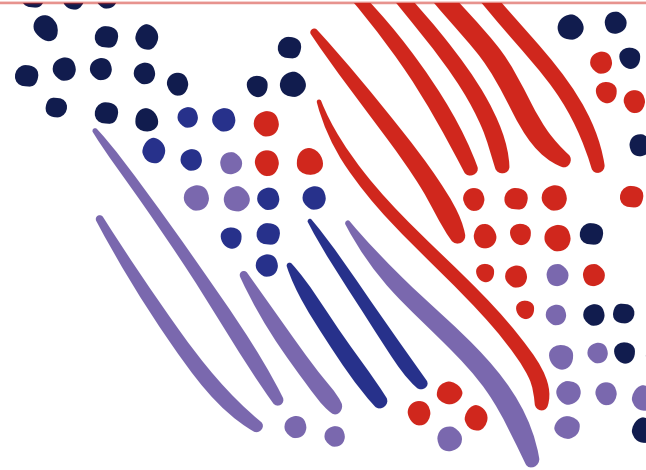


NAWBO Annual Membership Survey

January 27, 2023 | ADP Market Insights



Objectives and Approach



Objectives

Survey among the membership of National Association of Women Business Owners (NAWBO) to understand:

- Sentiment over paid leave and other workplace benefits
- Tools for growth
- Small business financing and needs
- Current hiring, payroll, accounting and related activity
- Profile of the membership



Approach

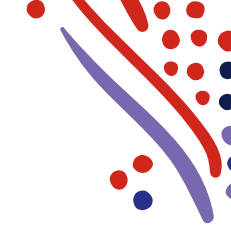
Method: Online survey

Target: Email invitation to ~4,500 NAWBO members

Fielded: December 2022

Completes: 560 (~12% response rate)

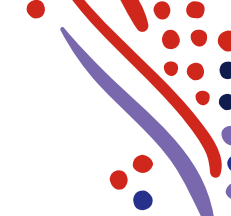
Key Takeaways



Topic	Headlines
OPPORTUNITY	Company size and cashflow are hampering companies from offering benefits to their employees, and in some cases hampering owners from paying even themselves. Helping companies grow through access to technology and better managing cashflow will increase their ability to pay themselves and improve access to benefits for their employees.
NAWBO workforce	NAWBO companies are well-established (avg. 14 years). Most (83%) are micro businesses. Almost half (43%) have no employees, up from 38% last year. Most are using contractors mostly year-round.
Businessowner pay	While most pay themselves, one in five do not and that jumps to one in three among those without employees. Reaching a particular revenue/profit level would encourage those who don't pay themselves/others to begin paying.
Benefits	62% of firms with employees offer health plans ; fewer than half are offering PFL – that's 38% and 26% of NAWBO members overall. Workforce (i.e. PT and contractors) and cost are key reasons for not offering. There is support (87%) for a federal PFL policy, opt-in garnering the most support (48%).
Hiring	NAWBO member continue to struggle to hire. Finding the right talent and skills are the primary drivers. Losing potential hires to competitors has become a more significant reason this year.
Financing	~10% used an SBA loan last year. Most are using their personal savings – and use of savings is up from last year (especially among the smallest/sole prop companies). Although companies have been in business many years, fewer than a third have a credit rating.
Needs/tools for growth	NAWBO companies are saying they need financing and technology to help them grow. Tech training is of particular interest to micro businesses and help hiring is of particular interest to larger entities. They are currently using or are interested in systems that help them expand their customer base. Those with employees are also interested in systems that would make them more desirable to employees (retirement, employee recognition, engagement, and EAP).
Accessing expertise	Members turn to their professional service providers and NAWBO for advice as well as colleagues and friends (especially sole props). They also turn externally for expertise on functions such as payroll: half are using a 3 rd party firm or their accountant for this (and 70% among those with employees). A significant portion are also still handling payroll manually or on acct software. Using a 3 rd party could be an opportunity to access expertise and free up time.

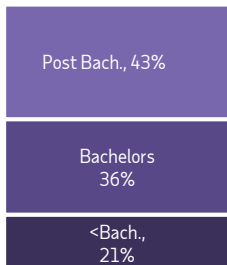
NAWBO Snapshot

Members and their companies are well-established.

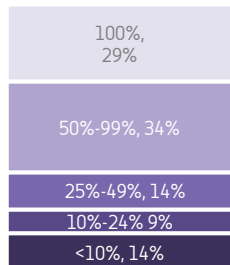


NAWBO Members

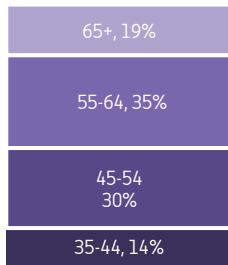
Education



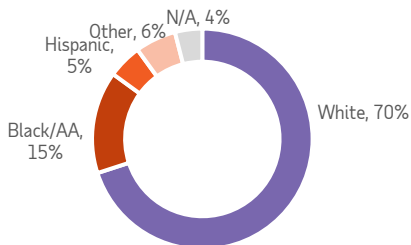
Share of HH Income Avg.=62%



Age Avg.=56

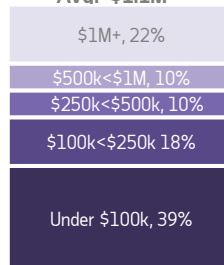


Ethnicity

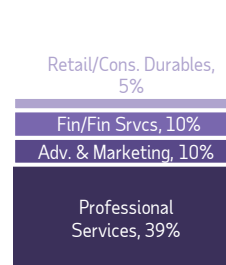


NAWBO companies

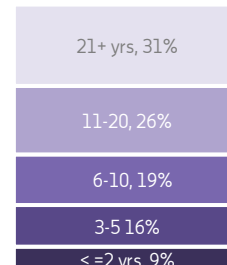
Gross Revenue 2021 Med.=\$189k Avg.=\$1.1M



Industry (mentions 5%+)



Company Age Avg.=14 yrs



	Total n=	Micro 466	Larger 94
Has a bank account in the business's name	91%	90%	98%
Has a Federal ID number	88%	86%	97%
Uses a CPA	72%	68%	88%
Qualifies as an S-Corp	44%	38%	74%
Pays Sales and Use tax	37%	32%	62%
Certification as a woman-owned business	35%	32%	52%
Has a small business credit rating	28%	24%	51%
Certification as a minority-owned business	16%	16%	18%
Both woman owned and minority owned	14%	14%	17%

Base: n=560 NAWBO members

Q1: How many people do you employ? Q30 Which does business have/describes business?

Q31. Age Q32: Race/Ethnicity Q35: Education Q36 Principal industry Q37 Years in business Q38. Share of household income business represents Q39: gross revenue 2021

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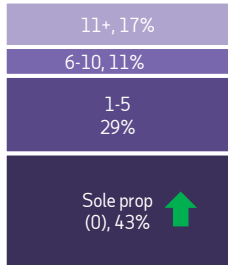
The NAWBO workforce/staff

Almost half of NAWBO have no employees; most rely on contractors. One-in-five are not paying themselves. Increased revenue/profit would encourage companies to pay.

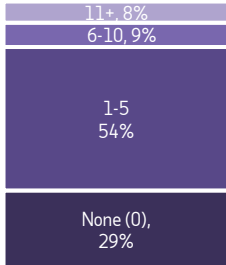


Proportion of NAWBO member companies with no employees (43%) has increased since last year (38%).

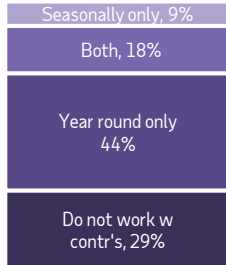
Number of Employees
Med.=1 | Avg.=13



Number of Contractors
Med.=2 | Avg.=5



Seasonality of Contractors



57% have employees
62% last year

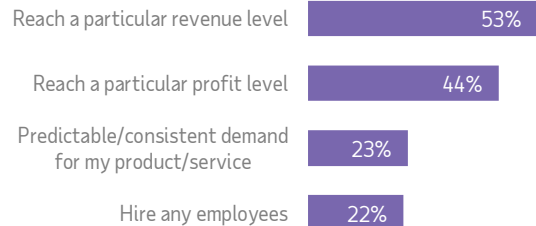
Usage of contractors consistent with last year (namely year-round).

Those without employees are less likely to pay themselves; they are paying others. Cashflow hampers paying self/other.

	Employees				
	Total	Sole/None	Any	1-10	11+
Respondents n=	560	243	317	223	94
Pays anyone (self or others)	89%	77%	98%	97%	99%
Pays self	77%	69%	84%	83%	86%
Pays others	73%	45%	95%	93%	99%

31% of those without employees do not pay themselves

Would cause you to begin paying self or others



Base: n=560 NAWBO members

Q1: Not including yourself, how many people do you employ?

Q2: How many independent contractors do you work with? Status of contractors?

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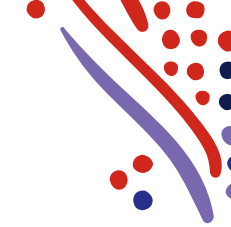
Base: n=560 NAWBO members

Q21: Which of the following individuals does your company pay, either as employees or contractors?

Q26: What would cause you to begin paying yourself or your employees? (n=64, Do not pay anyone)

Workplace benefits

Most do not offer health plans or PFL. Costs and workforce are inhibitors to both.



Health plans are most prevalent among the larger companies.
Cost remains the key factor for not offering one.

	Total Respondents n=	Sole/None	Employees		
			Any	1-10	11+
Offer a plan (Subtotal)	38%	6%	62%	52%	85%
Full coverage (Subtotal)	27%	5%	44%	33%	69%
Full cov: employee + dependents	16%	2%	26%	18%	46%
Full cov: employees only	12%	4%	18%	15%	23%
Partial/reimbursement program	10%	*	18%	19%	16%
Do not offer a plan	63%	94%	38%	48%	15%

Why Do Not Offer Coverage (among those with Employees)

Costs too high **42%**

Employees have other coverage **34%**

Workforce PT/contract **28%**

\$300/month

per Employee available
for health benefits

Base: n=560 NAWBO members
Q9: What type of health coverage do you provide at your company? Q10: Why do you not offer health coverage to your employees (n=350; 121 w EEs) Q11: How much, if at all, as a business owner can you afford to provide each month towards health benefits for each employee?

One in four offer paid family leave, largely due to makeup of staff and cost. There is support for an opt-in PFL policy.

	Total Respondents n=	Sole/None	Employees		
			Any	1-10	11+
Offer PFL (Net)	26%	2%	44%	40%	54%
Medical leave...serious health condition	21%	2%	36%	31%	48%
Birth/care: newborn child of employee	20%	1%	34%	29%	45%
To care for a sick family member	17%	1%	30%	26%	38%
Placement: adoption/foster care	13%	1%	21%	18%	29%
Military family leave	9%	1%	15%	12%	20%

What Would Incent

Why not?
**Cost and
makeup of
workforce**

Employer tax credits **43%**
Direct cash payments to... **38%**
Employer/employee... **30%**
Employee only payments to... **21%**

**Federal program
Any asked (87%)
Opt-in (48%)
Tax credit (30%)**

Base: n=560 NAWBO members
Q4: Do you offer any type of paid family leave to your employees? Q5: If yes, what type of PFL benefits do you offer? Q6: If no, why do you not offer PFL benefits to your employees? (n=178) Q7: If no, what would incentivize you to offer a paid leave policy? (n=178) Q8: If a federal paid leave policy were to be created that is inclusive of the self-employed and small business, what type of program do you believe would be most beneficial to your business?

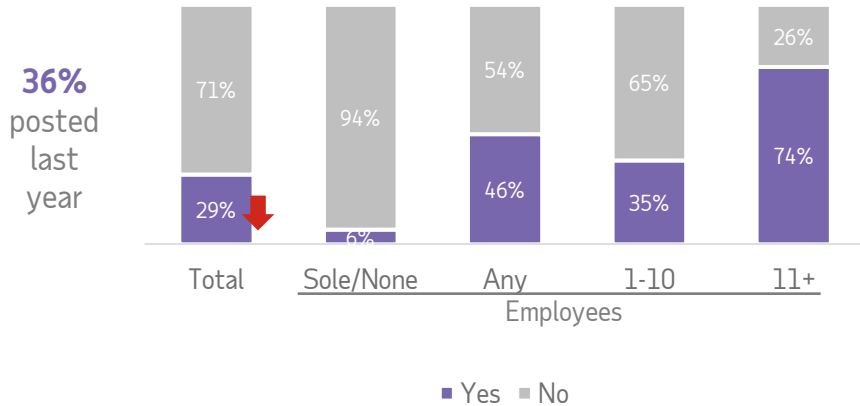
Hiring

Hiring is still more of a challenge, but slightly less so compared to a year ago. Losing to competitors is now a challenge (not just workforce skills/applicants).



Three in ten have posted job(s), down slightly from last year.

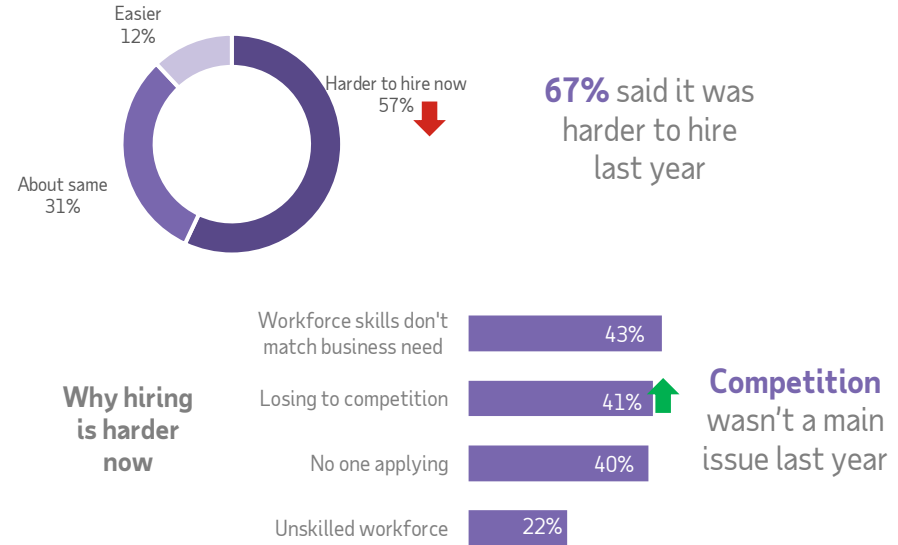
Posted One or Multiple Job Opening(s) in Past Month



Base: n=560 NAWBO members
Q12: Have you posted one or multiple job opening(s) in the past month?

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Hiring remains difficult due to workforce skills, competitors, and lack of applicants.



Base: n=162 NAWBO members who posted job in last month
Q13: Have you found it easier or harder or about the same to hire since the spring of this year?
Q14: If harder, why? (n=93)

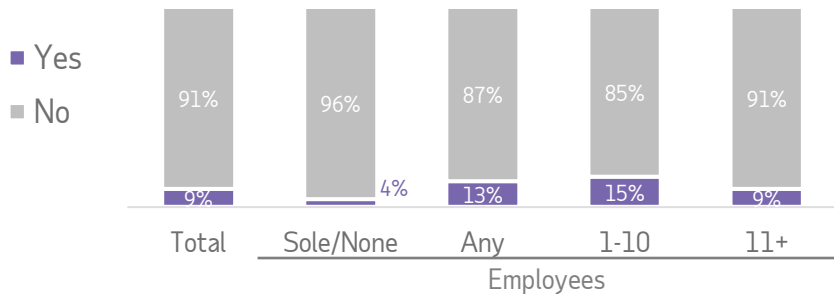
Small business financing

Few NAWBO used SBA; reliance on personal savings is common and up from last year. Use of private loans and loans from family/friends is also up. Few have a credit rating.



Few companies used SBA loans last year, largely due to a stated lack of need.

Used SBA-backed Private Loans in last 12 Months



76% of those who did not use said they did not apply because they had **NO NEED**

Personal savings is most used, especially by those without employees.

Respondents n=	Total	Sole/None	Employees		
			Any	1-10	11+
Personal savings	65% ↑	73%	58%	60%	54%
PPP loan	41%	19%	58%	53%	68%
Private bus. loan – comm. lending	25% ↑	9%	37%	30%	53%
EIDL loan	24%	15%	32%	33%	29%
Loans from family/friends	15% ↑	12%	17%	17%	17%
HAS A SB CREDIT RATING	28%	15%	38%	33%	51%

Last year:
53% Personal Savings
15% Private loans
9% Loans from family/friends

Base: n=560 NAWBO members

Q17: In the last 12 months, did you use Standard SBA-backed private loans (non-COVID relief funding) to fund your business?

Q18: For which reasons did you not apply? (n=509)

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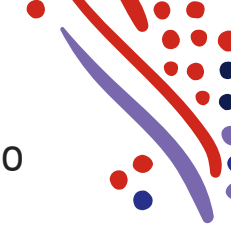
Base: n=560 NAWBO members

Q19: There are many other sources of funding, what other sources of financing have you used to fund your business to date (since you purchased/founded your company)?

Q30: Which of the following does your business have or that describes your business? (Small business credit rating)

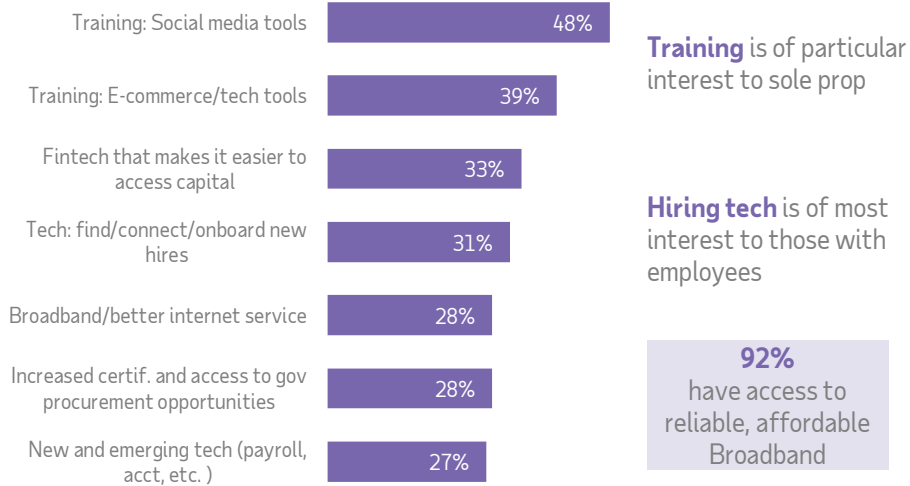
Tools for growth

Businesses look to training and technology to aid growth. Larger companies are also looking for help with hiring. Yet access to capital still tops the list as well.



Technology and training are key tools for business growth.

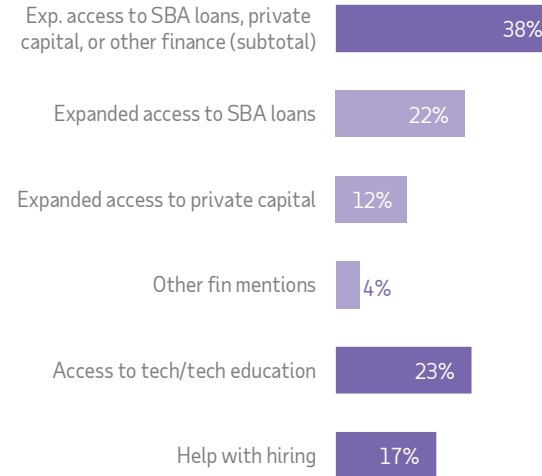
Tools/Assistance That Will Allow your Business to Grow (Ranked 1-3)



Base: n=560 NAWBO members
Q15: What tools/assistance will allow you to grow your business in the future?
Q16: Do you have reliable access to broadband/high speed internet that is affordable?
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Access to funding would be especially helpful as would tech/tech education. Larger companies need help hiring.

Greatest Help For Your Business



Base: n=560 NAWBO members
Q20: Which would be the GREATEST help for your business right now?

Business systems

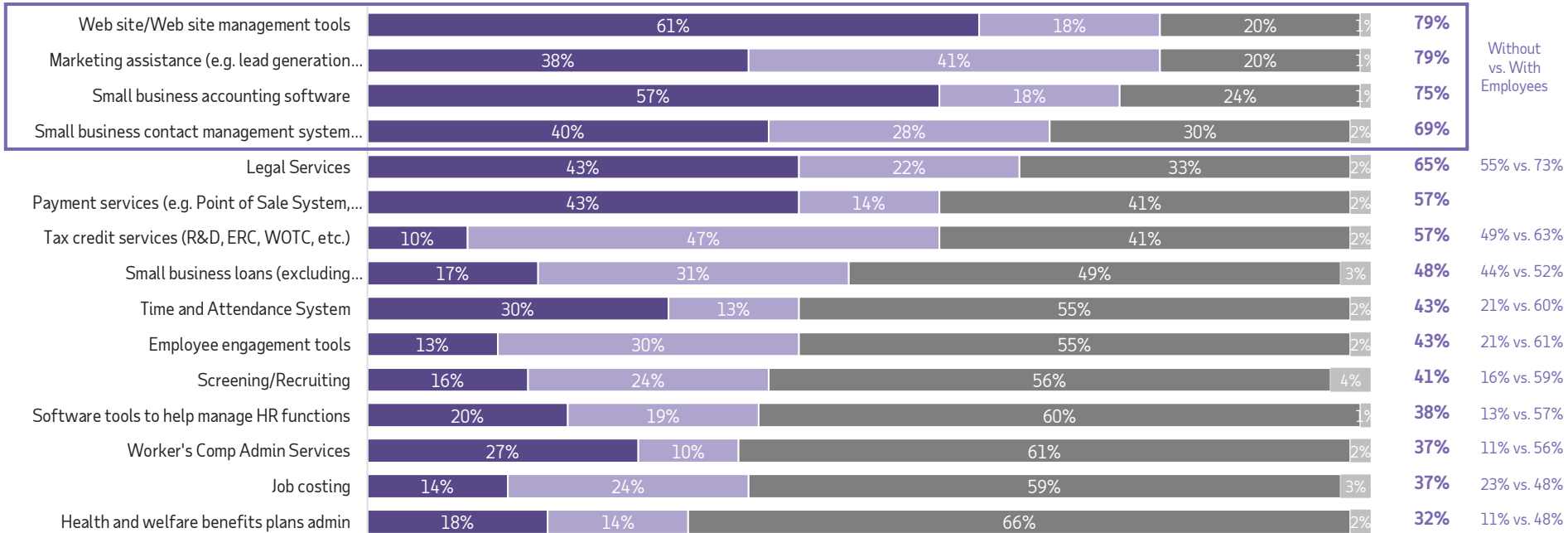
Systems to expand customer base are among most used/ of interest. Companies with employees are more likely to use/have interest than those without.



Systems Used to Run Business

■ Currently have ■ Interested ■ No need ■ No answer

Have/interested

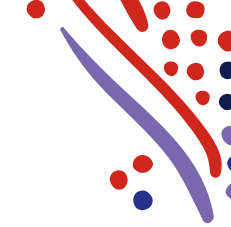


Base: n=560 NAWBO members (243 Without vs. 317 With Employees)

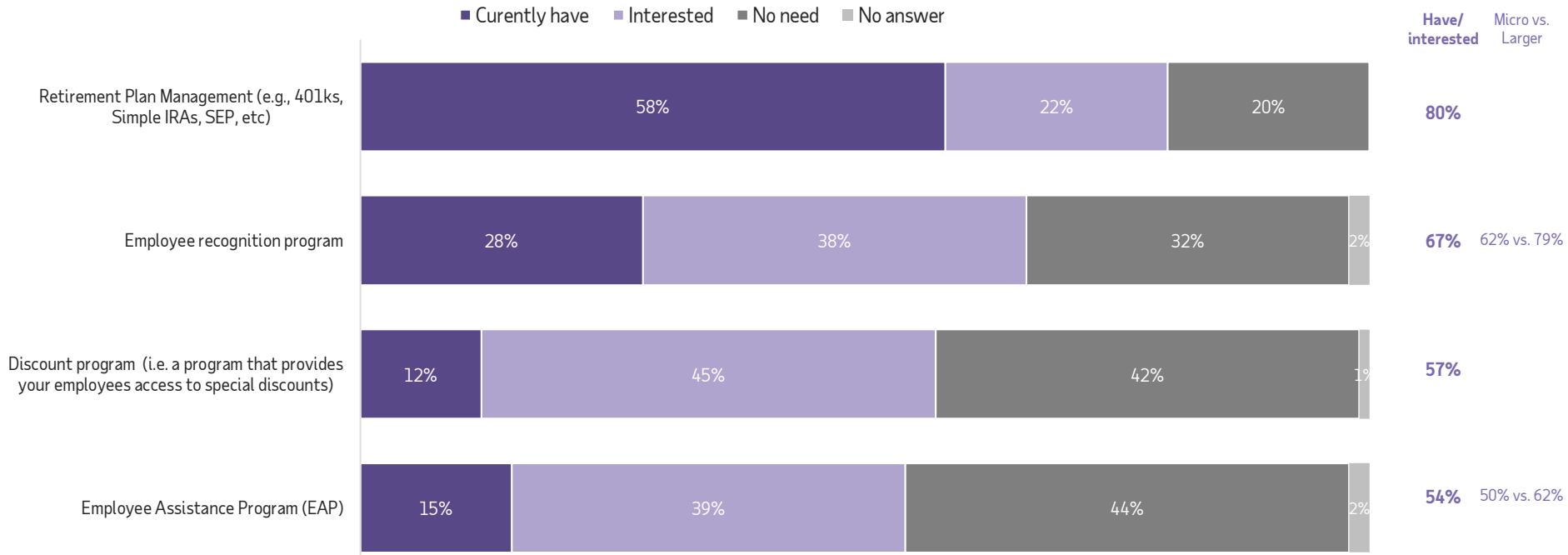
Q28: Which of the following services/systems/tools are you currently using to run your business, and which would you be interested in using if you are not already?

Systems/tools for employees

There is high level of interest in systems for employees.



Systems Used for Employees



Base: n=317 NAWBO members with employees (223 Micro vs. 94 Larger)

Q28: Which of the following services/systems/tools are you currently using to run your business, and which would you be interested in using if you are not already?

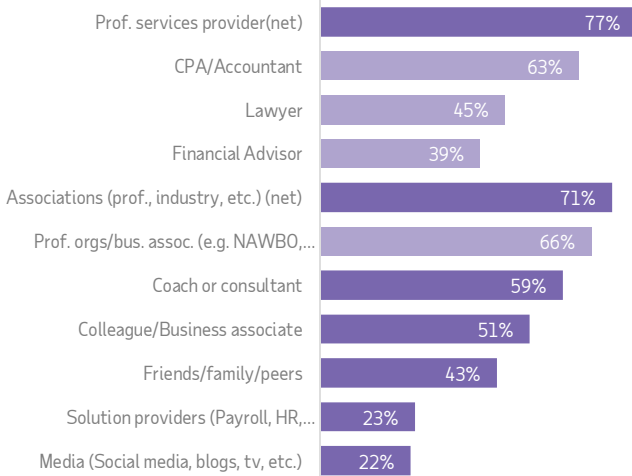
Getting advice/expertise

For key business areas, members turn to professional services providers and are likely to use 3rd parties. However, there are still areas of opportunity (e.g., tax credits).



Members seek advice from NAWBO, their professional service providers, coaches, and colleagues.

Who Turn to For Business Advice



Those with employees are more likely than those without to rely on **professional services** (85% vs. 66%) and **solution providers** (33% vs. 8%).

Those without are more likely to rely on **friends/family** (51% vs. 36%) and **media** (30% vs. 16%).

Base: n=560 NAWBO members

Q29: Who do you turn to for advice and guidance for business decisions?

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Payroll is one area where NAWBO members are reaching outside to leverage expertise.

	Total	Sole/None	Employees		
			Any	1-10	11+
Respondents n=	496	186	310	217	93
Process payroll (Sub-Total)	95%	86%	100%	100%	100%
Manually (by hand/spreadsheet)	21%	45%	6%	9%	1%
Accounting software (e.g., Intuit)	21%	18%	22%	24%	19%
Accountant runs payroll	9%	8%	10%	12%	5%
3rd party provider (e.g., ADP, Gusto, Paychex)	40%	9%	59%	54%	70%
Do not process payroll	5%	14%	*	*	-

46% Aware of either WOTC or R&D Tax Credits
<5% Applied for either

Base: n=496 NAWBO members who pay themselves or others

Q25: How do you process payroll?

Q27: Applied/aware of WOTC, R&D?