allowed to mark all offered responses that applied. A total of 690 responses were provided, or an average of 4.7 responses per respondent.

The top responses by service providers for current needs for businesses were:

- Lack of start-up cash
- Lack of business finance knowledge
- Working capital
- Lack of a written business plan
- Marketing

Among service providers current needs are nearly identical to start-up needs. Again, service providers focus more on basic business knowledge and planning as current needs than do business owners. Both business owners and service providers believe capital and cash needs are immediate needs for businesses.

What types of training and/or assistance do you feel are needed for the businesses with which you work (service providers)?

This question also provided a list of possible training and assistance topics and respondents could mark all that apply. A total of 616 responses were provided, or an average of 4.2 responses per respondent.

The top responses by service providers for training and/or assistance needed businesses were:

- Developing a business plan
- Marketing and advertising
- Basic bookkeeping
- Succession planning

- Intermediate bookkeeping
- Social networking

As with business owners, the three levels of bookkeeping offered combined (basic, intermediate, and advanced) were far and away the most popular choice for training and assistance. Training and/or assistance on regulation and the Affordable Care Act were both only a few votes behind social networking.

In responses to this question service providers again focus on the need for business planning. An obvious takeaway from the series of questions to service providers on business difficulties, needs, and training and/or assistance is that many small businesses do not do sufficient planning and continue the need for planning even while a going concern.

Current Business Financing Needs

Business owners were asked a series of questions about immediate or current financing needs. Those questions and survey results are outlined below.

Do businesses have a current financing need (within the next 6 months)?

The majority of respondents stated their business did not have a current financing need (defined as within the next 6 months). Over 53 percent of respondents stated their business did not have such a financing need.

Of the remaining respondents, 28 percent said their business did have a financing need within the next 6 months, and 18 percent were unsure. While these results suggest strong businesses operating in a stronger economy, there are still a significant number of small businesses that need or may need financing in the next 6 months.

What is the anticipated dollar amount in financing needed for your business?

This question asked what dollar amount in financing would be needed by businesses, if needed, in the next 6 months. Approximately the same number of respondents (53 percent) answered no dollar amount would be needed as answered the previous question that no financing was needed by the business in the next 6 months.

Of those who need financing in the near future, the dollar amounts needed are relatively small. Eleven (11) percent stated they would need less than \$10,000. Ten (10) percent stated they would need between \$25,000 and \$50,000 in financing. Altogether, 28 percent of respondents to this question stated they would need \$50,000 or less in business financing in the near future.

Do businesses anticipate a financing need in the next 6-12 months?

In the longer term (6 to 12 months), a majority of businesses (51 percent) do not anticipate a financing need. Twenty-seven (27) percent of businesses do anticipate a financing need in the next 6 to 12 months, while 21 percent are unsure. Again, these results suggest strong businesses

operating in a stronger economy, but there is still a significant number of small businesses that need or may need financing in the next 6 to 12 months.

What is the anticipated dollar amount in financing needed for your business in the next 6 to 12 months?

This question asked what dollar amount in financing would be needed by businesses, if needed, in the next 6 to 12 months. A majority of respondents (54 percent) answered no dollar amount would be needed.

Of those who need financing in the near future, the dollar amounts needed again are relatively small. Twelve (12) percent stated they would need less than \$10,000. Eight (8) percent stated they would need between \$25,000 and \$50,000 in financing. Altogether, 27 percent of respondents to this question stated they would need \$50,000 or less in business financing in the near future.

Do you have financing secured in relation to your business needs?

A majority of businesses (53 percent) stated they did have financing secured for their business needs. However, a significant minority either do not have financing secured for their business needs (36 percent) or were unsure (11 percent).

Legal Services and Small Businesses

The 2014 survey asked a series of questions of both business owners and service providers on legal services and small businesses. These questions are new to the Small Business Needs Assessment survey.

Business Owners – What are the most common sources of legal information utilized by your business?

Respondents were provided a list of potential sources of legal information and were allowed to mark all offered responses that applied. A total of 220 responses were provided, or an average of 1.4 responses per respondent.

Most small businesses receive legal information through advice from private attorneys (49 percent) or from non-attorney sources, such as accountants (32 percent). Smaller numbers receive information from free electronic or print legal resources (19 percent) or information or services from volunteer attorneys (6 percent). A quarter of respondents receive no legal information from any source.

Business Owners – What are the biggest hurdles preventing your business from obtaining qualified legal advice?

Respondents were provided a list of potential hurdles to obtaining legal advice and were allowed to mark all offered responses that applied. A total of 260 responses were provided, or an average of 1.7 responses per respondent.

The largest number of respondents (41 percent) said that their legal needs were being met.

Among the remainder of respondents, cost of hiring legal counsel (39 percent), uncertainty about legal needs (27 percent) and lack of time to focus on legal needs (20 percent) were the most common hurdles offered that prevented businesses from obtaining qualified legal advice. Smaller numbers offered uncertainty about which lawyer to retain (15 percent) and a lack of local attorneys (10 percent) as hurdles to obtaining qualified legal advice.

Service Providers – What are the most common sources of legal information utilized by businesses with which you work?

Respondents were provided a list of potential sources of legal information and were allowed to mark all offered responses that applied. A total of 267 responses were provided, or an average of 1.8 responses per respondent.

Two-thirds of service provider respondents stated that the businesses with which they work obtain legal information from private attorneys. A large, but smaller number of respondents (52 percent) stated that the businesses with which they work obtain legal information from other sources such as accountants.

Smaller number of service providers stated that the businesses with which they work obtain legal information from free electronic or print legal resources (23 percent) and legal information or services from volunteer attorneys (12 percent). Sixteen (16) percent of service provider respondents stated the businesses with which they work get no legal information from any source.

Service Providers – What are the biggest hurdles preventing the business with which you work from obtaining qualified legal advice?

Respondents were provided a list of potential hurdles to obtaining legal advice and were allowed to mark all offered responses that applied. A total of 313 responses were provided, or an average of 2.2 responses per respondent.

Cost was by far the biggest hurdle to qualified legal advice offered by service providers for the businesses with which they work. Over 70 percent of service provider respondents offered this answer; significantly more than business owner respondents. Uncertainty about business legal needs (48 percent) and lack of time to focus on legal issues (30 percent) were the next most common responses.

Smaller number of respondents offered uncertainty about which lawyer to hire (23 percent) and a lack of local attorneys with relevant experience (15 percent). Service providers are less confident than business owners that business legal needs are being met – only 8 percent of service providers offered that response (the smallest percentage of responses among service providers, compared to the largest number among business owner respondents).

Small Businesses and Telecommunications Technology

Another important issue to rural small businesses is the use and availability of telecommunications technology. The 2014 survey asked a series of questions about telecommunications technology.

Respondents were asked what technologies were used in the respondent's business. Respondents were provided a list of options and allowed to select all that applied. A total of 580 responses were offered, an average of 3.6 responses per respondent.

E-mail was the top technology used, with personal e-mail used by over 87 percent of businesses and customer e-mail by 67 percent of businesses. Nearly 60 of respondents use social media (Facebook, Twitter, etc.), nearly the figure in the 2012 survey. About 35 percent of businesses indicated they used business websites without ecommerce (lower than the 2012 survey), and about 20 percent of respondents used business websites connected to ecommerce (also lower than the 2012 survey). About 38 percent of businesses indicated using technology for e-commerce activities (sales and purchases) and about 47 percent of business used technology for e-business activities (such as filing taxes online) – both higher than the 2012 survey.

It is obvious from the response to this question that telecommunications technologies continue to play a large role in rural small businesses and are becoming steadily necessary to many such businesses.

Business Needs and Challenges by Demographic Categories

To examine the differing business needs and challenges for different groups of survey respondents, we examined survey questions and responses and cross-tabulated them with various respondent categories.

Employment by Sales Categories

As might be expected, we found that the smaller the business sales the less likely the business is to have employees or the fewer employees the business is likely to have. The respondents in the smallest sales category (less than \$25,000) are almost exclusively self-employed (both full-time and part-time); only 11 percent of businesses in this category had 2 to 5 employees. Businesses with employees become predominant in the \$25,000 to \$49,999 sales categories. Businesses with two to five employees become predominant beginning with the \$25,000 to \$49,999 sales category. Businesses with 11 or more employees become predominant only in the \$1 million or more sales category. Compared to the 2012 survey, employees appeared earlier in lower sales categories.

Training Needs by Age

When examining responses to training needs by age group, we found patterns that are obviously connected to age. Nearly all these needs are unchanged in age groups from the 2012 survey. The top two training needs for each age group are outlined below:

| <i>Age</i> | <i>Top Training Need</i> | <i>#2 Training Need</i> |
|--------------------|--------------------------|---------------------------------|
| 20-29 years | Social networking | Marketing/Advertising, Taxation |
| 30-39 years | Marketing/Advertising | Regulation |
| 40-49 years | Marketing/Advertising | Social Networking |
| 50-59 years | Marketing/Advertising | Succession Planning |
| 60 years and older | Marketing/Advertising | Succession planning, Regulation |

In general, younger business owners are more in need of training on basic business operations, the types of items new businesses would immediately face. Older business owners are more in need of training on issues they will soon face, succession planning for instance. And most business owners are in need of training on marketing and advertising, as we have found throughout the four survey cycles.

Training Needs by Gender

Both female and male respondents indicated marketing and advertising were their top training need, as was the case in 2012. Beyond that, training needs were quite distinct by gender. The top training needs for female respondents were:

- Marketing and advertising
- Social networking
- Legal and regulations (tied)
- Succession planning

The top training needs for male respondents were:

- Marketing and advertising
- Taxation
- Basic bookkeeping and intermediate bookkeeping (tied)
- Regulations

Delivery of Training and Assistance by Gender

There were significant differences in delivery of training and assistance by gender. Male respondents preferred more traditional methods – classroom style (multiple sessions) teaching and one-on-one training and assistance. Female respondents preferred newer, less formal methods – online training and assistance and one-time workshops. This varies from previous surveys when there were no gender differences or any differences were insignificantly small.

Delivery of Training and Assistance by Age

In the 2012 survey all age groups prefer training assistance delivered by one-time workshops. In 2014, respondents in their 20s, 40s, 50s, and 60 and older maintained a preference for workshops (one-time events); respondents in their 30s expressed a preference for online delivery methods. Respondents in their 40s, 50s, and 60 and older all had strong second preferences for online methods.

Start-up Challenges by Business Type

Most business types indicated capital or financing were the top challenges they faced as start-up businesses. Responses were generally similar to the 2012 survey. Marketing, however, had a more prominent spot for most business types in the 2014 survey. The top two start-up challenges for each business type are outlined below:

| <i>Business Type</i> | <i>Top Startup Challenge</i> | <i>#2 Startup Challenge</i> |
|----------------------|---|---|
| Agriculture | Cash, Financing from a traditional lender | Marketing |
| Manufacturer | Marketing | Cash |
| Retail | Marketing | Cash |
| Service | No start-up difficulties | Cash |
| Online | Marketing | Market awareness |
| Construction | Cash | Affordable/available legal knowledge or support |

Current Challenges by Business Type

Most business types indicated marketing and capital and finances were current challenges to their businesses. Generally, most business type current needs are similar to those expressed in the 2012 survey. However, marketing has taken the top spot for most business types from capital and financing needs. The top current challenges for each business type are outlined below:

| <i>Business Type</i> | <i>Top Current Challenge</i> | <i>#2 Current Challenge</i> |
|----------------------|---|---|
| Agriculture | Marketing | Working capital |
| Manufacturer | Marketing | Working capital, Business succession, Market awareness (tied) |
| Retail | Marketing | Working capital |
| Service | Marketing | Working capital |
| Online | Market awareness | Business succession, Customer service, Marketing (tied) |
| Construction | Working capital, Long-term lending, No current needs (tied) | Line of credit, Financing from a traditional lender (tied) |

Current Challenges by Gender

Most of the current challenges offered showed little difference by gender. However, some challenges showed significant differences, especially for female respondents. Female respondents showed current challenges existed in their businesses in larger numbers as they related to several financing issues and business support networks. Female respondents expressed current challenges to their businesses include lines of credit, refinancing, and lack of start-up cash. Male respondents expressed a current challenge to their business in short-term lending more than female respondents. By these responses it appears female rural small business owners face greater financing and capital challenges than do male rural small business owners.

In far greater numbers than male respondents, female respondents also said they face current challenges in a lack of an adequate business support network and affordable and available legal

knowledge or support. These responses indicate female rural small business owners are in need of business support networks. Responses showing greater female needs in financing, capital, and business support networks suggest there are still significant differences in how males and females start and develop businesses.

Both female and male respondents expressed a current challenge for businesses in the area of marketing, but different specific challenges. Female respondents expressed a current challenge in the general area of marketing at much higher levels than male respondents. Male respondents expressed a current challenge in lack of market awareness for their businesses at much higher levels than female respondents.

Current Challenges by Age

Current challenges for business owners varied by age, but again financial items and marketing are the most significant challenges. The top current challenges for each age group are outlined below:

| <i>Age</i> | <i>Top Current Challenge</i> | <i>#2 Current Challenge</i> |
|--------------------|------------------------------|----------------------------------|
| 20-29 years | Market awareness | NA (too few secondary responses) |
| 30-39 years | Working capital | Marketing |
| 40-49 years | Marketing | Working capital |
| 50-59 years | Marketing | Working capital |
| 60 years and older | No current business needs | Working capital |

As in 2012, succession planning was highest among the 50-59 age group (third highest current challenge).

Current Challenges by Sales

Current challenges for business owners varied by amount of sales, but again financial items and marketing are generally the most significant challenges. Business succession appears as a primary challenge for many sales categories, a major change compared to the 2012 survey. The top current challenges for each sales group are outlined below:

| <i>Business Sales Category</i> | <i>Top Current Challenge</i> | <i>#2 Current Challenge</i> |
|--------------------------------|---|--|
| \$0 - 24,999 | Working capital | Lack of start-up cash |
| \$25,000 - 49,999 | Marketing | Adequate business support network |
| \$50,000 – 99,999 | Marketing | Working capital, Lack of start-up cash |
| \$100,000 – 149,999 | Marketing | Working capital, Short-term lending |
| \$150,000 – 199,999 | Working capital, Business succession, Marketing | None (too few secondary responses) |
| \$200,000 – 249,999 | No current needs | None (too few secondary responses) |

| | | |
|----------------------|---|--|
| | | responses) |
| \$250,000 – 299,999 | Business succession, Marketing | Working capital, Line of credit, Long-term lending, Market awareness |
| \$300,000 – 499,999 | No current needs | None (too few secondary responses) |
| \$500,000 – 749,999 | Business succession, Marketing | None (too few secondary responses) |
| \$750,000 – 999,999 | NA (too few responses in this sales category) | NA (too few responses in this sales category) |
| \$1 million and over | Working capital, Business succession | Line of credit, Market awareness, Marketing, No current needs |

While financial concerns and marketing are prominent among all business sales categories, business succession becomes more important as businesses grow.

Analysis of Questions by Topic and Comparison of Surveys

The following section represents our analysis of selected responses to the survey and changes or similarities in the four REAP Needs Assessment surveys done to date – 2008, 2010, 2012, and 2014.

Advertising and Marketing

Advertising and marketing are among the chief issues challenging rural small businesses. The placement of advertising and marketing challenges is consistent throughout the surveys.

| | Business Challenge at START (Rank) | CURRENT Business Challenge (Rank) | Training/Assistance Request (Rank) |
|------|------------------------------------|-----------------------------------|------------------------------------|
| 2008 | 2nd | 2nd | 2nd |
| 2010 | 5th | 2nd | 1st |
| 2012 | 4th | 2nd | 1st |

| | | | |
|--------------------------|-----|-----|-----|
| 2014 (business owners) | 3rd | 1st | 1st |
| 2014 (service providers) | 5th | 5th | 2nd |

Business Planning and Management

A large number of service provider respondents indicated that many small businesses in rural Nebraska lack adequate business plans. Maybe that is to be expected at the business start-up stage, but for service provider respondents this is a current need as well. This lack of planning likely affects all aspects of a business.

Conversely, few business owners believe a lack of business plans is an issue – it was only the 9th most popular response to start-up difficulties and 12th as a current challenge. Compared to independent business service providers, it appears business owners have significant higher confidence in their ability to plan their business, in what they planned for their business, or the need for business planning.

Many challenges found in other categories could be addressed with a fully developed business plan; issues such as not starting with enough cash, financing, marketing for current demographics, identifying a customer base, and lacking an advertising plan are all challenges offered by business owners, but are also important initial planning considerations.

| | Business Challenge at START (Rank) | CURRENT Business Challenge (Rank) | Training/Assistance Request (Rank) |
|--------------------------|------------------------------------|-----------------------------------|------------------------------------|
| 2008 | 4th | 5th | NA (not asked) |
| 2010 | 4th | 5th | 2nd |
| 2012 | 5th | 7th | 7th |
| 2014 (business owners) | 9 th | 12 th | 10th |
| 2014 (service providers) | 3 rd | 4 th | 1st |

In many respects independent small business service providers are sounding warning signals to the rural small business community. For example, the 2014 survey of service providers shows that a lack of business knowledge is a significant problem – it was identified as the second largest start-up difficulty and the second most important current challenge to rural small businesses. When combined with a lack of operating cash and capital, it still appears many small business owners are jumping into starting a business without adequate planning. A lack of planning places small businesses at risk of failure, both as a start-up and throughout their businesses history. The ultimate goal of any business development initiative or program should be to help build sustainable businesses in communities and neighborhoods. The 2014 survey results show a continued significant challenge to meet this goal; and service providers are providing early warning alarms that may provide reasons for rural business struggles in years to come.

Cash Flow, Lack of Cash, and Capital

The 2014 survey shows many small business owners are starting out with limited amounts of cash, and the issue of sufficient capital continues as a current need, a continuation of findings in the 2008, 2010, and 2012 surveys. This represents a critical and seemingly ongoing challenge for Nebraska’s rural small businesses. A comparison of survey findings shows cash and capital issues are constantly the top challenge facing rural small businesses.

| | Business Challenge at START (Rank) | CURRENT Business Challenge (Rank) |
|--------------------------|------------------------------------|--|
| 2008 | 1st (cash /cash flow) | 1st (cash flow/capital) |
| 2010 | 1st | 1st |
| 2012 | 1st | 1st (startup cash is 6th) |
| 2014 (business owners) | 1 st (startup cash) | 2 nd (working capital; start-up cash is 6 th) |
| 2014 (service providers) | 1 st (startup cash) | 1 st (startup cash; working capital is 3 rd) |

A large portion of 2014 respondents felt they did not have adequate access to capital or equity to finance their start-up business. A recent study of entrepreneurial activity in Nebraska confirms this finding. The book *Entrepreneurship in Nebraska* found that one of the top factors in business survival includes the company’s cash flow.³

Needs of business owners continue to suggest lack of capital (for start-up, day- to- day business operations, or expansion). There appears to be less desire to access loans, likely because of

³ Thompson, Eric C. and Walstad, William B. 2008. *Entrepreneurship in Nebraska: Conditions, Attitudes, and Actions*. Gallup Press, New York, New York.

related cash flow issues and the ability of businesses to repay loans. This can be seen in responses to the 2014 survey on current needs regarding lending, refinancing and obtaining financing from a traditional lender.

Working capital is the second largest current need identified by business owners (27.5 percent), while lending and other refinancing options ranked significantly lower as a current need. While working capital and start-up cash ranked high as current business needs, all lending and refinancing options ranked low on the list of greatest needs of businesses, some among the lowest needs.

This reluctance may also indicate the awareness business owners have of their own debt loads. Taken together, these responses indicate many respondents are not operating businesses with sufficient cash, capital, or equity, but are reluctant to take on additional debt. Businesses likely have two choices to improve their capital status – take steps to improve cash flow or incur more debt.

A comprehensive review of all survey answers suggests taking steps to improve cash flow is the route most businesses wish to take. Small business owners may want to improve cash flow through means like improving marketing (the top current need identified by business owners) rather than through incurring more debt.

While cash status was indicated as the largest need by small businesses, both currently and when opening their business, there is little indicated need for training in this area. This could be explained by many reasons: there is not training available for cash and debt management, lack of time or resources to obtain such training, lack of computer resources or skills to obtain online training, business owners do not know exactly what they need, such training is not marketed to this audience, or cash flow issues are considered a part of other training areas such as marketing.

Networking and Mentoring

About 8 percent of 2014 respondents indicated that a lack of adequate support networks (whether family/friends or business) was a difficulty when starting a business. About the same number indicated it was a current need. This figure is comparable to the 2012 survey. While representing a significant difficulty, a lack of support networks ranked low on the list of both start-up and current difficulties.

Succession Planning

The importance of succession planning continues to grow, and it is now among the chief concerns of rural small businesses. Questions about succession planning were not even asked in the 2008 survey. But a hint as to the importance of the issue was shown in the 2008 survey when 12.5 percent of respondents indicated they were within 10 years of exiting their business. That figure declined slightly and insignificantly to 11 percent in 2010, and rose to 14 percent in 2012. That group increased again in the 2014 survey to 16 percent.

In the 2010 survey succession planning was the fourth most popular training/assistance request. It rose to second most popular in the 2012 survey. The popularity of succession planning as a training topic dipped a bit in 2014 – it is the sixth most popular training topic. But the number of business owners offering succession planning as a requested training or assistance topic is greater than the number of business owners saying they are within 10 years of exiting their business.

This suggests there may be more rural businesses facing succession issues than indicated in the question on the stage of respondents' businesses, that more rural businesses than indicated by the

age of the business are contemplating leaving business, or that the future of the business is one area of forward-looking thought.

Whatever the reason, the future of rural businesses is a critical issue because of the aging rural population and the lack of successors, natural or otherwise, within rural communities. For the future of sustainable rural businesses and the viability of rural communities it is an issue on which business development initiatives and providers should focus.

Technology

To gauge the availability and effectiveness of technological resources in rural Nebraska, respondents were asked specifically about their technology use, affordability, and reliability. It is clear from the responses that technology is widely accepted, regardless of any demographic or economic variable.

| | Use of Social Media Technology | Need Training/Assistance on Social Media Technology |
|--------------------------|--------------------------------|---|
| 2010 | 10.8% | 9.1% |
| 2012 | 59% | 29% (tied for second place) |
| 2014 (business owners) | 60% | 2 nd (Social networking) |
| 2014 (service providers) | NA | 5 th (tied; Social networking) |

Nearly all respondents in all surveys reported using e-mail for personal use, and about two-thirds of respondents use e-mail to transact business with customers. However, significantly fewer respondents use technology in other aspects of their businesses. About 40 percent use technology in sales or purchase transactions, and about 47 percent (a growing number) use technology to conduct other business activities and processes (for instance, filing taxes or other business documents or forms online).

The number of business owners using social media is comparable to the 2012 survey, indicating that social media has found a place as a viable and consistent aspect of rural small businesses.

Differences between Spanish survey respondents (Hispanic/Latino respondents) and English survey respondents

There were several differences in the responses of respondents completing the Spanish version of the survey and those completing the English version. Those include:

- Latino respondents were more female and younger. The average age of the Latino respondent was 42.9 and the median age was 43.
- Latino respondents were almost exclusively business owners. There were very few service providers that completed the Spanish version of the survey.
- Latino respondents were more likely to be aspiring business owners.
- Latino responding business owners were less experienced. There were more pre-venture and new (less than one year in business) respondents among the Latino respondents.
- There was less diversity of types of businesses among the Latino respondents. Retail and service business were almost exclusively represented among Latino respondents.
- Latino respondents were more likely to anticipate needing business financing in the next 6 to 12 months. However, Latino respondents were less likely to have business financing secured.
- Latino respondent businesses employ people nearly exclusively in the smaller categories; Latino respondent businesses are less likely to employ in the six employee plus categories of the survey.
- Latino respondents were more likely to need training and assistance on items such as legal, taxation, and regulations.
- Latino businesses are exclusively in the smaller annual gross sales categories of the survey; there were no Latino business respondents in the \$500,000 plus annual gross sales categories of the survey.
- Latino respondents use technology in their personal and business lives as much as other respondents. However, Latino respondents are less likely to use social media in their businesses.

Implications

While not a scientifically managed survey, the results outlined in this report provide interesting and compelling insights into the thoughts, opinions, and needs of those owning and working with small businesses in rural Nebraska. As such, there are important implications for how services are provided to rural entrepreneurs in Nebraska to develop not only individual enterprises but the state's rural economy.

This section will discuss some of those implications. Nothing in this section is intended to criticize the current or past efforts of any organization or entity serving rural entrepreneurs. Rather, this section is intended to offer suggestions and challenges to important demographic, social, and economic issues that permeate all aspects of rural development in Nebraska and the United States.

According to the results of this survey, rural small businesses, regardless of size, maturity, or any other characteristic, appear to have many similar challenges and needs. Many small business owners start out with limited amounts of financial resources and insufficient business plans. As businesses grow and mature, financial issues and related challenges continue to plague many.

The technical training needs for many small businesses are also similar regardless of business size, age, or other characteristics. The survey results do provide some interesting and challenging insights into how training and education can be provided to entrepreneurs scattered across a state as large as Nebraska.

REAP and other small business providers face the challenge of balancing assistance and educational programs often related to technological enhancements for a rural, generally older population, a significant number of whom have Internet services inadequate for business and education purposes. Balancing new technology and traditional relationship-based services is a challenge that may well determine how many clients and businesses are served by REAP and other small business service providers. It may ultimately influence how many such clients and businesses are successful rural entrepreneurs. This is a challenge REAP (and other service providers) must be prepared to meet, and take steps now on how to balance a growing need for technology-based services and a declining need for traditional relationship-based services. The continued use of social media use and the request for training and assistance in social media are examples.

The financial challenges offered by respondents in the gross sales categories below \$100,000 raise warning signs for these businesses and their rural communities. The need for working capital is a natural response for start-up or less experienced businesses, but for capital issues to remain after a business is established is a reflection of the nature of operating a small business in a rural place. How businesses respond to these financial challenges, with the assistance of business development programs and public policy, is critical for the rural economy.

These are challenges not only for the businesses in the lower sales categories, but for REAP, the Nebraska small business community, and rural communities in general. If established businesses are facing these challenges, it begs the questions of how long they can remain in business, how long they can remain in their communities, and what incentive there is for start-up businesses in similar communities that may face identical challenges. These are issues service providers such as REAP, lenders, and public policy must address if small businesses are to continue to flourish in the communities of rural Nebraska.

Despite the challenges faced by rural small businesses shown in the 2014 survey, employment figures – especially among those firms hiring larger numbers of people – appear to show an improving climate for rural small businesses. As the figures presented above show, this is somewhat of a roller coaster for rural small businesses, a natural function of the larger economy. For now, however, the hiring climate appears to be more favorable for many rural small businesses.

Other demographic issues presented by the outcomes of this survey present challenges to REAP and the rural small business community. The age of business owners is one example. The median age of 2014 business owners rose by two years in the two years since the 2012 survey. This suggests there is little if any younger replacement for aging business owners. The exodus of

youth and their entrepreneurial spirit is a continuing challenge facing most rural communities in Nebraska and elsewhere. A slightly higher number of small business owner respondents in their 20s is encouraging. But overall, the findings of this survey does little to alleviate this demographic concern.

Another finding from the 2014 survey, which continues a trend since the 2008 survey, is that rural small businesses in Nebraska are made up of, in large part, of very small businesses that are financially challenged. This is not surprising for those who live and work in rural communities, but it speaks to the economic and social viability of these businesses and their communities.

With about a quarter of respondents to this survey under the age of 40, REAP, Nebraska’s rural small business community, and rural communities in general face an immediate and fundamental question: where is the next generation of rural entrepreneurs? Further, if established rural small businesses are expressing concerns and needs regarding finances, what can be done to provide assurances and incentives to young entrepreneurs so that similar issues will not doom their efforts?

The need for business succession training and planning is an issue showing continued prominence in the 2014 survey. More business owners and service providers are showing succession planning as a challenge and an interest in succession planning as a topic of training and assistance. This seems to expand beyond the logical audience, those within 10 years of exiting their business. This also raises a question that encompasses more than any succession planning training – if generally older business owners are expressing a need for succession planning, where will they find their successors in rural Nebraska?

The results of this survey – particularly from independent service providers working with rural small businesses – also reveal a general lack of planning and entrepreneurial education among those with a business idea and the talent, skills, and fortitude to make it work. Many of the issues, concerns, and needs offered by the business owner respondents can likely be laid at the doors of inadequate planning and insufficient financial education. Again, these are issues service providers such as REAP, lenders, and public policy must address if small businesses are to have a viable future in rural Nebraska.

APPENDIX

Below are tables for each multiple choice survey question listing response results. Totals may not add up to 100 percent due to rounding. In some tables the top three responses are highlighted.

What is your age?

| Response | Pct. |
|-----------------|-------------|
| 20-29 | 8.7% |
| 30-39 | 14.7% |
| 40-49 | 16.0% |
| 50-59 | 31.3% |
| 60 and over | 30.1% |

Describe your affiliation with Nebraska small businesses.

| Response | Pct. |
|---------------------------|-------------|
| Small Business Owner | 46.7% |
| Aspiring Business Owner | 7.6% |
| Resource/Service Provider | 25.6% |
| Lender | 7.0% |
| Other | 13.1% |

What is the stage of your business? (Service providers and lenders were asked to skip this question)

| Response | Pct. |
|---|-------------|
| Pre-Venture (start-up stage) | 6.1% |
| New (within first year) | 7.1% |
| Existing (more than one year) | 73.1% |
| Transitioning (within 10 years of exiting business) | 13.7% |

What category best describes your business?

| Response | Pct. |
|-----------------|-------------|
| Agriculture | 14.4% |
| Manufacturing | 8.1% |
| Retail | 26.3% |
| Service | 39.1% |
| Online | 3.0% |
| Construction | 5.0% |
| Other | 11.1% |

How many employees does your business employ, including yourself?

| Response | Pct. |
|----------------------|-------------|
| One (self full-time) | 24.9% |
| One (self part-time) | 5.6% |
| Two to five | 41.3% |
| Six to 10 | 12.2% |
| 11+ | 16.0% |

What, if any, difficulties did you have when starting your business? Multiple answers allowed. Business Owners.

| Response | Number |
|------------------------------------|---------------|
| Lack of start-up cash | 79 |
| Lack of market awareness | 40 |
| Lack of business finance knowledge | 44 |

| | |
|---|-----------|
| Marketing | 53 |
| Finding a location | 22 |
| Financing from a traditional lender | 61 |
| Lack of family/friend support network | 8 |
| Adequate business support network | 31 |
| Lack of written business plan | 30 |
| Lack of affordable/available legal services | 35 |
| No start-up difficulties | 48 |

What are the greatest current needs of your current/aspiring business? Multiple answers allowed. Business Owners.

| Response | Number |
|---|---------------|
| Working capital | 51 |
| Business succession knowledge | 31 |
| Customer service | 14 |
| Line of credit | 25 |
| Short-term lending | 16 |
| Long-term lending | 26 |
| Refinancing | 10 |
| Lack of start-up cash | 32 |
| Market awareness | 28 |
| Business finance knowledge | 26 |
| Marketing | 55 |
| Finding a location | 18 |
| Financing from a traditional lender | 18 |
| Family/friend support network | 7 |
| Business support network | 26 |
| Written business plan | 18 |
| Lack of affordable/available legal services | 22 |
| No current business needs | 31 |

What types of training and/or assistance would you like to have? Multiple answers allowed. Business Owners.

| Response | Number |
|------------------------------------|---------------|
| Marketing and advertising | 82 |
| Basic bookkeeping | 49 |
| Intermediate bookkeeping | 49 |
| Advanced bookkeeping | 35 |
| Succession planning | 40 |
| Legal | 47 |
| Taxation | 58 |
| Social networking | 54 |
| Developing a business plan | 30 |
| Regulations | 49 |
| What the Affordable Care Act means | 37 |

What, if any, difficulties did you have when starting your business? Multiple answers allowed. Service Providers.

| Response | Number |
|---|---------------|
| Lack of start-up cash | 116 |
| Lack of market awareness | 60 |
| Lack of business finance knowledge | 98 |
| Marketing | 58 |
| Finding a location | 36 |
| Financing from a traditional lender | 75 |
| Lack of family/friend support network | 4 |
| Adequate business support network | 48 |
| Lack of written business plan | 93 |
| Lack of affordable/available legal services | 47 |
| No start-up difficulties | 0 |

What are the greatest current needs of your current/aspiring business? Multiple answers allowed. Service Providers.

| Response | Number |
|---|---------------|
| Working capital | 71 |
| Business succession knowledge | 47 |
| Customer service | 30 |
| Line of credit | 28 |
| Short-term lending | 13 |
| Long-term lending | 18 |
| Refinancing | 3 |
| Lack of start-up cash | 86 |
| Market awareness | 53 |
| Business finance knowledge | 78 |
| Marketing | 59 |
| Finding a location | 23 |
| Financing from a traditional lender | 38 |
| Family/friend support network | 2 |
| Business support network | 29 |
| Written business plan | 67 |
| Lack of affordable/available legal services | 27 |
| No current business needs | 1 |

What types of training and/or assistance would you like to have? Multiple answers allowed. Service Providers.

| Response | Number |
|------------------------------------|---------------|
| Marketing and advertising | 88 |
| Basic bookkeeping | 73 |
| Intermediate bookkeeping | 45 |
| Advanced bookkeeping | 33 |
| Succession planning | 52 |
| Legal | 40 |
| Taxation | 33 |
| Social networking | 47 |
| Developing a business plan | 99 |
| Regulations | 46 |
| What the Affordable Care Act means | 44 |

Do you have a current financing need for your business (within the next 6 months)?

| Response | Number |
|-----------------|---------------|
| Yes | 68 |
| No | 110 |
| Unsure | 38 |

What is the anticipated dollar amount needed for your business?

| Response | Number |
|-----------------------|---------------|
| N/A | 101 |
| Less than \$10,000 | 19 |
| \$10,001 - \$25,000 | 18 |
| \$25,000 - \$50,000 | 19 |
| \$50,001 - \$75,000 | 7 |
| \$75,001 - \$100,000 | 4 |
| \$100,001 - \$150,000 | 7 |
| \$150,001 - \$200,000 | 6 |
| \$200,001 - \$250,000 | 2 |
| \$250,001 - \$300,000 | 0 |
| \$300,001+ | 7 |

Do you anticipate a financing need in the next 6-12 months for your business?

| Response | Number |
|-----------------|---------------|
| Yes | 62 |
| No | 101 |
| Unsure | 45 |

What is the anticipated dollar amount needed for your business in the next 6-12 months?

| Response | Number |
|-----------------------|---------------|
| N/A | 100 |
| Less than \$10,000 | 25 |
| \$10,001 - \$25,000 | 16 |
| \$25,000 - \$50,000 | 19 |
| \$50,001 - \$75,000 | 7 |
| \$75,001 - \$100,000 | 5 |
| \$100,001 - \$150,000 | 7 |
| \$150,001 - \$200,000 | 3 |
| \$200,001 - \$250,000 | 3 |
| \$250,001 - \$300,000 | 1 |
| \$300,001+ | 7 |

Do you have financing secured in relation to your business needs?

| Response | Number |
|-----------------|---------------|
| Yes | 95 |
| No | 76 |
| Unsure | 30 |

If training and/or assistance were made available to address the needs, what is the preferred delivery method? Multiple answers allowed.

| Response | Number |
|--|---------------|
| Classroom Style | 45 |
| Online (delivered at a specific time, webinar) | 62 |
| Online (available when needed, podcast) | 83 |
| As a workshop | 94 |
| One-on-one | 71 |
| None needed | 19 |
| Other | 8 |

Please check the category of annual gross sales for your business's last recorded year (business owners only). If you are a start-up business, please estimate your annual gross income.

| Response | Pct. |
|--------------------------|-------------|
| 0 to \$24,999 | 25.9% |
| \$25,000 to \$49,999 | 12.6% |
| \$50,000 to \$99,999 | 10.9% |
| \$100,000 to \$149,999 | 8.2% |
| \$150,000 to \$199,999 | 4.9% |
| \$200,000 to \$249,999 | 3.8% |
| \$250,000 to \$299,999 | 6.0% |
| \$300,000 to \$499,999 | 3.8% |
| \$500,000 to \$749,999 | 3.3% |
| \$750,000 to \$999,999 | 1.1% |
| Greater than \$1 million | 16.9% |

What types of technology are typically used in your business or the businesses with which you work? Multiple answers allowed.

| Response | Number |
|--|---------------|
| e-mail (personal) | 162 |
| e-mail (customer) | 112 |
| e-commerce (sales and purchases) | 65 |
| e-business (business activities and processes) | 79 |
| Business website (with ecommerce) | 38 |
| Business website (without ecommerce) | 60 |
| Social media | 110 |

What are the most common sources of legal information that are utilized by your business? Mark all that apply. (Business owners)

| Response | Number |
|--|---------------|
| Private attorneys | 84 |
| In-house attorneys | 6 |
| Volunteer attorneys | 15 |
| Other sources (e.g., accountants) | 63 |
| Paid electronic sources (e.g., Legal Zoom) | 8 |
| Free electronic or print resources | 37 |
| None | 52 |

What are the biggest hurdles preventing your business from obtaining qualified legal advice? Mark all that apply. (Business owners)

| Response | Number |
|--|---------------|
| Cost of hiring legal counsel | 76 |
| Local attorneys without relevant experience | 17 |
| Uncertainty which lawyer to hire | 27 |
| Uncertainty about business' legal needs | 46 |
| Lack of time to focus on legal issues | 37 |
| Availability of free online information | 16 |
| Lack of trust in attorneys | 9 |
| NA (legal needs being met) | 69 |

What are the most common sources of legal information that are utilized by businesses with which you work? Mark all that apply. (Service providers)

| Response | Number |
|--|---------------|
| Private attorneys | 96 |
| In-house attorneys | 7 |
| Volunteer attorneys | 18 |
| Other sources (e.g., accountants) | 76 |
| Paid electronic sources (e.g., Legal Zoom) | 9 |
| Free electronic or print resources | 35 |
| None | 23 |

What are the biggest hurdles preventing the businesses with which you work from obtaining qualified legal advice? Mark all that apply. (Service providers)

| Response | Number |
|--|---------------|
| Cost of hiring legal counsel | 104 |
| Local attorneys without relevant experience | 21 |
| Uncertainty which lawyer to hire | 34 |
| Uncertainty about business' legal needs | 70 |
| Lack of time to focus on legal issues | 43 |
| Availability of free online information | 15 |
| Lack of trust in attorneys | 12 |
| NA (legal needs being met) | 11 |

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