

## Letter from Robb Hilson



We are pleased to share the spring 2013 Bank of America *Small Business Owner Report*, a semi-annual study that uncovers the concerns, aspirations and perspectives of small business owners across the country. This study examines a variety of leading issues for small business owners, including personal health and wellness, revenue and growth expectations, preparedness for the unexpected and access to capital.

The Report found that small business owners are not only focused on improving the financial health of their company, they are also focused on their own personal health and their employees' wellness. Nearly nine in 10 of those surveyed report taking some steps to improve employee health and wellness. When thinking about the next 12 months, they are optimistic regarding their revenue and hiring expectations but remain concerned about the health of the overall economy. In addition, Millennial (18-to-34-years-old) small business owners are the most optimistic across all age groups regarding what the future holds for the economy and their business.

At Bank of America, we know that small business owners are an essential element of our national and local economies. We are committed to offering the personal connection and local expertise of our bankers who are dedicated to the success of both small businesses and their communities.

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

## Methodology

Braun Research conducted the Bank of America *Small Business Owner Report* survey by phone between March 14 and March 31, 2013, on behalf of Bank of America. Braun contacted a nationally representative sample of 1,000 small business owners in the United States with annual revenue between \$100,000 and \$4,999,999 and employing between 2 and 99 employees. In addition, 300 small business owners were surveyed in nine target markets: Los Angeles, Dallas, Washington, D.C., New York, Boston, Chicago, San Francisco, Atlanta and Miami. The margin of error for the national sample is +/- 3.1 percent and the margin of error for the oversampled markets is +/- 5.7 percent, with both reported at a 95 percent confidence level.

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## Small Business Owners Feel Healthy

Today's small business owners are not only focused on improving the financial health of their company, they are also focused on their overall personal health, including exercise and managing stress. More than half (53%) of SBOs believe their personal health is better as a result of running their small business.

### As a result of running their small business, respondents are:



Getting between seven and eight hours of sleep every night

49%



Exercising more frequently

35%



Eating more healthily

29%



Spending more time with a spouse, family or friends

21%

**Despite feeling healthier, SBOs cite achieving a work-life balance as their top source of stress.**



On average, **72 percent of small business owners** work more than 40 hours a week.

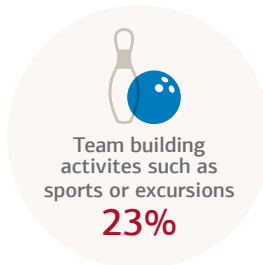
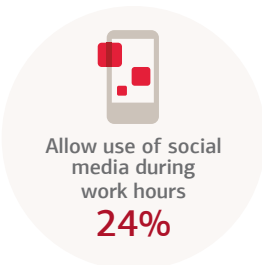
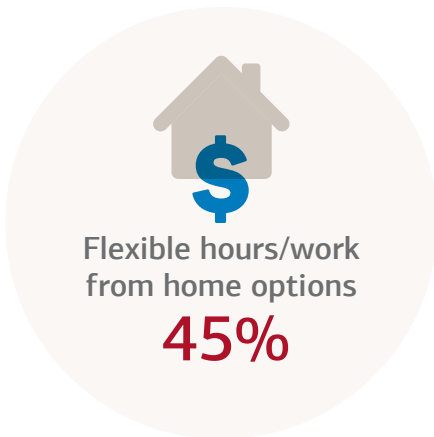


In the past year, **54 percent of small business owners** went to work while sick.

## Small Business Owners and Their Employees

Small business owners are turning to innovative solutions to keep their employees satisfied, yet many are struggling to provide standard employee benefits. Nearly nine in 10 respondents say they have taken some steps to contribute to the happiness of their employees.

### Small business owners contribute to their employees' happiness through:



## Preparedness for the Unexpected

Small business owners admit to being unprepared for a significant disruption to their business operations – such as a natural disaster. The Report finds that, on average, a small business would survive financially for only five months in the event of a major disruption.

### Three actions most taken by SBOs following a significant disruption to their business



Notified customers  
**47%**



Checked on the welfare or  
well-being of employees  
**43%**

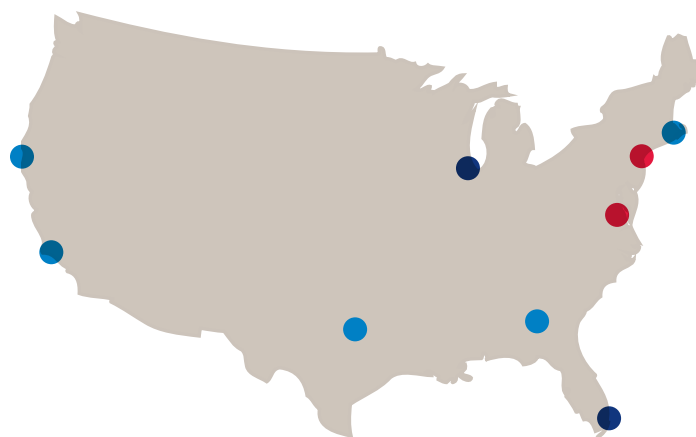


Contacted their bank or  
other financial advisor  
**32%**

### How long small businesses could survive a disruption before needing outside financial help

National  
average:

**5**  
months



**4 months**  
New York, NY;  
Washington, D.C.

**5 months**  
Atlanta, GA; Boston, MA;  
Dallas, TX; Los Angeles, CA;  
San Francisco, CA

**6 months**  
Chicago, IL;  
Miami, FL

## Looking Ahead

Small business owners feel optimistic about the future of their businesses, but they are cautious about the forecast for the overall economy. More than three-fourths (76%) of respondents say recovery of consumer spending will be a significant factor in their success over the next 12 months, and 75 percent feel that way about consumer confidence.

### Top factors affecting small businesses' success over the next 12 months

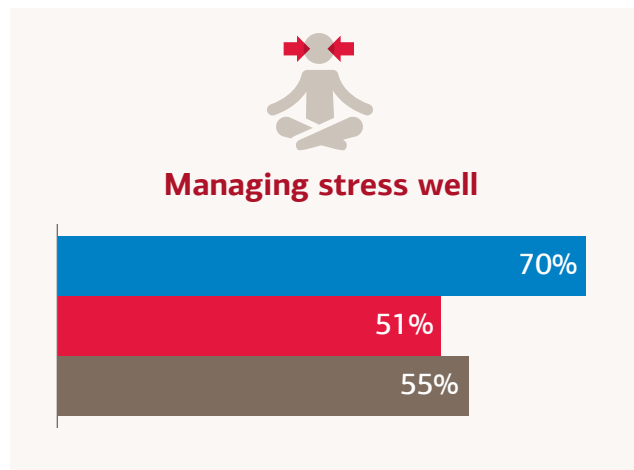
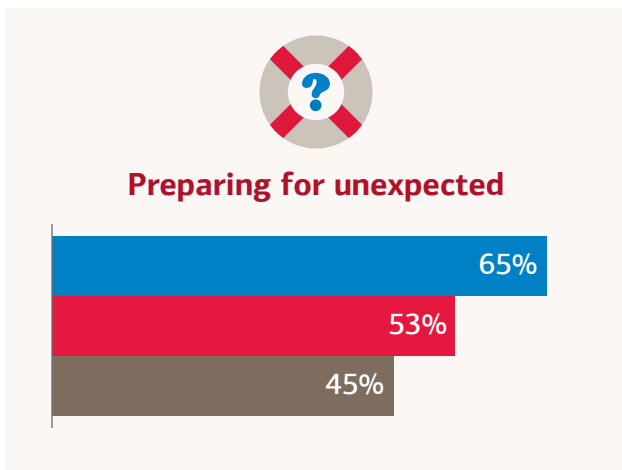
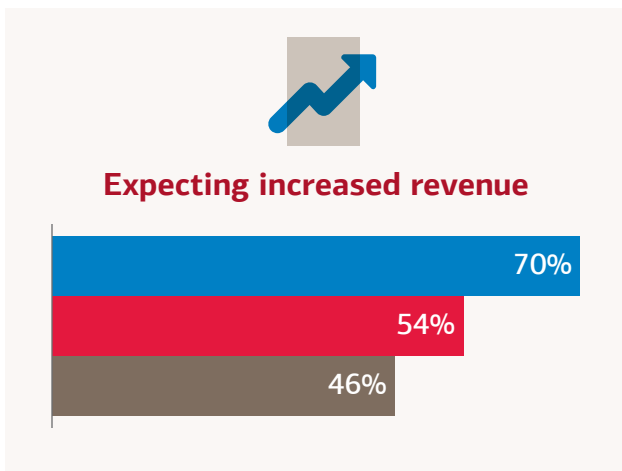


## SPOTLIGHT

### The Millennial Mindset

Building a business in today's economy poses unique challenges. Millennial (18-34-years-old) small business owners are the most optimistic about what the future holds for the economy and their business while their older counterparts are more cautious.

#### Happy & Hopeful

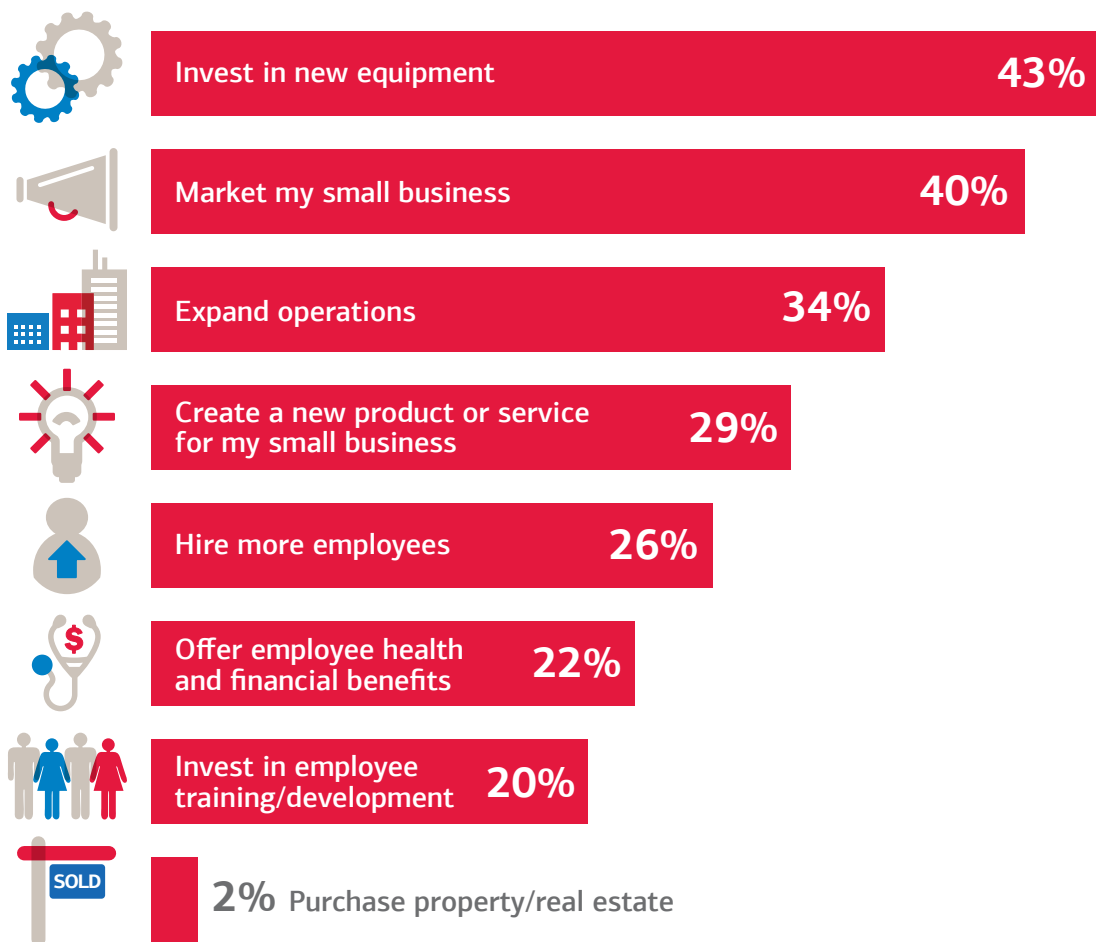


■ Millennials (18-34 year-olds) ■ 35-50 year-olds ■ 51-64 year-olds

## Well Capitalized

Small business owners believe they are well capitalized. When asked if they believe they have enough access to capital, 67 percent of small business owners said yes. In addition, nearly four out of five respondents (79%) who applied for a loan in the past two years were approved for funding. Nineteen percent of respondents plan to apply for a loan in 2013.

### When asked how they'd use funding from loans, respondents said they would...



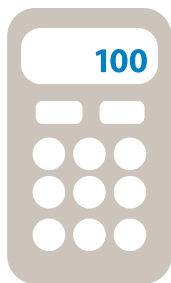
## Seeking Guidance

SBOs realize they need outside help to address financial matters. Only 30 percent describe themselves as being “very savvy.”

“Small business owners are looking to bankers and to others for counsel. Our small business experts are committed to providing solutions that help business owners run their business and focus on their personal wellness and that of their employees.”

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

### Sources cited by small business owners as leading providers of financial advice



Accountant or bookkeeper  
**73%**



Other small business owners  
**55%**



Family and friends  
**54%**



Financial advisor  
**50%**



Banker  
**40%**



Lawyer  
**36%**



Online sources  
**31%**



Local nonprofit/  
SBA  
**16%**



Nationally recognized  
small business or  
financial experts  
**16%**



## The Power of New Technology

Although SBOs are relying on traditional marketing tactics, such as word-of-mouth advertising and customer referrals, digital technology is emerging as an important tool for their businesses.

### Effective marketing tactics for small business owners



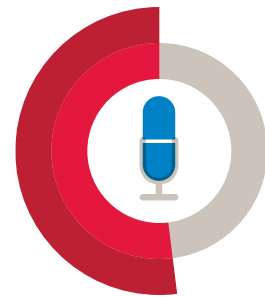
Word of mouth and customer referrals

**86%**



Networking with other businesses

**53%**



Advertising (i.e. print, broadcast, radio)

**52%**



Direct mail or email

**45%**



Social media

**41%**



PR and media relations

**33%**

## Client Profile

Boston-based Montilio's Baking Company is a family-run business spanning three generations. Founded in 1947, Montilio's creates elaborate cakes that bring a special touch to weddings, corporate events, birthdays and anniversaries—even the 1953 wedding of Jacqueline Bouvier and future President John F. Kennedy.

"We get to do a lot of unique work because of our reputation, and our cake artists love that," said owner George Montilio, who started in the business alongside his father at age 12. "The reality show boom also really helped us, because people started seeing what could be done with cakes. Now, people don't just want a birthday cake, they want a birthday cake shaped like a castle or comic book character. We've even done entire city blocks."



George took over the company in 1974. While he loves being a small business owner, the journey hasn't been easy. The company grew to 27 stores and franchises before financial challenges in the 1990s led to closure of all but two locations. And in 2006, a fire damaged the original bakery, requiring a major renovation.

Through it all, Montilio's has remained focused on satisfying their loyal customers. In 2011, they added a third location, and George is optimistic about the future. Like many of his peers, George is striving to maintain a successful, efficient operation while balancing his personal wellness and that of his employees. "Running this business is hard, no doubt," he said. "When it comes to our employees, I think it's important to be flexible and offer benefits that make sense for us as a business."

To learn more about Montilio's story and the mindset of small business owners across the country, visit <http://about.bankofamerica.com/en-us/partnering-locally/small-business-owner-report-052913.html>.

## Bank of America Commitment to Small Business

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

Bank of America continues to actively lend to small businesses across the U.S. In 2012, Bank of America extended nearly \$8.7 billion in new credit to small businesses – an increase of 28 percent over 2011. The bank's combined new and renewal small business lending totaled nearly \$20 billion.