



Small Business Equals Big Opportunities

Explore the current US small business climate and
see where to capture more market share



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RISK SOLUTIONS

Small businesses have sizable impacts on the US economy

Small business growth has been on a steady uptick in recent years. Economic conditions and reductions in government oversight and tax burdens have combined to create a favorable environment for expansion. Small businesses play a formidable role in fueling the US economy:



In 2018, **30.2** million small businesses were operating in the US¹



Small businesses employ **47.5%** of private sector employees, accounting for 59 million employees²



66% of net new job creation from 2000-2017 can be attributed to small businesses³



99.7% of all firms with paid employees are small businesses⁴

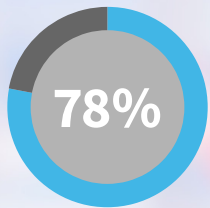


40.8% of the private-sector payroll is driven by small businesses⁵

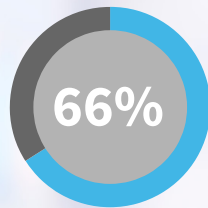
Small businesses are flourishing and represent a significant amount of new market share for your institution. In this e-book we'll take a closer look into the small business outlook and explore the factors that influence their decisions to seek capital for further expansion.

Small businesses feel confident about a strong economic outlook

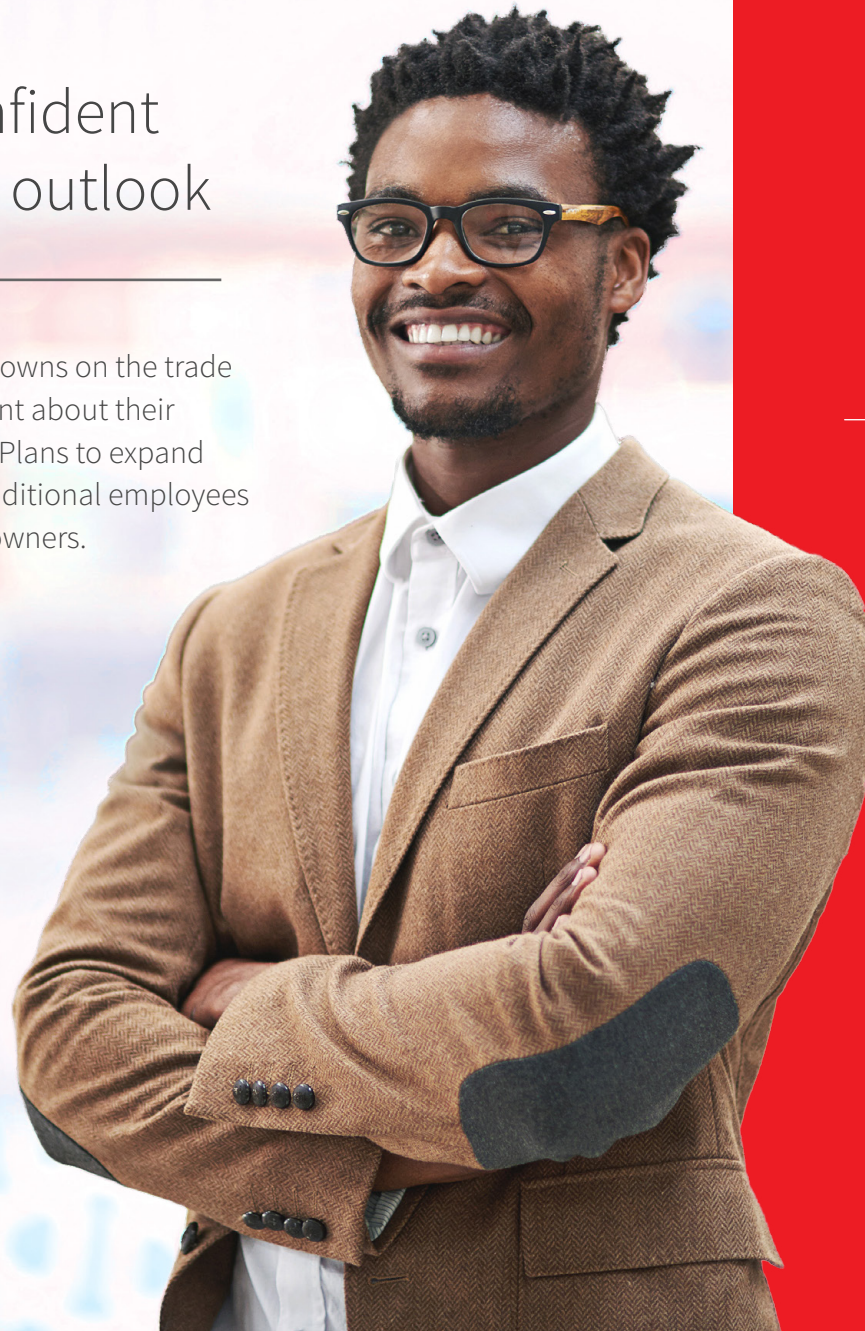
Despite recent market volatility and lingering unknowns on the trade front, most small business owners still feel confident about their prospects for continued growth in the year ahead. Plans to expand their business, grow their market share and hire additional employees top the list of 2019 goals for many small business owners.



78% of small business owners are expecting economic conditions to stay about the same or improve in the coming year ¹



66% of small business owners feel they are better off financially compared to a year ago ²



57% of small business owners expect revenues to increase over the next 12 months³



67% of small businesses plan to expand in the year ahead⁴



56% of small businesses plan to grow over the next five years⁵

Expansion outlooks are positive, but tempered with realistic concerns

While most small business owners are confident about their economic standing for the year ahead, several challenges impact their ability to quickly scale and grow. A tight labor market and global trade uncertainty create obstacles for expansion. Small businesses must balance these challenges with day-to-day operations in order to thrive.



27% of small businesses plan to hire in the next 12 months but **55%** report difficulty finding qualified candidates to fill vacant roles¹



28% of small business owners are very or extremely concerned about potential challenges due to a limited supply of qualified candidates²



28% of small businesses say the latest tariffs and US trade policy have had mixed impact or negative impact on their business⁴



46% of small business owners say consumer confidence is the most important economic indicator³



38% of small businesses are optimistic about the global economic outlook for 2019⁵



New sources of capital help small businesses capture growth opportunities and achieve stronger levels of sustainability

The old adage it takes money to make money, rings very true for small businesses. Additional capital often determines whether a business goes big or goes broke. The ability to quickly scale up to meet burgeoning demand or add employees to serve a specific market need is critical to long-term sustainability, yet many small businesses face constraints that prevent them from being as agile as new opportunities demand.



40% of American business owners applied for a loan in 2017 and more than half of all business loan applicants applied for **\$100,000** or less.¹



59% of business owners applied for financing to expand their business²



40% of business owners applied for financing to cover overhead expenses³



\$10,000 is the average amount of startup capital for a small business⁴



More than **43%** of small business employer firms used more than **\$25,000** in startup capital⁵

Small businesses carefully weigh variables when seeking funding

As you would expect, financial institutions represent the main source of capital for small businesses.



48% of small business owners applied for a business loan at a large bank in 2017¹



47% of small business owners applied for a business loan at a small bank in 2017²

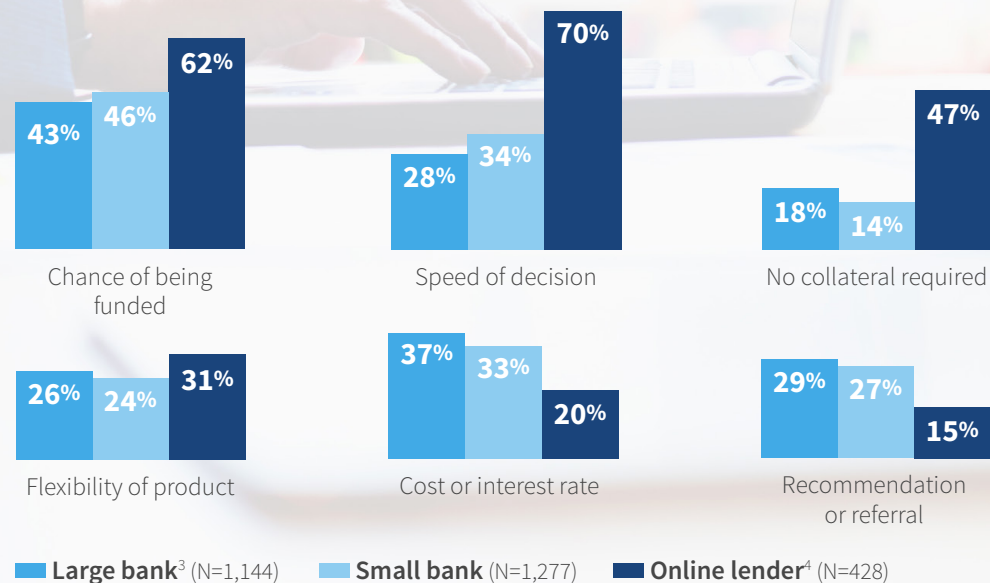


24% of small business owners applied for a business loan with an online lender in 2017³

The chance of being funded, cost of credit and decision-speed are three major factors in determining where small businesses choose to seek additional capital.

Factors influencing where firms apply^{1,2}

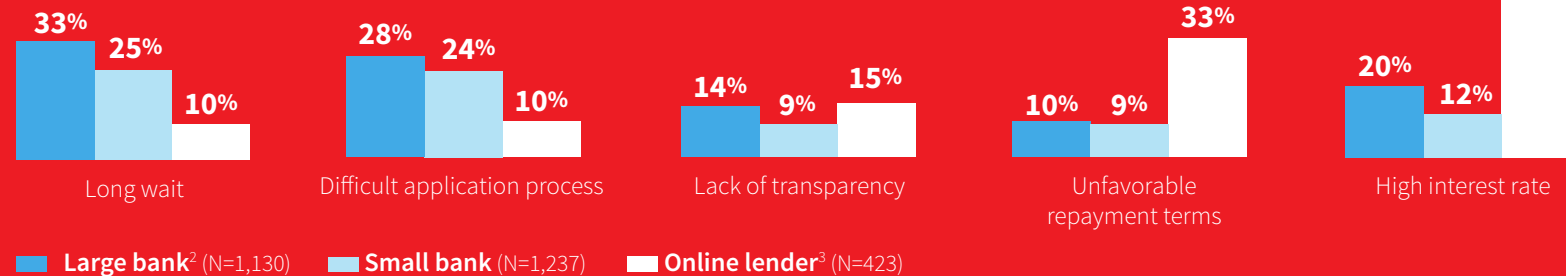
(% of loan/line of credit and cash advance applicants)



The path to increased funding is not without challenges and detours

Small businesses often have short windows to capitalize on new opportunities, which puts pressure on lenders to speed up decision cycles. In securing funding, small businesses come up against common challenges.

Challenges with lenders¹ (% of loan/line of credit and cash advance applicants)



Successfully capture your share of the small business market

The outlook for the small business market can be summed up as opportunity. Opportunities to capture greater market share, increase profits and build valuable long-term relationships.

Discerning a viable opportunity from a risky opportunity is where the real challenge comes in for most lenders. Many small businesses have a limited credit footprint and accurate and timely decisioning intelligence for small businesses is often difficult to find.

LexisNexis® Risk Solutions offers integrated decisioning and scoring tools that can help you understand the creditworthiness of a small business and uncover derogatory events, areas of risk and specific intelligence on authorized representatives associated with the business. **Our small business solutions deliver a comprehensive view of a business that expands risk visibility and increases decision efficiency— so you can extend more offers, optimize terms and avoid risk.**

Contact us to learn more

Contact us at 800.897.1644 or visit risk.lexisnexis.com/SMBRisk