



# SMALL BUSINESS NOW AND BEFORE THE GREAT RECESSION

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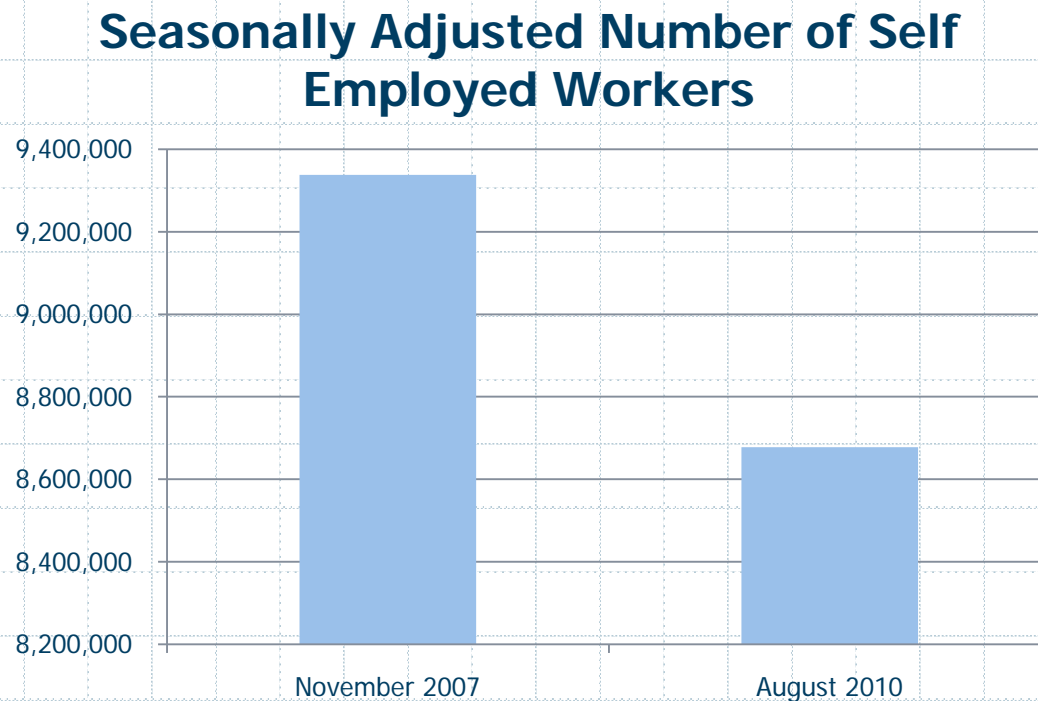


# How is small business doing?

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- The Great Recession ended in June 2009
- Over a year into the recovery, how does the small business situation compare to before the recession?
- Let's take a look at some of the numbers

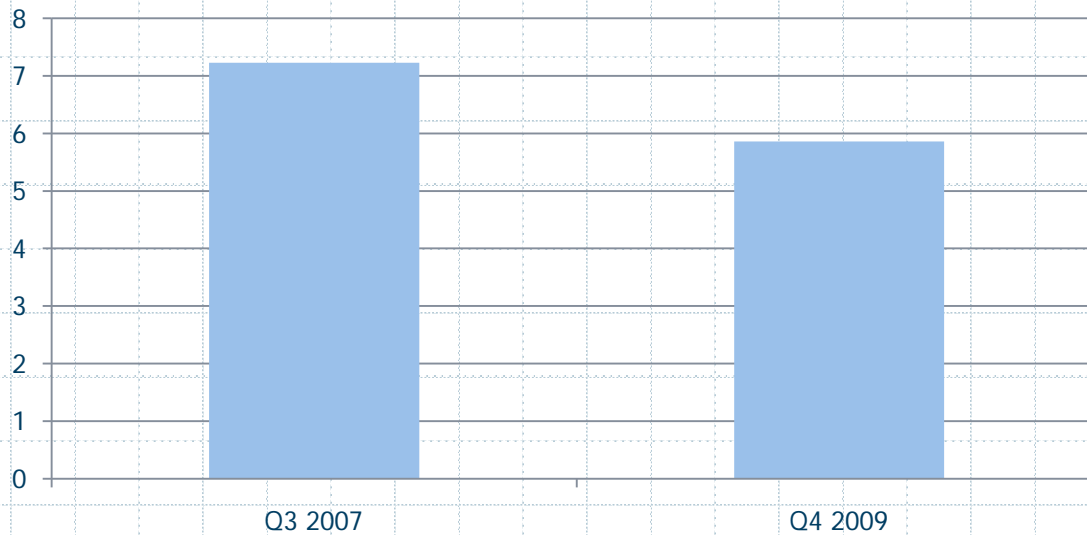
# Fewer people are self-employed



Source: Created from data from the Bureau of Labor Statistics

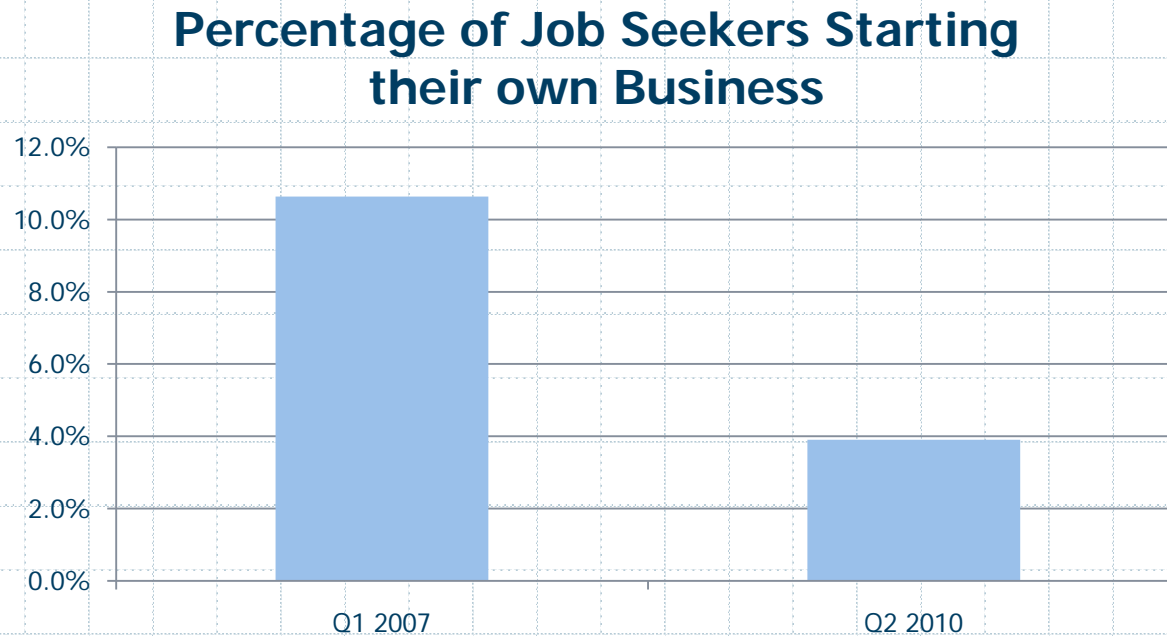
# New business creation is down

**Number of New Establishment Births  
per 10,000 People**



Source: Created from data from the Bureau of Labor Statistics

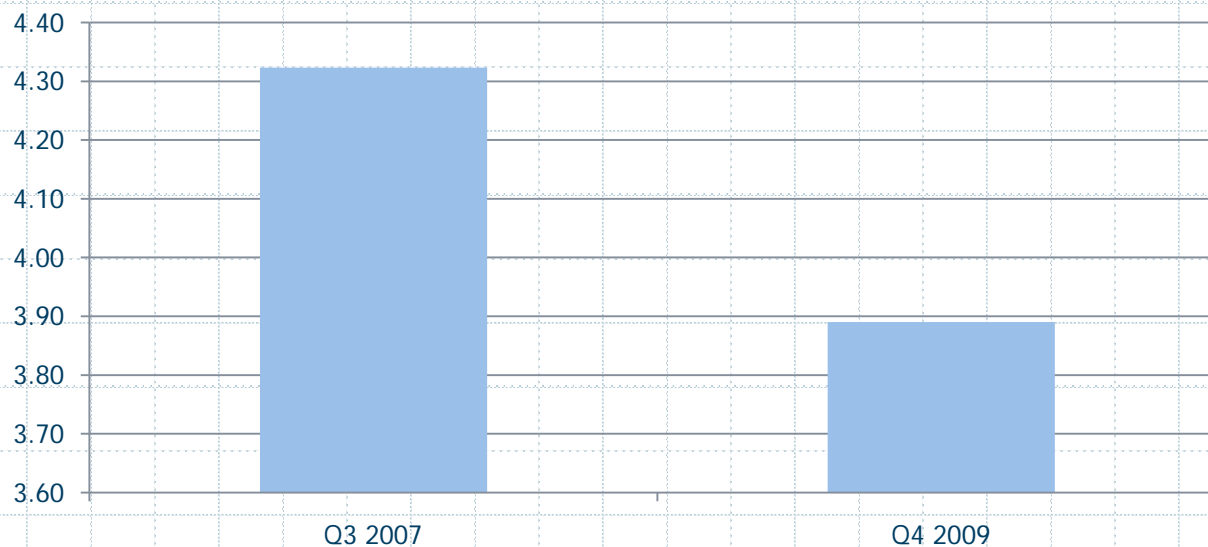
# A smaller share of those laid off are starting companies



Source: Created from data from Challenger, Grey & Christmas, Inc.

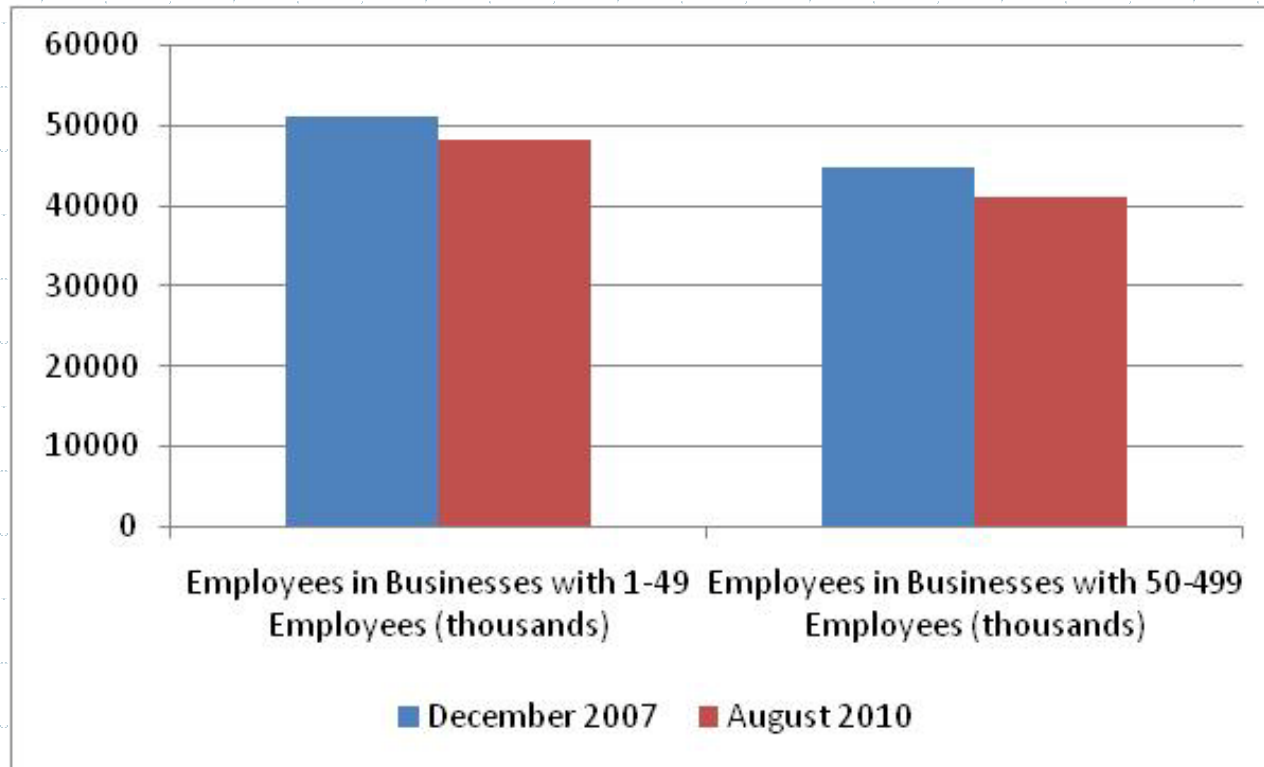
# New companies are smaller

**Average Number of Employees Per Start-up**



Source: Created from data from the Bureau of Labor Statistics

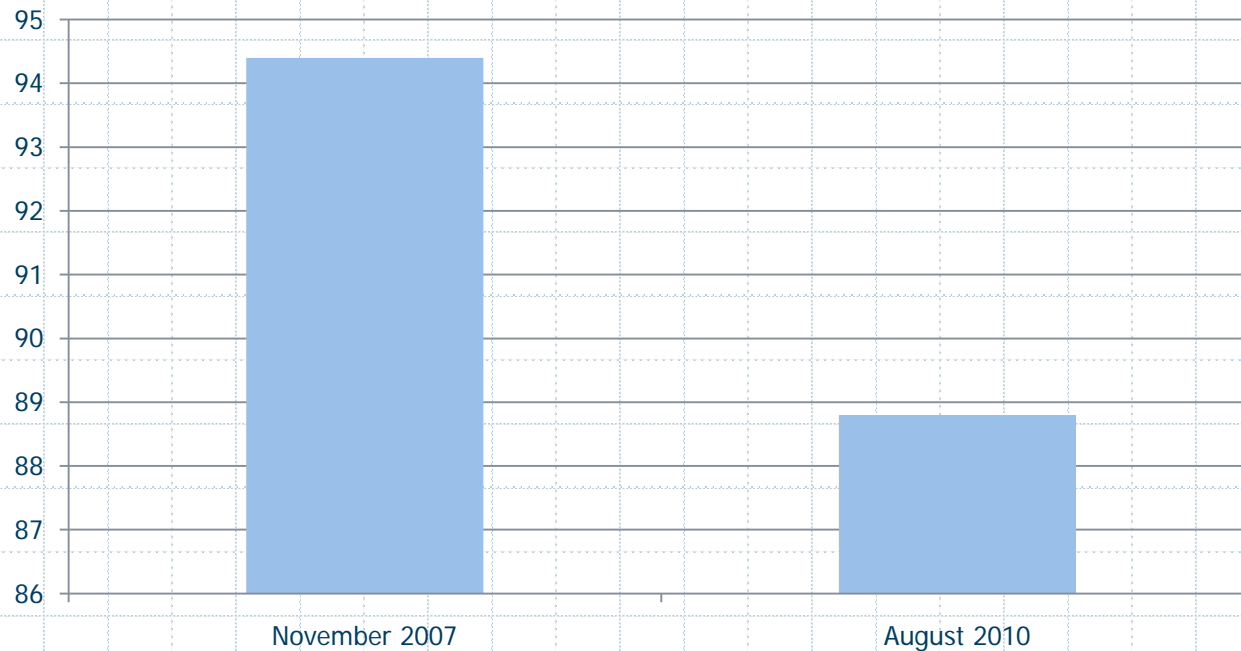
# Fewer people work in small businesses



Source: Created from data from the ADP Employment Report

# Small business owners are more pessimistic

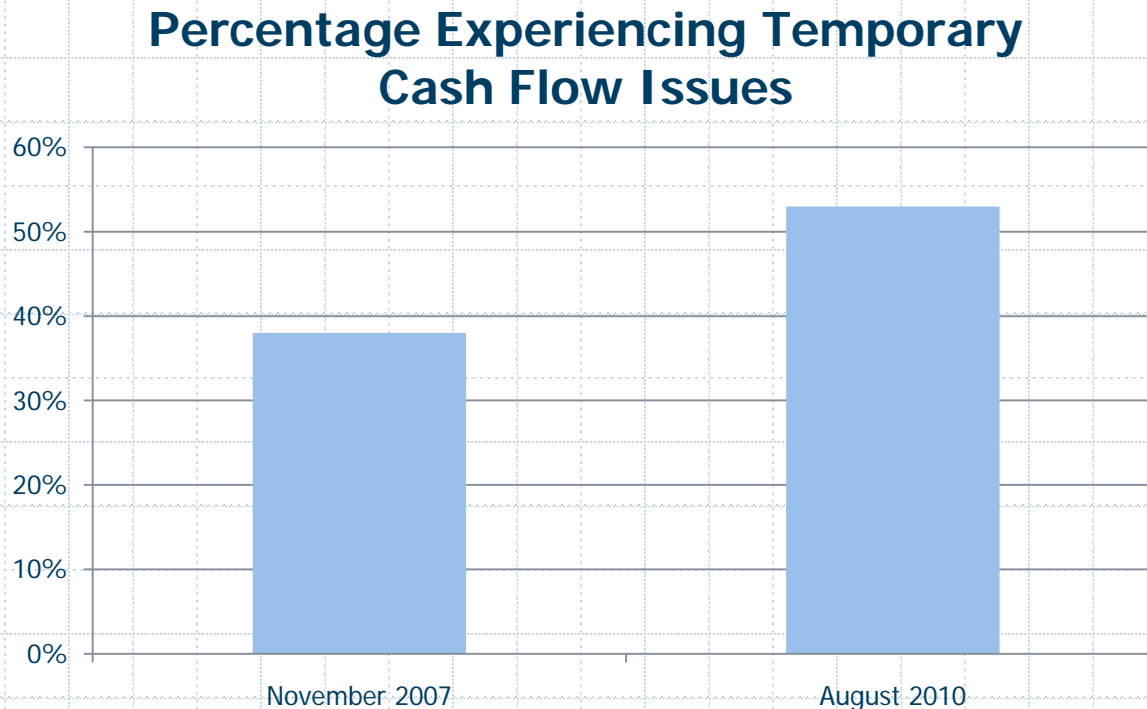
**NFIB Small Business Optimism Index**



Source: Created from data from the National Federation of Independent Businesses



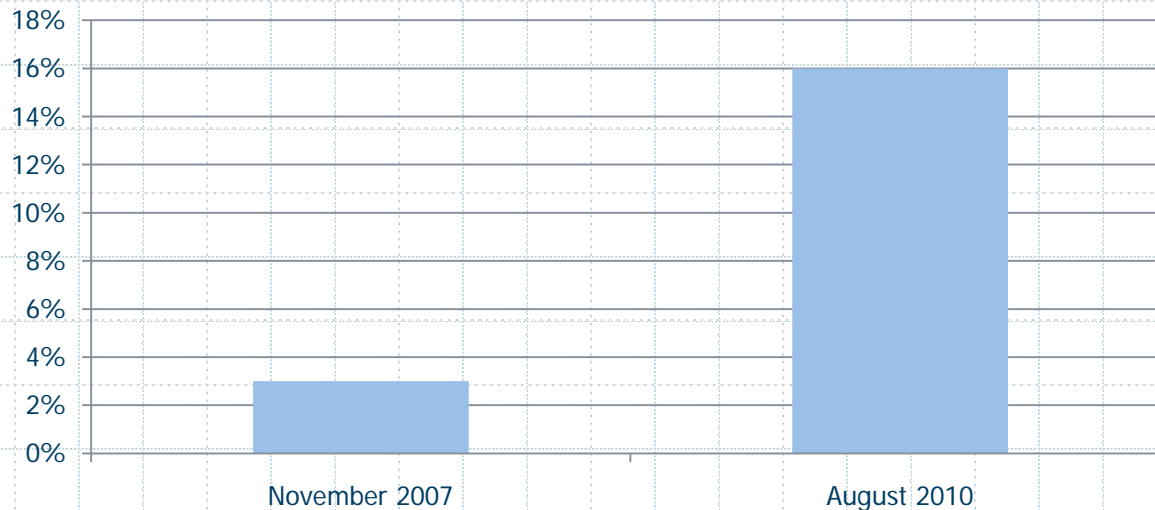
# More small business owners are suffering cash flow problems



Source: Created from data from the Discover Small Business Watch

# Fewer small businesses are expanding sales

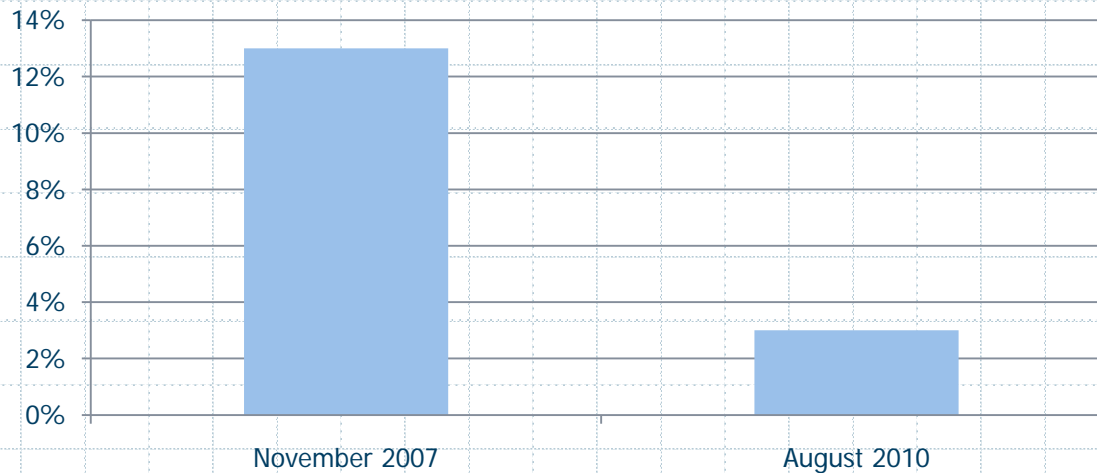
**NFIB Percentage with Sales Contracting Minus Percentage with Sales Expanding**



Source: Created from data from the National Federation of Independent Businesses

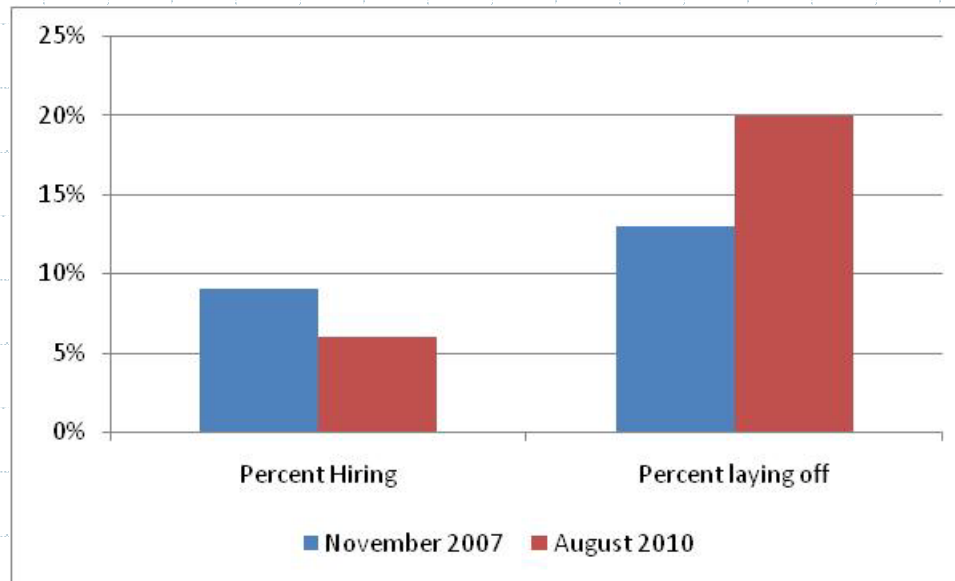
# Fewer small business owners are increasing compensation

**NFIB Percentage Increasing Compensation Minus Percentage Decreasing Compensation**



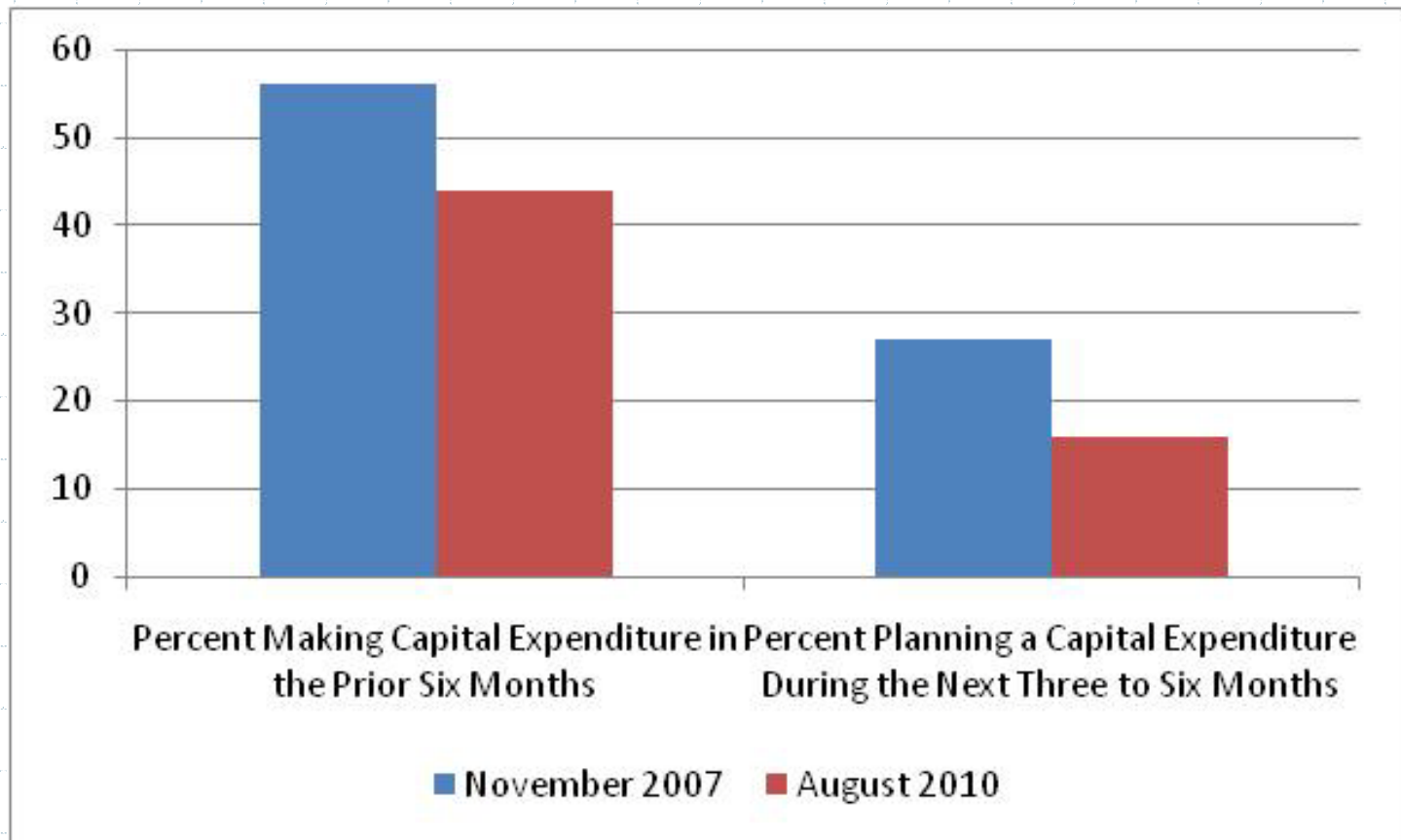
Source: Created from data from National Federation of Independent Businesses

# Fewer small businesses are hiring



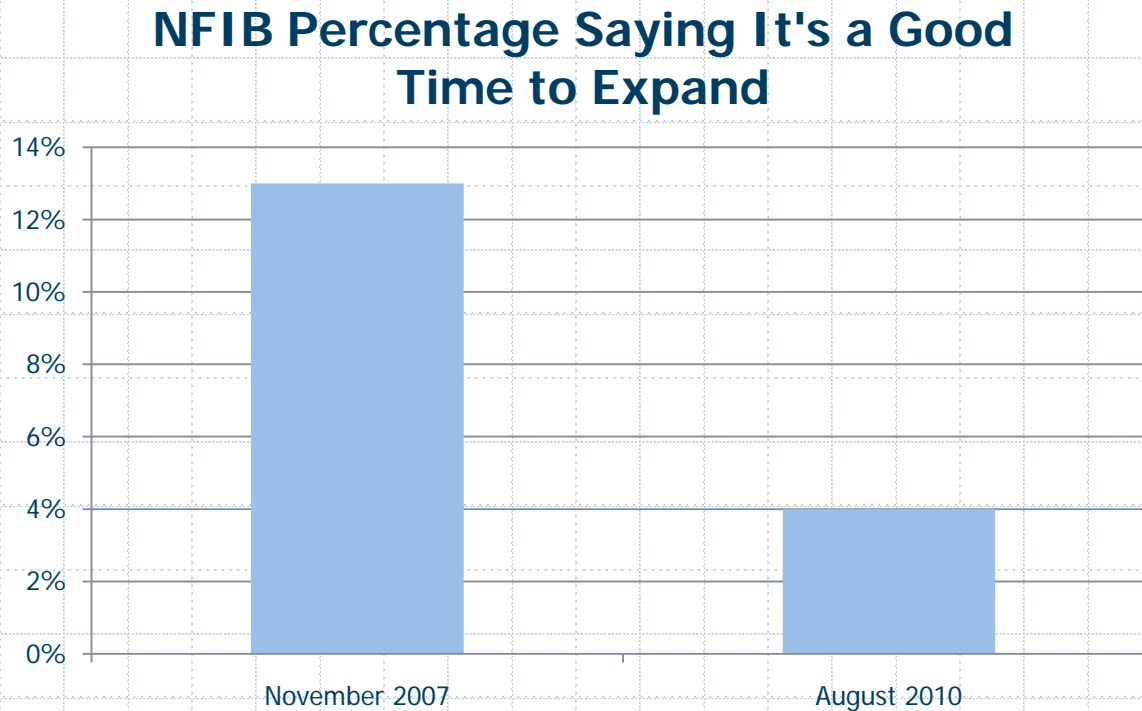
Source: Created from data from Discover Small Business Watch

# Fewer small businesses are investing in plant and equipment



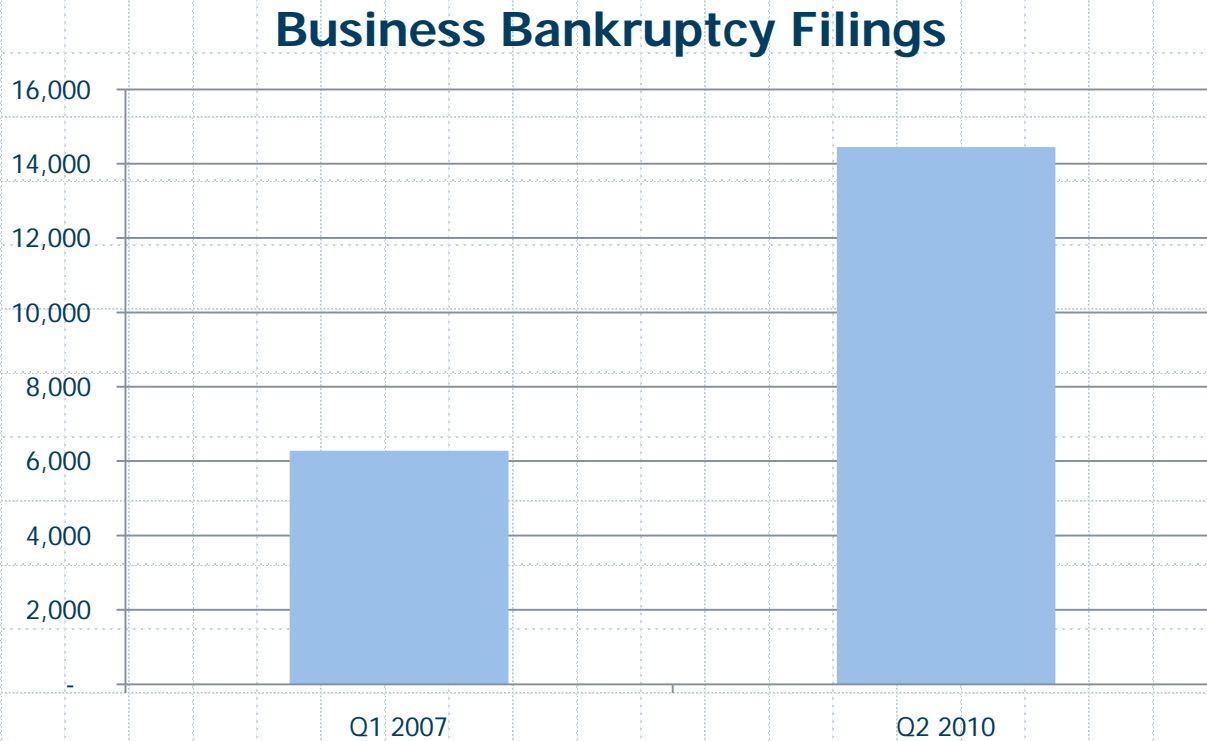
Source: Created from data from the National Federation of Independent Businesses

# Fewer small business owners say it's a good time to expand



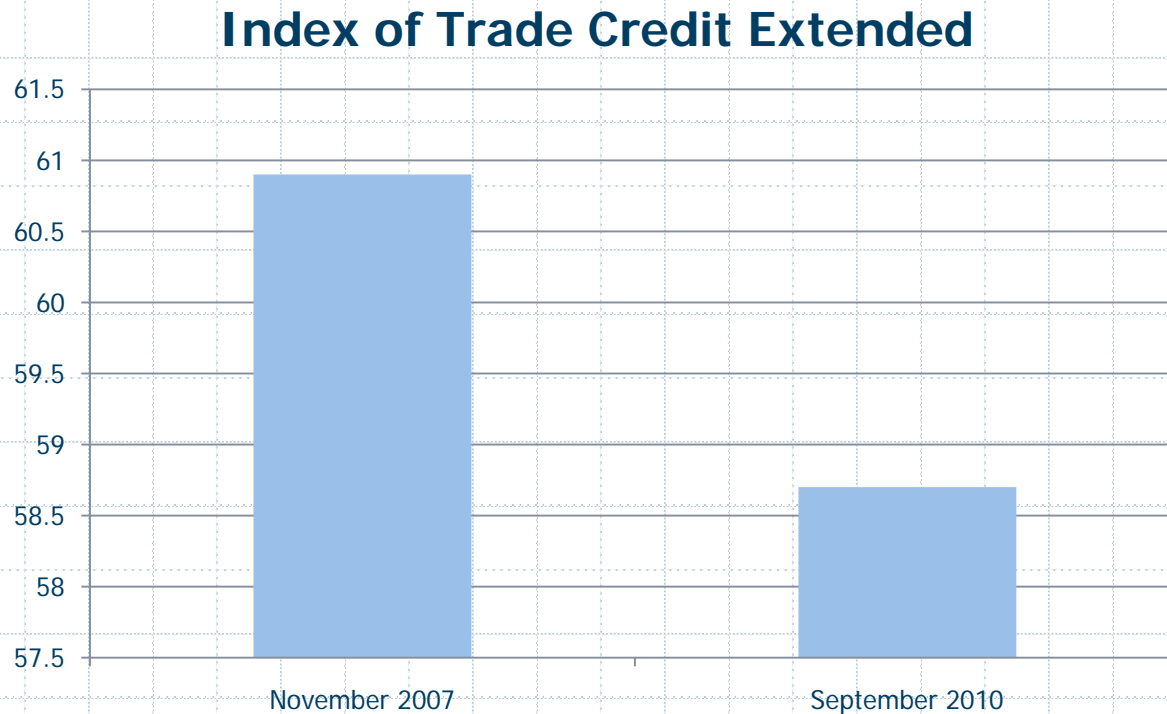
Source: Created from data from National Federation of Independent Businesses

# More businesses are going under



Source: Created from data from the American Bankruptcy Institute

# Trade credit is lower

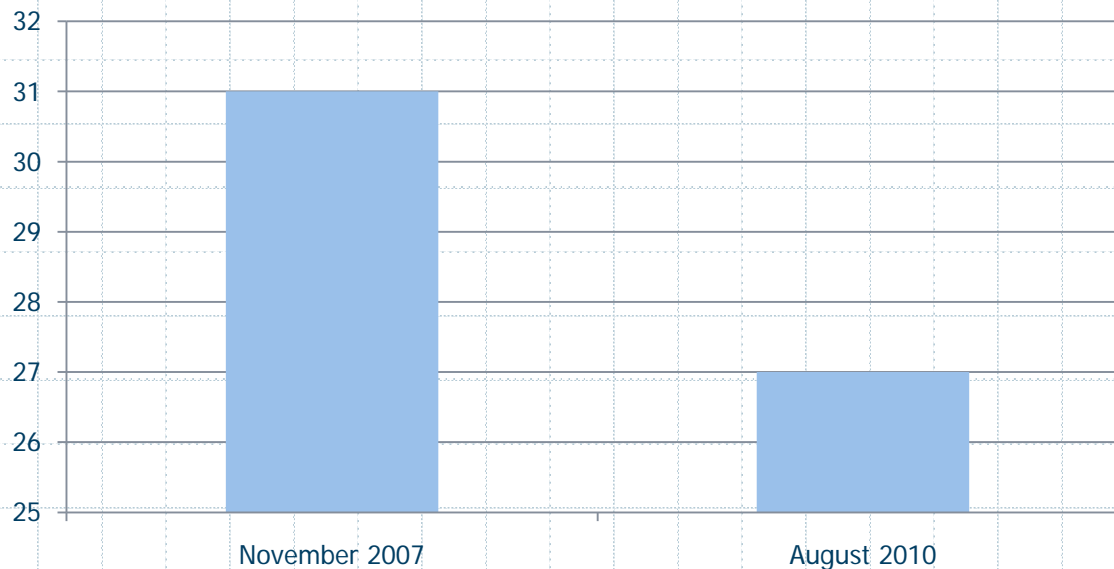


Source: Created from data from the National Association of Credit Managers



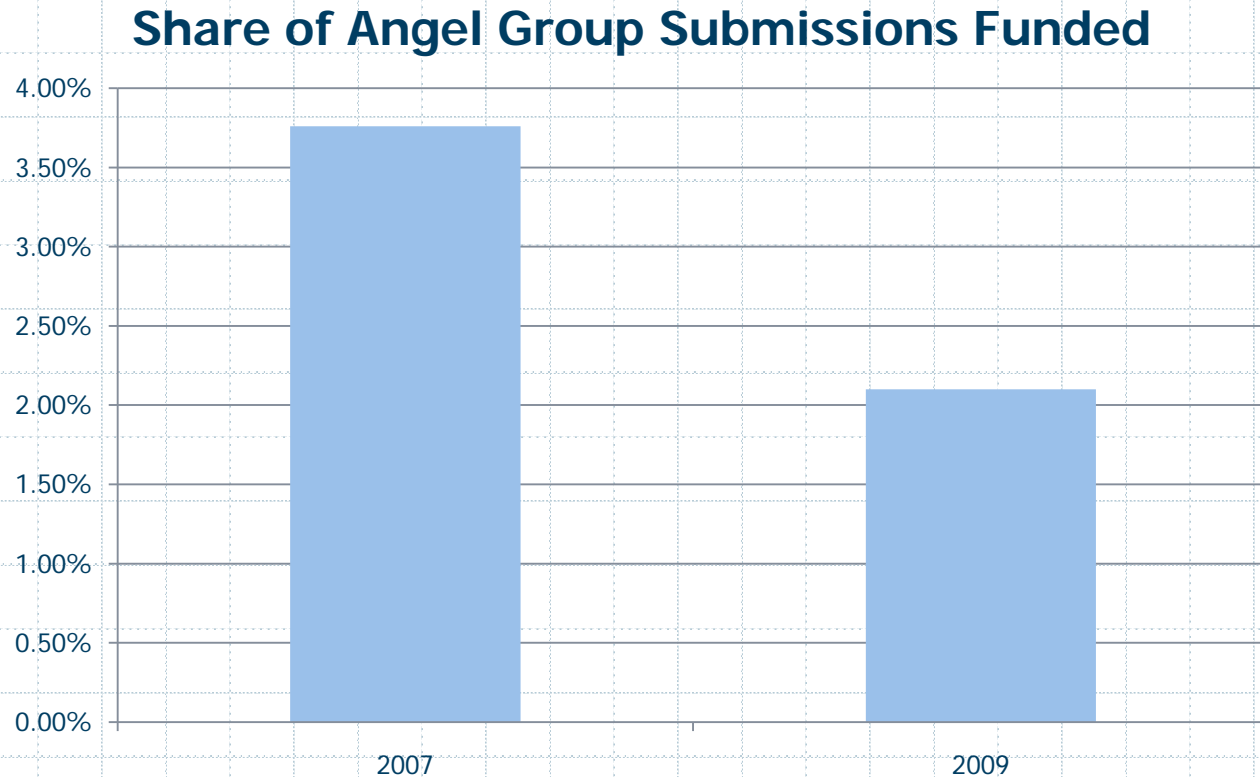
# Fewer small businesses are having credit needs met

**NFIB Percentage with Borrowing Needs Met**



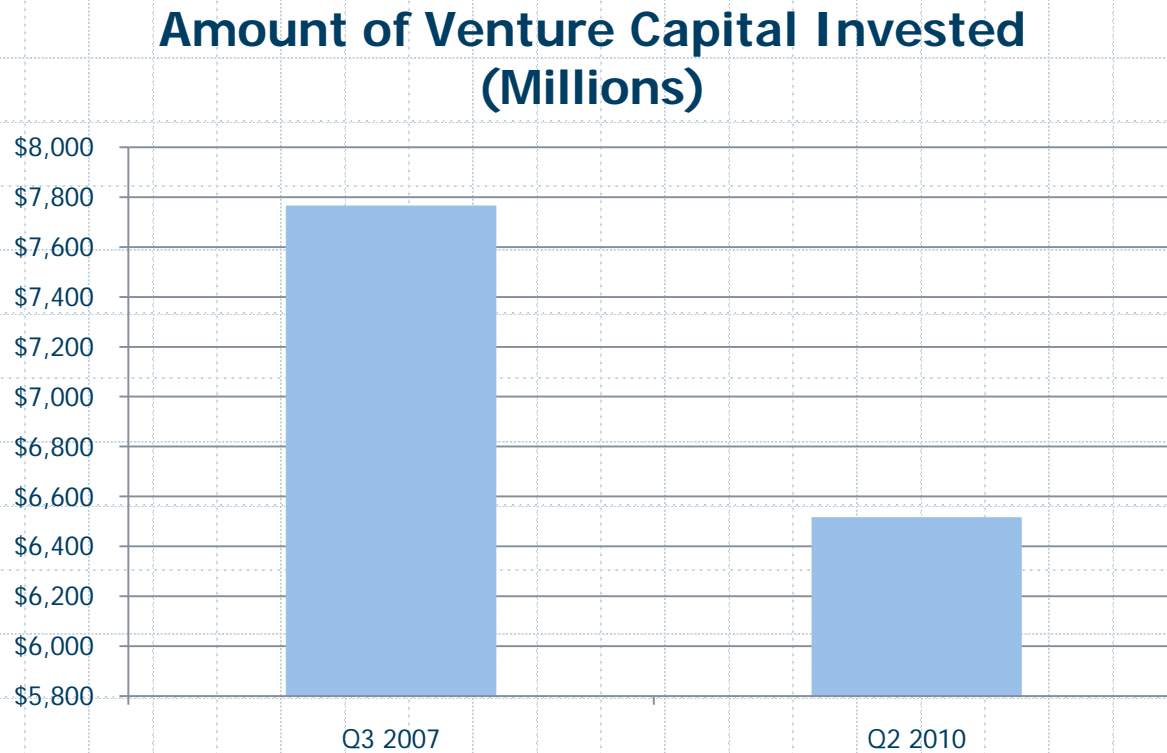
Source: Created from data from the National Federation of Independent Businesses

# Angels are financing fewer companies



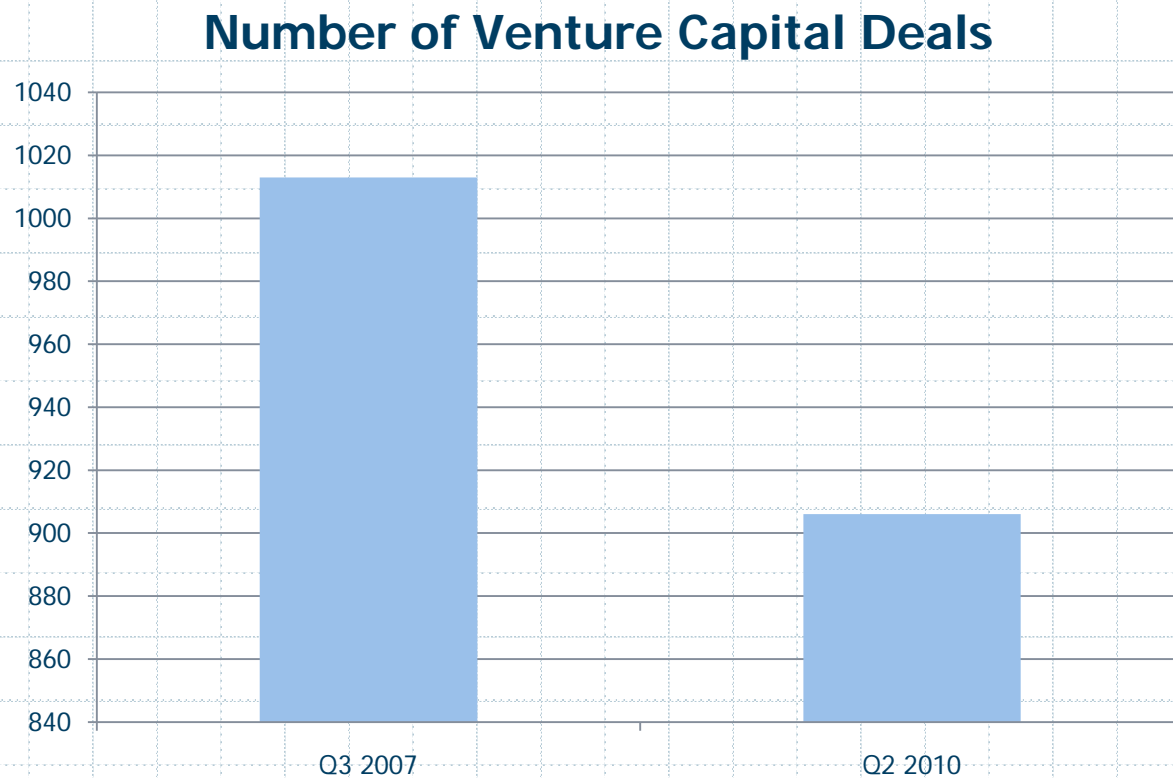
Source: Created from data from Angelsoft

# VCS are investing less money



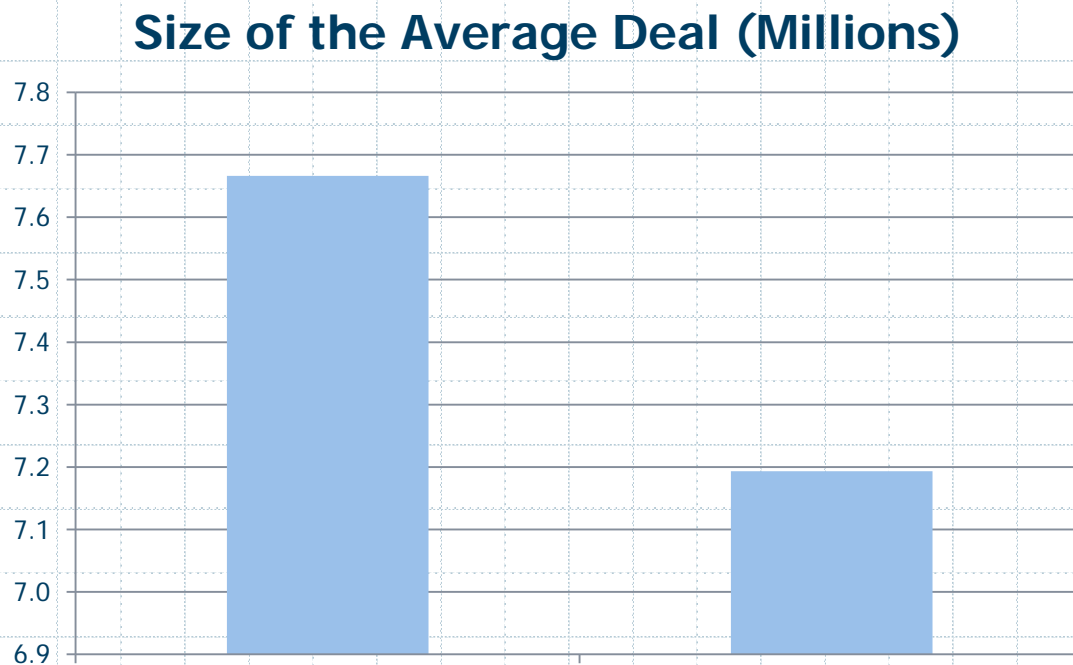
Source: Created from data from Pricewaterhouse Coopers Money Tree

# VCS are doing fewer deals



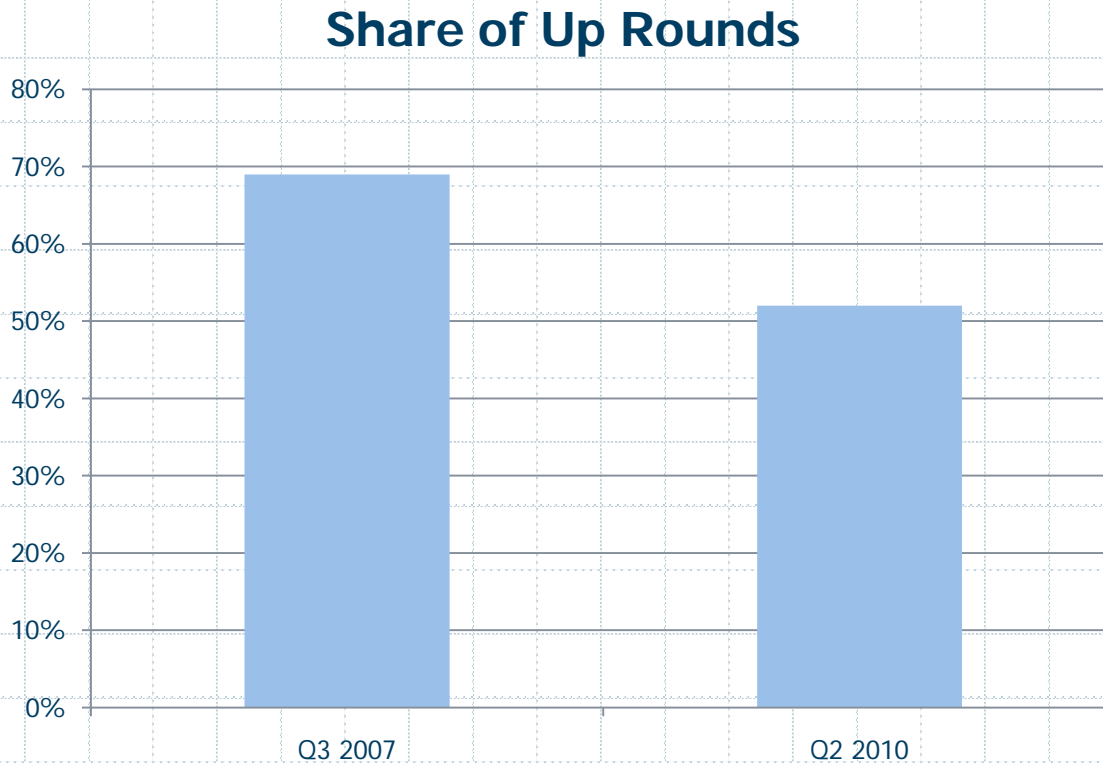
Source: Created from data from Pricewaterhouse Coopers Money Tree

# VC deals are smaller



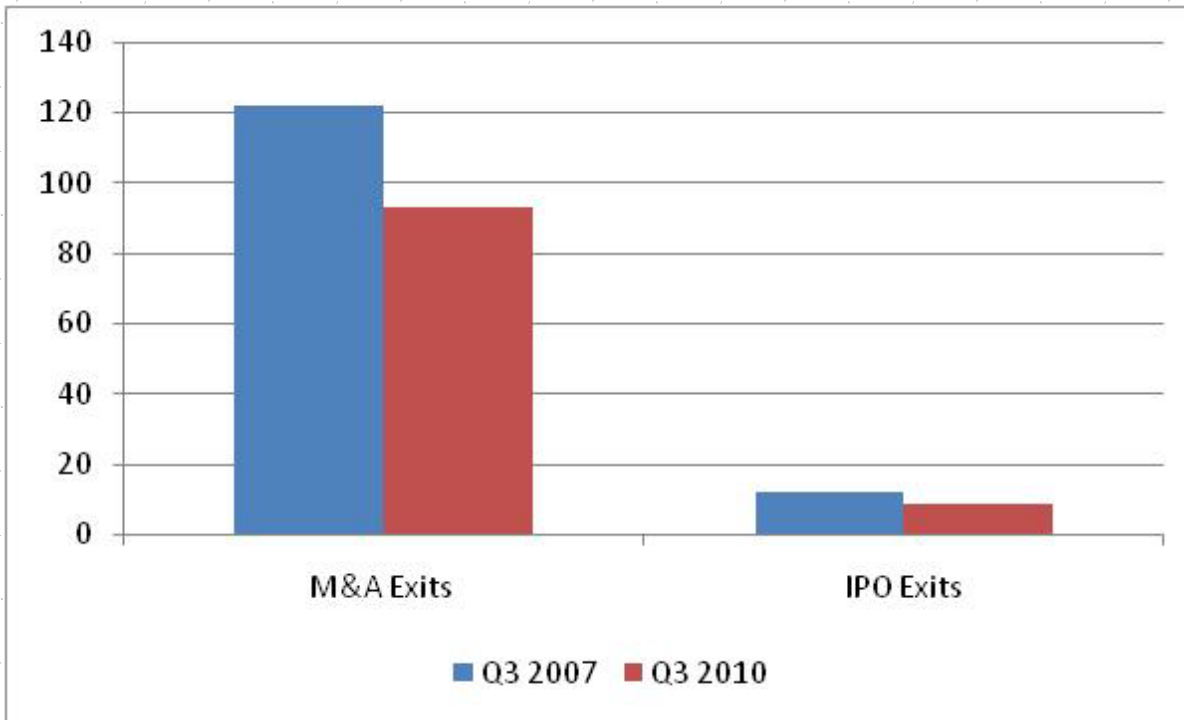
Source: Created from data from Pricewaterhouse Coopers MoneyTree

# Valuation is rising at fewer VC-backed businesses



Source: Created from data from Cooley Godward LLP Venture Capital Report

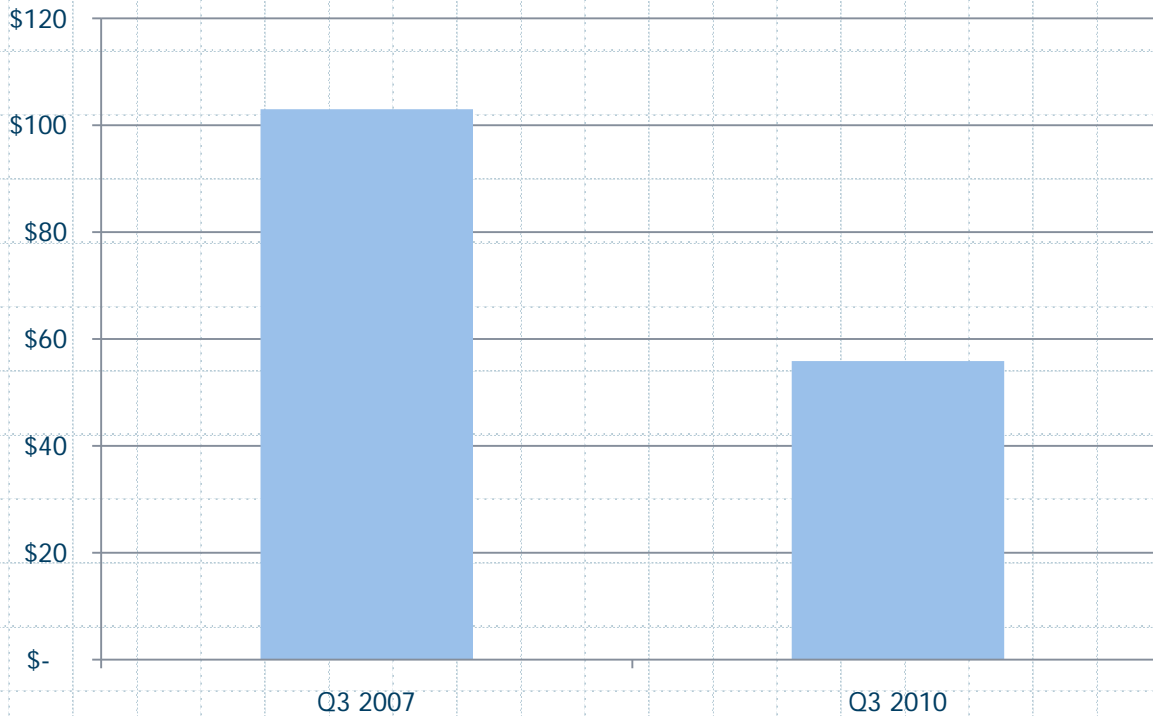
# Fewer VC-backed companies are exiting



Source: Created from data from Dow Jones Venture Source

# Valuation of VC-backed exits is lower

**Average Value of Exits (Millions)**



Source: Created from data from Dow Jones Venture Source



# Summary of changes from pre-recession levels

- Self-employment and new business creation are down
- Fewer people are working at new and small businesses
- Owner pessimism is up, with fewer business owners expanding sales and more experiencing cash flow problems
- Fewer owners are making capital investments, hiring, or increasing compensation
- More businesses are going under
- Fewer businesses are having their borrowing needs met, and trade credit is down
- Angels are financing fewer companies
- Venture capitalists are investing less money in fewer deals
- VC deals are smaller and valuations are rising at fewer companies
- VC-backed companies experiencing fewer exits and at lower valuations

# Conclusion

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- It's no wonder most small business owners don't think there's a recovery
- The small business sector is still a long way from returning to its pre-recession levels