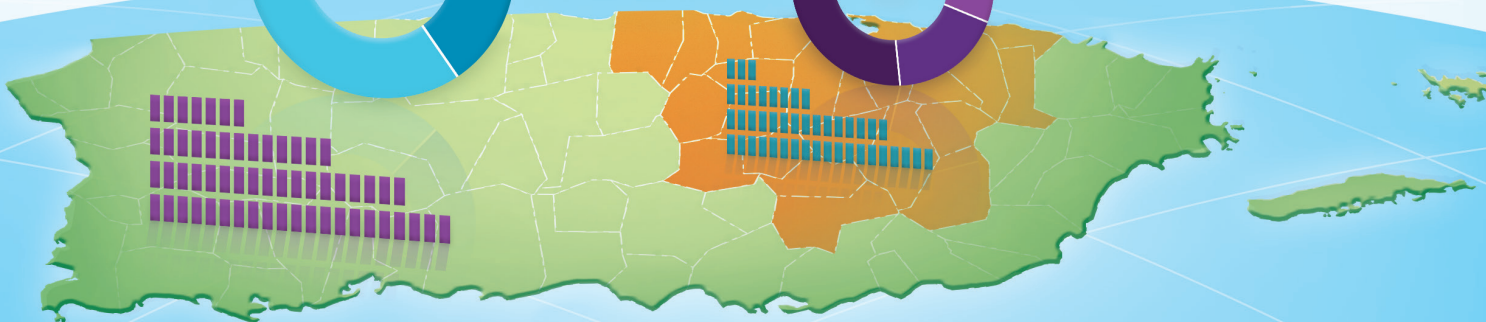
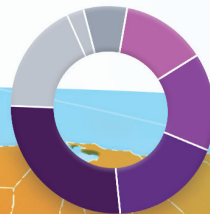
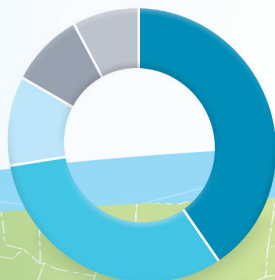


Evidence from the FRBNY Puerto Rico Small Business Survey

# REGIONAL PERSPECTIVES ON PUERTO RICO SMALL BUSINESS



Evidence from the FRBNY Puerto Rico Small Business Survey

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# PREFACE

In our first report, *Evidence from the Federal Reserve Bank of New York Puerto Rico Small Business Survey 2016*, we presented aggregated results for the Commonwealth. The picture that emerged highlighted interesting dynamics within the small business community. An obvious next step was to examine the survey data by geographic area. Firms located in different parts of the island may have differing growth opportunities, varying business needs or otherwise exhibit regional differences. Indeed, we had anticipated regional differences and allowed for that possibility in our survey methodology. (See [About the Data](#) for details.)

This report, *Puerto Rico Small Business Regional Profiles 2016*, presents the survey data through a regional lens. For practical reasons, the survey data were disaggregated to group the island municipios into two areas: the greater Puerto Rico North Central Metro area and the Rest of Puerto Rico.

In the attached report, we present the results using a similar format as the first report, *Evidence from the*

*Federal Reserve Bank of New York Puerto Rico Small Business Survey 2016*. In other words, we use the same variables and visual layout to present the results for the greater Puerto Rico North Central Metro area and the Rest of Puerto Rico as we did for Puerto Rico as a whole. Our intention is to allow the interested reader to get a perspective on the small business community for the island as a whole as well as its two sub-component parts.

The 2016 survey was a pilot effort. We thank our partners for making it an impressive success. The participation of the small business community was exceptional, making us the envy of other survey colleagues. Going forward, as we broaden our network of distribution partners and retain our high response rates, we hope to have even better coverage, which may allow us to produce even more detailed and targeted reports.

We welcome feedback for future improvements and encourage new organizations to join our distribution partner network to make the 2017 Survey even better.

**Kausar Hamdani, Ph.D.** | SVP and Senior Advisor

**Claire Kramer Mills, Ph.D.** | AVP and Community Affairs Officer

**Javier Silva** | Associate Director

# ACKNOWLEDGMENTS

We wish to thank the many individual in Puerto Rico who helped make the Puerto Rico Small Business Survey a reality. They generously shared their time and expertise to sharpen the focus on local needs, and helped recruit respondents from their membership without whom this survey would not have been possible. The conversations deepened our knowledge of the island; make new friends and partners; and better understand the challenges being faced by the business community. That said, in no way do these individuals or their organizations bear responsibility for any remaining shortcomings.

We particularly wish to thank the following people and their organizations for valuable input into the survey questionnaire and assisted in recruiting respondents from their membership:

- Vanessa Alvarado, Executive Director, Sociedad para la Gerencia de los Recursos Humanos Capitulo de Puerto Rico
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- Yvette T. Collazo Reyes, District Director; Maria De Jesus, Deputy District Director; Angelique Adjutant, Public Affairs Officer; PR and USVI District Office, US Small Business Administration
- CPA Edna Jimenez, Executive Director; CPA Jose Orta, President Elect; CPA Luis Zayas, President; and, CPA Zulmarie Urrutia, past-President; Colegio de Contadores Públicos Autorizados de Puerto Rico
- Mario Marazzi, Executive Director, Instituto de Estadísticas de Puerto Rico
- Carmen Marti, Executive Director, Puerto Rico Small Business & Technology Development Centers
- Wanda Marrero, former Director, Research Division, Compañía de Comercio y Exportación
- Jorge Marti Peña, former Executive Vice President, Economic Development Bank for Puerto Rico
- Annette Montoto, President, Microfinanzas Puerto Rico
- Ramón A. Pérez Blanco, President, Hecho en Puerto Rico
- Vanessa Piñeiro Montes, Vice President and CRA Compliance Manager, Banco Popular de Puerto Rico
- Rubén Piñero, President, Centro Unido de Detallistas
- Giovanna Piovanetti, President, Corporación para el Financiamiento Empresarial del Comercio a las Comunidades
- Manuel Reyes, President, Camara de Mercadeo, Industria y Distribución de Alimentos
- Jose Villamil, President, Estudios Tecnicos, Inc.
- Javier Zapata, Deputy Director, Pathstone, Inc.

We also thank our colleagues at the Federal Reserve Bank of New York who are members of the Puerto Rico Working Group, especially Jason Bram, Research Officer, for their input. Our colleagues Jessica Battisto and Scott Lieberman of the Outreach & Education team provided excellent data assistance; Krista Schmidt of the Digital Strategy team helped vet the report for the website; and Namrata Kalola for the design, graphics and the layout of the volume. An e-version of this volume is available at [www.nyfed.org/outreach-and-education](http://www.nyfed.org/outreach-and-education).

The views presented here are those of the authors and do not necessarily reflect the position of the Federal Reserve Bank of New York or the Federal Reserve System.

# REGIONAL DATA HIGHLIGHTS

Employing more than 80 percent of private sector workers, small businesses are a mainstay of Puerto Rico's economy.<sup>1</sup> The Federal Reserve Bank of New York's inaugural *Puerto Rico Small Business Survey Report*, issued in November 2016, presented data on Puerto Rico's small business sector, its credit demand and challenges, and training needs. While an aggregate view of the sector is helpful for understanding general trends, it is well understood that small firms are diverse and that a more micro perspective is critical for practitioners and service providers. Hence this new report, *Regional Perspectives on Puerto Rico Small Business*, takes a disaggregated look at the data through a regional lens. In this report, we divide the overall survey data into two regional groups: the greater Puerto Rico North Central Metro (PR-NCM) area and the Rest of Puerto Rico (RoPR). As the subsequent charts and graphs illustrate, there are notable similarities and differences between the areas.

Before reviewing regional patterns, here is a brief recap of key results for the overall Puerto Rico small business sector presented in the first report:

- **Puerto Rico small businesses are mostly small firms**, typically employing fewer than 10 workers. Additionally, 2015 was a challenging year, with 54 percent of firms reporting a decline in revenues from the previous year. The top ranked business challenge was managing cash flow.
  - **The demand for credit was robust.** A majority of small firms applied for credit, primarily to meet operating expenses or to expand the business.
  - **Credit outcomes varied.** Nearly 40 percent of all applicants received full funding; about 30 percent received partial funding; and roughly 30 percent received zero funding.
  - **The most frequently reported credit obstacles were insufficient collateral and low credit scores.** The practical impact of credit denial was to delay or pass on a business opportunity or expansion, though some firms also tapped personal resources.
  - **Special topics for the 2016 survey focused on training and growth needs.** Nearly half of all firms identified training programs to foster sales—to the federal government, via online commerce, and through exports—as their top priority. In keeping with reported funding gaps, 45 percent of firms cited improved access to capital and credit as the initiative that would have the largest growth impact on the sector.
- Disaggregating the data by the two areas, the greater Puerto Rico North Central Metro (PR-NCM) area with the Rest of Puerto Rico (RoPR), here are key highlights:
- **Size, age and primary source of revenues may vary.** While the distribution of firms by the number of full-time employees or total annual revenues is similar between the two areas, PR-NCM firms are longer established, with nearly half having been in business for eleven years or more. The primary sources of their revenues also differ. About 33 percent of PR-NCM firms serve primarily consumers and another 37 percent focus on B2B. In contrast, 44 percent of RoPR firms primarily focus on consumers and another 31 percent primarily focus on B2B.
  - **Business performance varied.** Though a majority of firms across the island reported declining revenues in 2015, a higher share of PR-NCM firms (37 percent, versus 30 percent of RoPR firms) were not profitable in 2015.
  - **Demand for credit was similar.** Both areas had similar credit application rates (54 percent for PR-NCM firms compared to 57 percent for RoPR firms) and similar reasons for applying for credit, namely to meet operating expenses and expand the business. Also, reflecting the regional composition of firms by size, 51 percent of RoPR firms applied for \$25,000 or less in credit while PR-NCM firms sought larger amounts.
  - **Credit outcomes differed.** Credit approval rates differed, perhaps reflecting relative differences in firm performance in the two areas. Specifically, only 36 percent of PR-NCM obtained full funding as compared to 43 percent for RoPR firms. Similarly, 35 percent of PR-NCM firms received zero funding as compared to 29 percent of RoPR firms.

<sup>1</sup> "2016 Small Business Profiles for the States and Territories." U.S. Small Business Administration Office of Advocacy. 2016.

- **Reasons for not receiving full funding differed.**

While PR-NCM firms ranked insufficient collateral as their chief challenge, RoPR firms cited their industry, insufficient credit history, and low credit scores as the most common reasons for denial.

- **Firm responses to partial funding may vary.**

The most common response to receiving less than full funding was for firms to use personal resources (35 percent in PR-NCM and 43 percent in RoPR). However, PR-NCM firms were also likely to downsize operations (31 percent) or delay business opportunities (30 percent). In contrast, fewer RoPR firms were likely to downsize (21%) or delay business opportunities (23%).

- **Firm responses to zero funding differed by area.**

While the PR-NCM firms clearly decided to delay or pass on a business opportunity (48 percent) and only 34 percent used personal sources, the RoPR firms were more evenly divided (35 percent each) between delaying/ passing on a business opportunity or using personal sources.

- **Training and growth needs were very similar.**

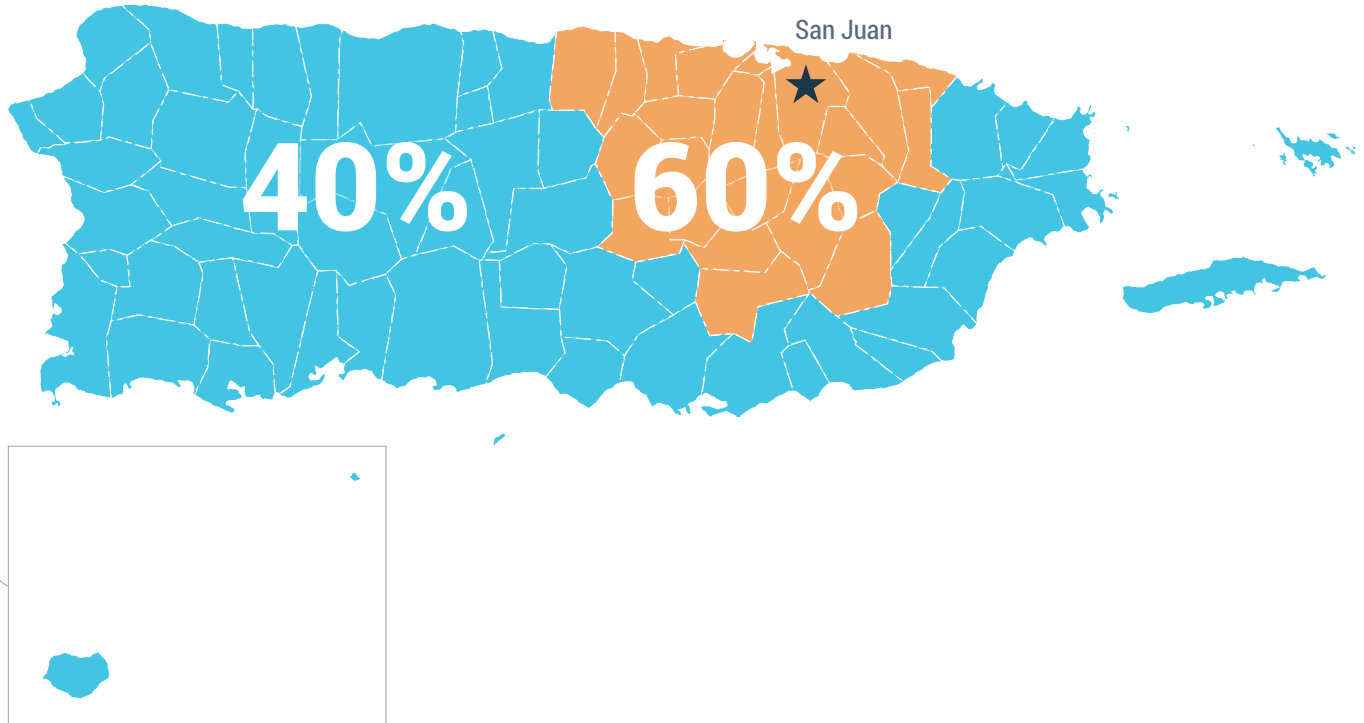
Firms in both areas stressed the importance of training programs focused on sales and highlighted capital and credit access as their most important growth need.

# ABOUT THE RESPONDENTS

## LOCATION OF SMALL BUSINESS RESPONDENTS

N=767

■ Puerto Rico North Central Metro ■ Rest of Puerto Rico



### PUERTO RICO NORTH CENTRAL METRO MUNICIPIOS

Aguas Buenas	Guaynabo
Barranquitas	Gurabo
Bayamón	Loíza
Caguas	Naranjito
Canóvanas	San Juan
Carolina	San Lorenzo
Cataño	Toa Alta
Cayey	Toa Baja
Cidra	Trujillo Alto
Comerio	Vega Alta
Corozal	Vega Baja
Dorado	

### REST OF PUERTO RICO MUNICIPIOS

Adjuntas	Hatillo	Orocovis
Aguada	Homigueros	Patillas
Aguadilla	Humacao	Peñuelas
Aibonito	Isabela	Ponce
Añasco	Jayuya	Quebradillas
Arecibo	Juana Díaz	Rincón
Arroyo	Juncos	Río Grande
Barceloneta	Lajas	Sabana Grande
Cabo Rojo	Lares	Salinas
Camuy	Las Marías	San Germán
Ceiba	Las Piedras	San Sebastián
Ciales	Luquillo	Santa Isabel
Coamo	Manatí	Utua
Culebra	Maricao	Vieques
Fajardo	Maunabo	Villalba
Florida	Mayagüez	Yabucoa
Guánica	Moca	Yauco
Guayama	Morovis	
Guayanilla	Naguabo	



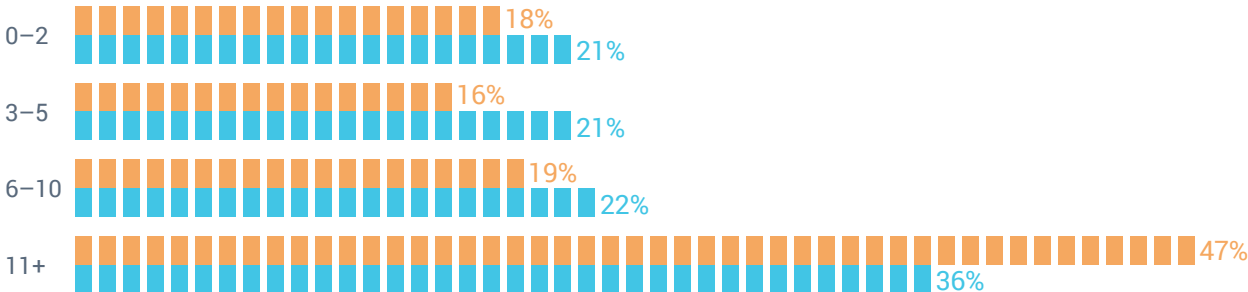


■ Puerto Rico North Central Metro ■ Rest of Puerto Rico



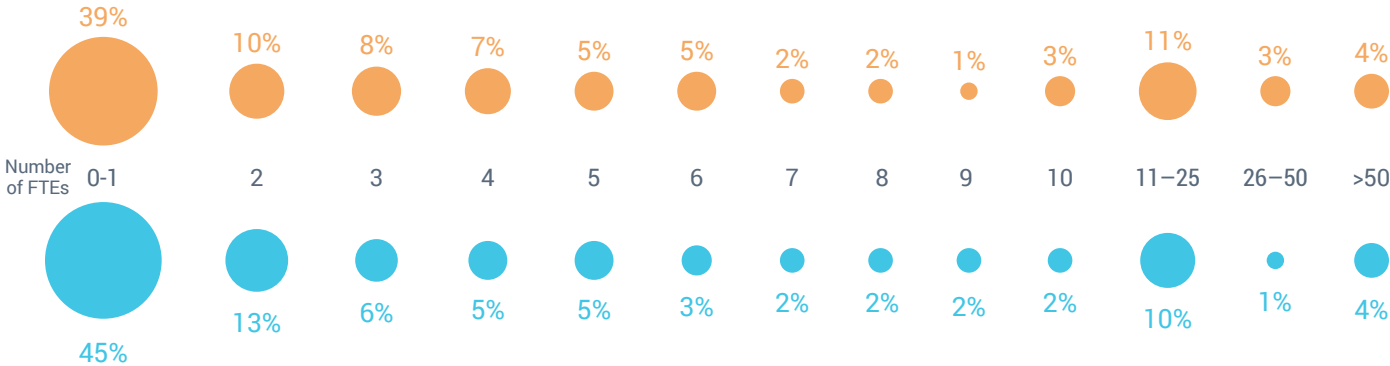
### YEARS IN BUSINESS

N<sub>PR-NCM</sub>=455 | N<sub>RPR</sub>=305



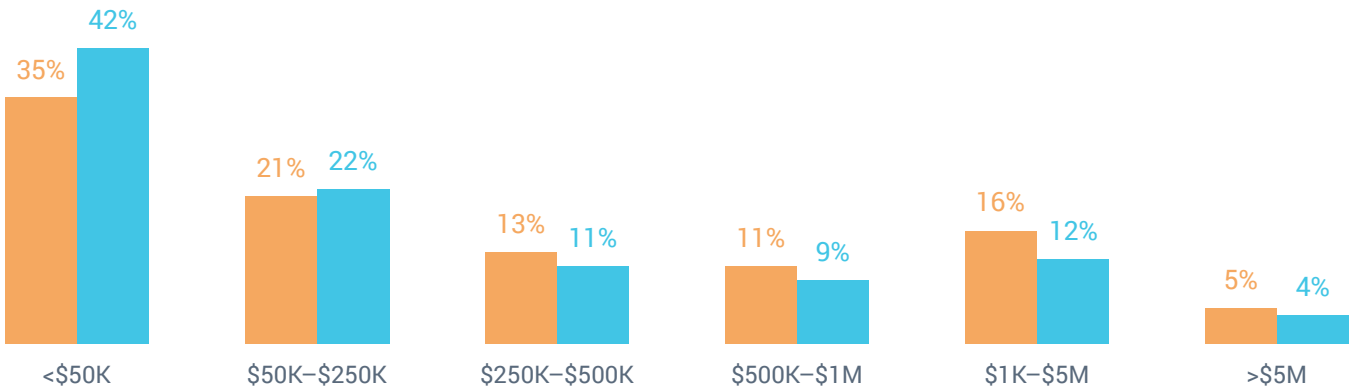
### NUMBER OF FULL-TIME EMPLOYEES (FTEs), 2015

N<sub>PR-NCM</sub>=457 | N<sub>RPR</sub>=310



### ANNUAL REVENUES, 2015

N<sub>PR-NCM</sub>=440 | N<sub>RPR</sub>=288



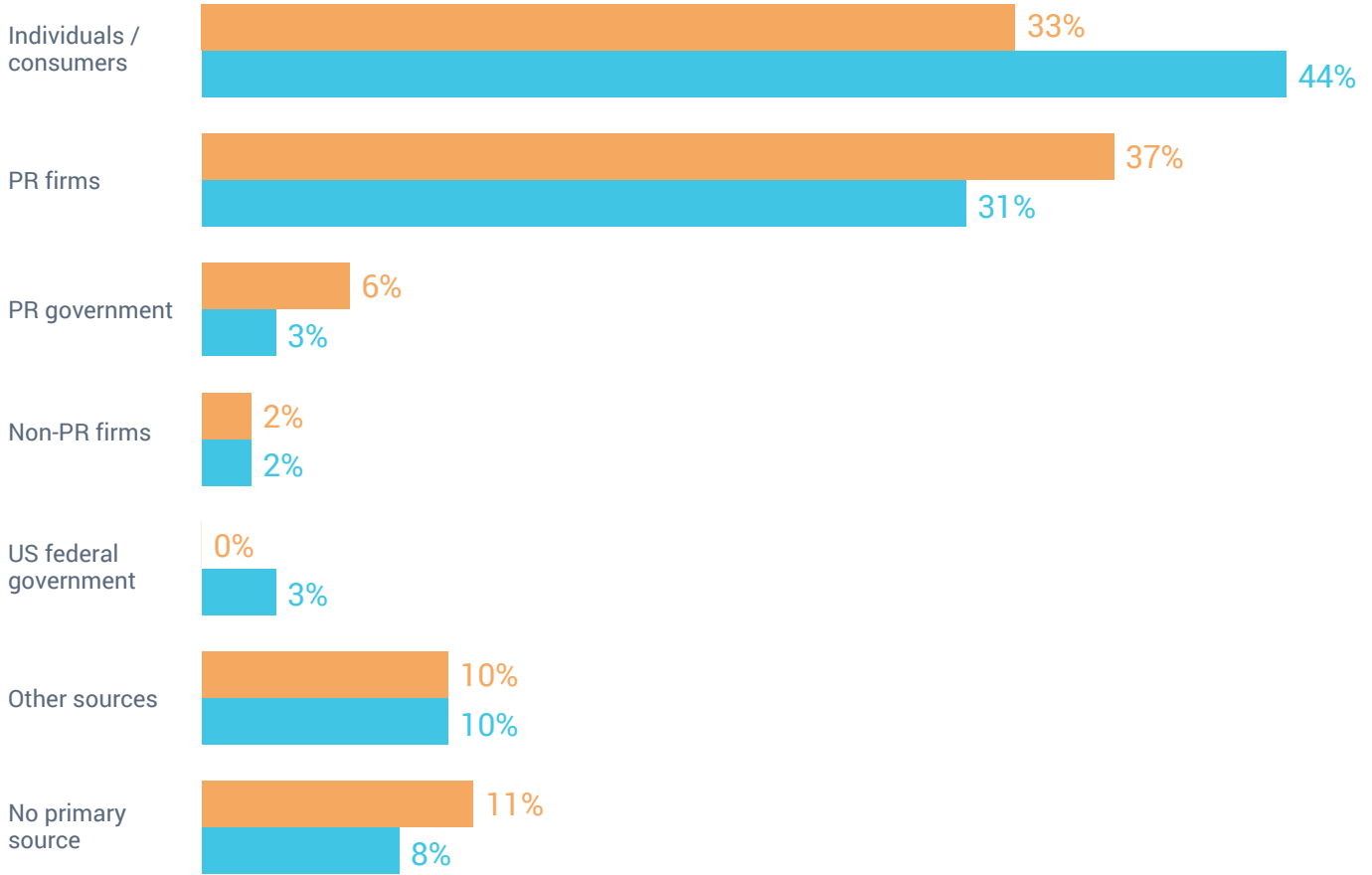
# ABOUT THE RESPONDENTS

■ Puerto Rico North Central Metro 
 ■ Rest of Puerto Rico



## PRIMARY (>50%) SOURCE OF REVENUES

N<sub>PR-NCM</sub>=429 | N<sub>RPR</sub>=283



## REVENUES FROM ONLINE SALES

N<sub>PR-NCM</sub>=416 | N<sub>RPR</sub>=273

	Puerto Rico North Central Metro	Rest of Puerto Rico
>75%	2%	2%
51%–75%	0%	2%
25%–50%	3%	3%
<25%	17%	15%
None	79%	79%

## REVENUES FROM EXPORTS

N<sub>PR-NCM</sub>=412 | N<sub>RPR</sub>=274

	Puerto Rico North Central Metro	Rest of Puerto Rico
>75%	2%	1%
51%–75%	0%	0%
25%–50%	4%	2%
<25%	15%	12%
None	79%	85%

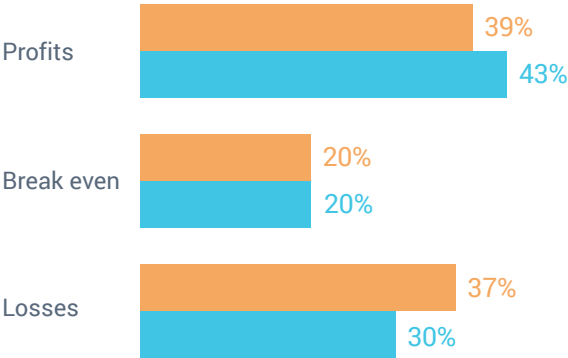


■ Puerto Rico North Central Metro ■ Rest of Puerto Rico



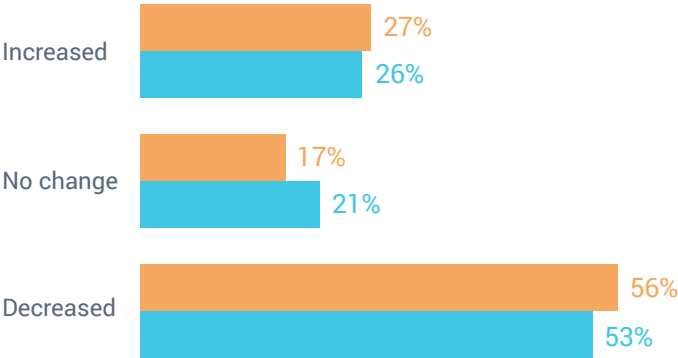
**PROFITABILITY, 2015\***

N<sub>PR-NCM</sub>=406 | N<sub>RPR</sub>=274



**CHANGE IN REVENUES, 2014-2015**

N<sub>PR-NCM</sub>=394 | N<sub>RPR</sub>=266

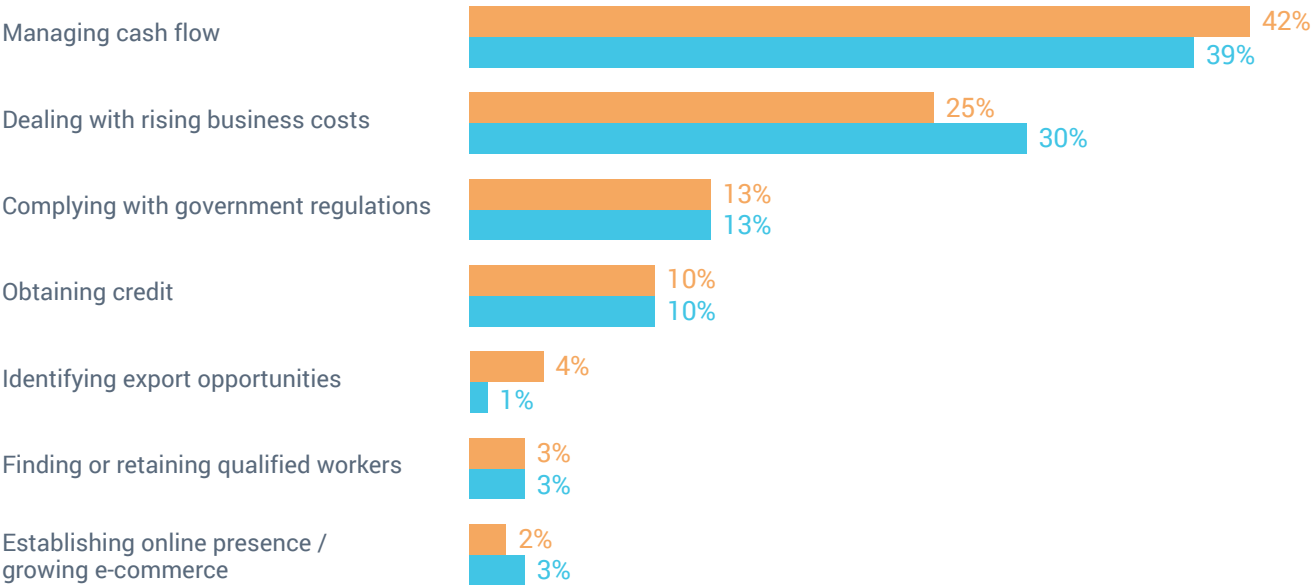


\*4% of respondents from the Puerto Rico North Central Metro area were unsure or declined to answer the question.

\*7% of respondents from the Rest of Puerto Rico were unsure or declined to answer the question.

**TOP BUSINESS CHALLENGE, 2015**

N<sub>PR-NCM</sub>=397 | N<sub>RPR</sub>=266



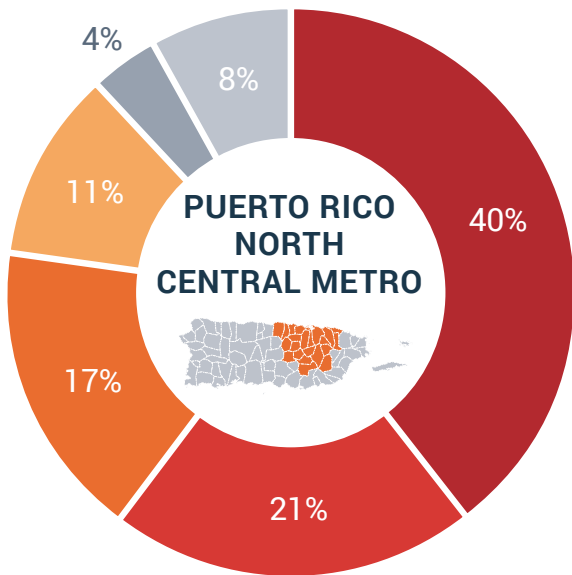
# CREDIT EXPERIENCE OF NON-APPLICANTS

**46% of PUERTO RICO NORTH CENTRAL METRO respondents did not apply for credit**

N=402

## PRIMARY REASON FIRMS DID NOT APPLY FOR CREDIT

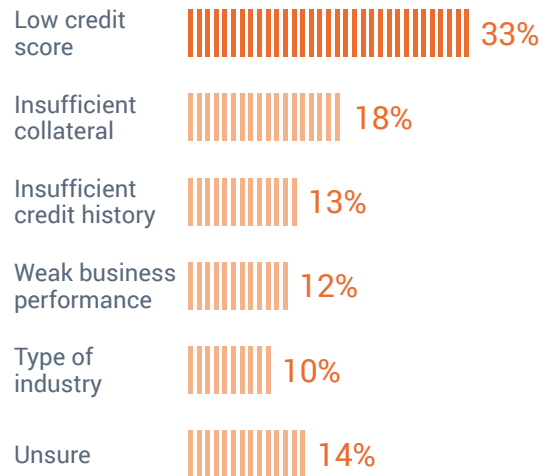
N=179



- 40% Did not want to accrue debt
- 21% Not needed; had sufficient funding
- 17% Did not think application would be approved
- 11% Loan search/ application process was too difficult or confusing
- 4% Cost of credit was too high
- 8% Other

## LIKELY REASON APPLICATION WOULD NOT BE APPROVED

N=29



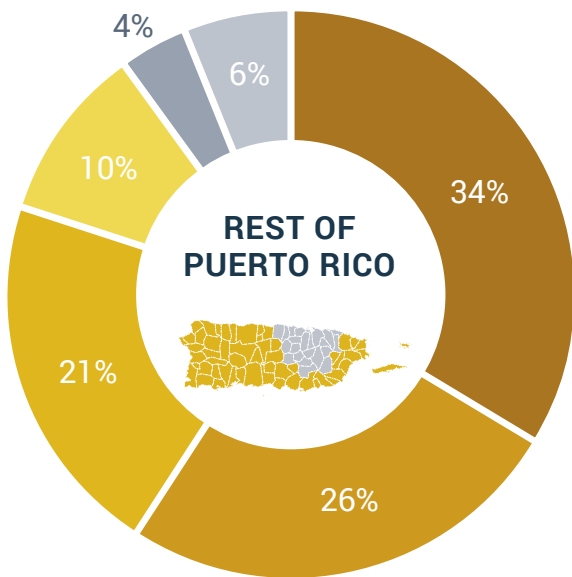


**43% of REST OF PUERTO RICO respondents did not apply for credit**

N=275

**PRIMARY REASON FIRMS DID NOT APPLY FOR CREDIT**

N=118



- 34% Did not want to accrue debt

---

- 26% Not needed; had sufficient funding

---

- 21% Loan search/ application process was too difficult or confusing

---

- 10% Did not think application would be approved

---

- 4% Cost of credit was too high

---

- 6% Other

---

**LIKELY REASON APPLICATION WOULD NOT BE APPROVED**

Due to insufficient responses, results for the Rest of Puerto Rico are not presented.

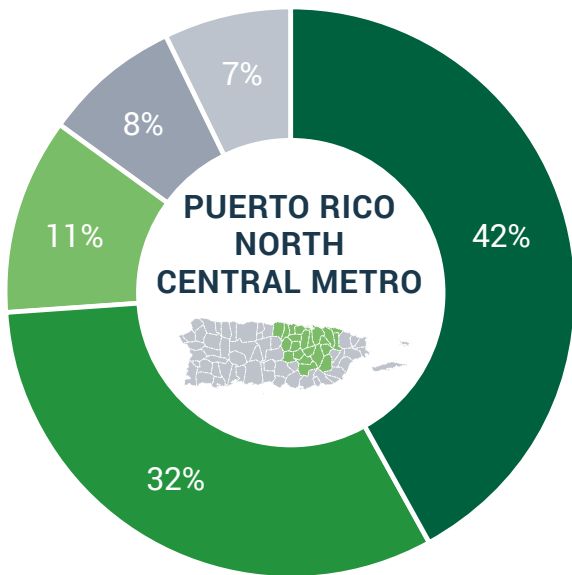
# CREDIT EXPERIENCE OF APPLICANTS

54% of **PUERTO RICO NORTH CENTRAL METRO** respondents applied for credit

N=402

## TOP REASON TO APPLY FOR CREDIT

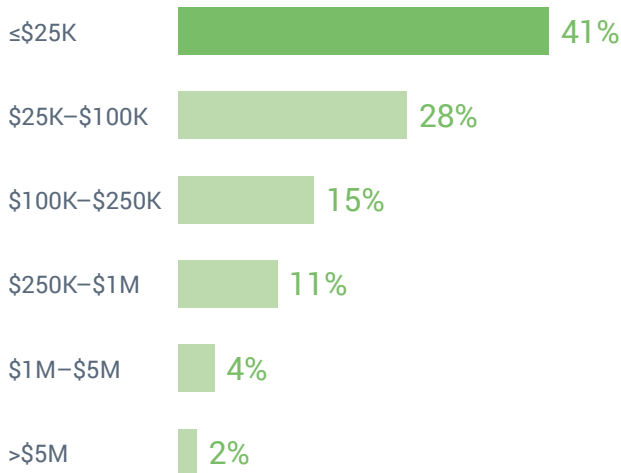
N=220



- 42% Meet operating expenses
- 32% Expand business
- 11% Establish a new business
- 8% Refinance or pay down debt
- 7% Other

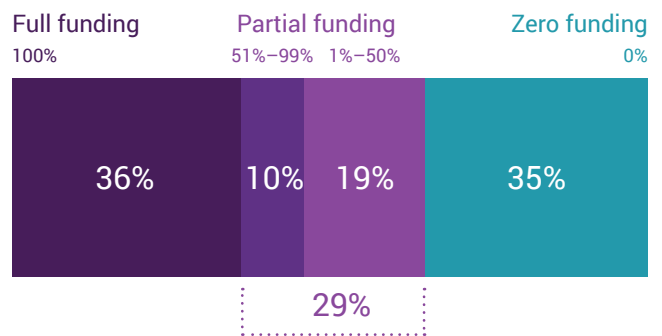
## AMOUNT OF CREDIT APPLIED FOR

N=220



## PERCENT OF CREDIT APPROVED

N=219



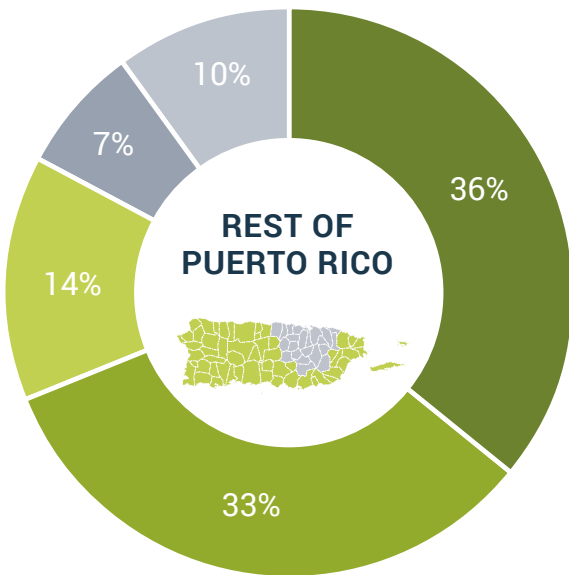


**57% of REST OF PUERTO RICO respondents applied for credit**

N=275

**TOP REASON TO APPLY FOR CREDIT**

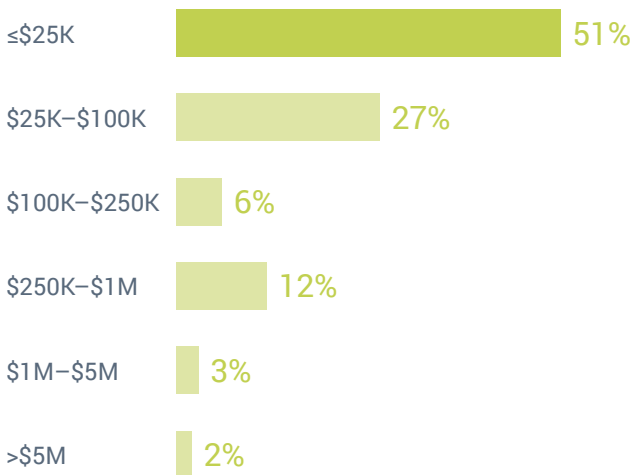
N=152



- 36% Meet operating expenses
- 33% Expand business
- 14% Refinance or pay down debt
- 7% Establish a new business
- 10% Other

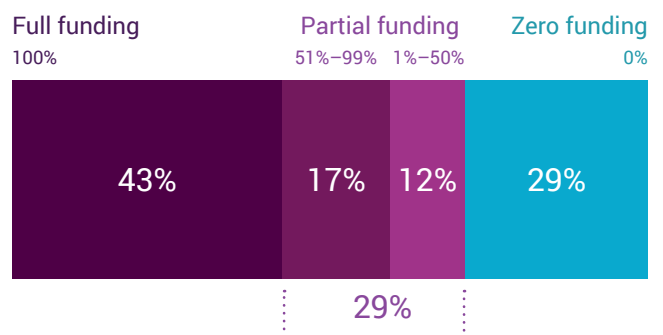
**AMOUNT OF CREDIT APPLIED FOR**

N=151



**PERCENT OF CREDIT APPROVED**

N=152



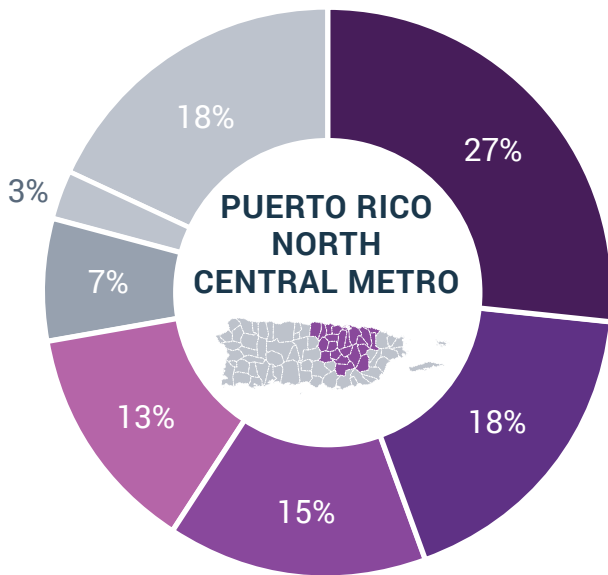
# CREDIT EXPERIENCE OF APPLICANTS

**29% of all PUERTO RICO NORTH CENTRAL METRO applicants received partial funding**

N=219

## LIKELY REASONS FOR PARTIAL FUNDING

N=67\*

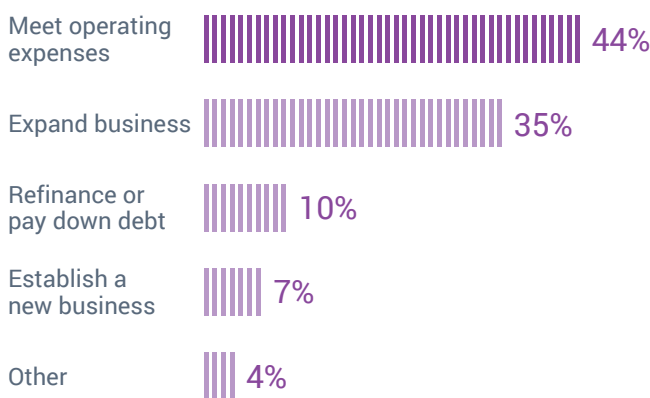


- 27% Insufficient Collateral
- 18% Weak Business Performance
- 15% Type of Industry
- 13% Low Credit Score
- 7% Insufficient Credit History
- 3% Inadequate Documentation
- 18% Unsure

*\*Respondents could select multiple options. Percentages are based on the share of responses that each choice received.*

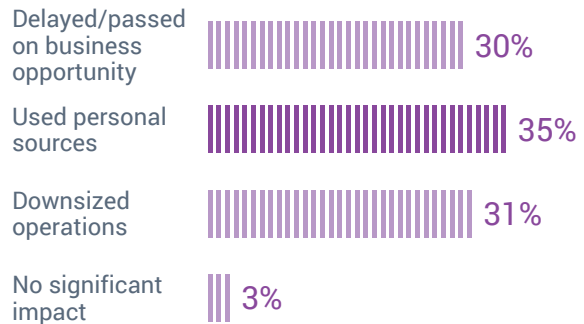
## TOP REASON TO APPLY FOR CREDIT

N=65



## BUSINESS IMPACT OF PARTIAL FUNDING

N=64





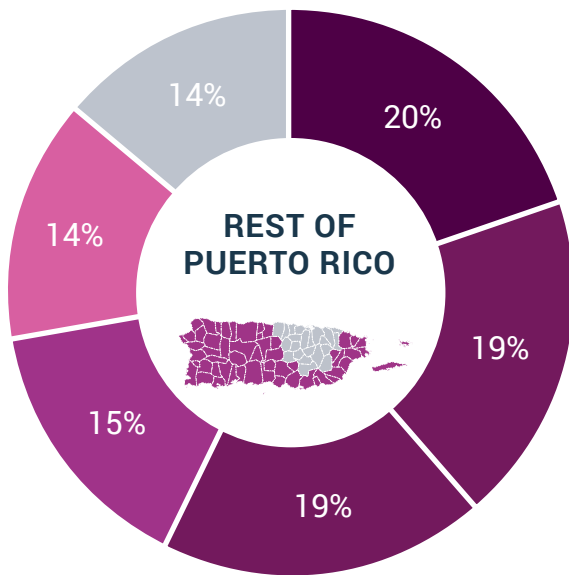


**29% of all REST OF PUERTO RICO applicants received partial funding**

N=152

**LIKELY REASONS FOR PARTIAL FUNDING**

N=48\*

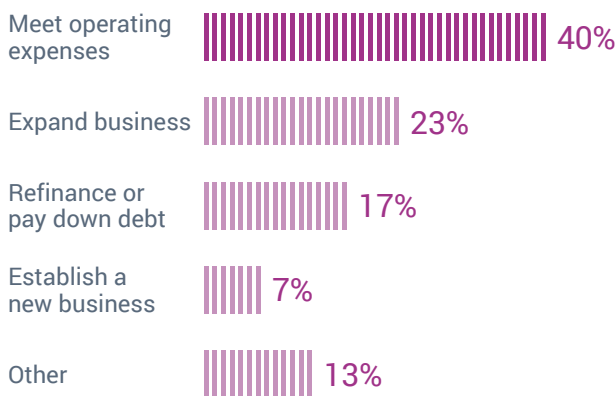


- 20% Type of Industry
- 19% Insufficient Credit History
- 19% Low Credit Score
- 15% Insufficient Collateral
- 14% Weak Business Performance
- 0% Inadequate Documentation
- 14% Unsure

*\*Respondents could select multiple options. Percentages are based on the share of responses that each choice received.*

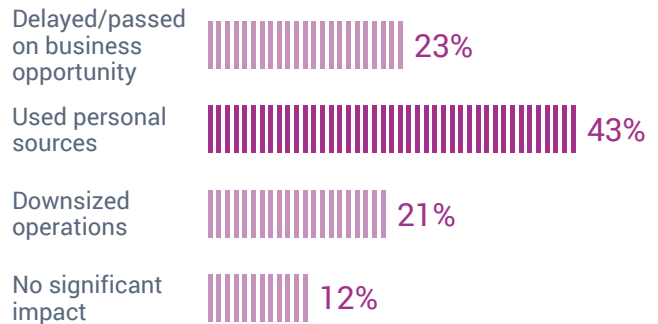
**TOP REASON TO APPLY FOR CREDIT**

N=45



**BUSINESS IMPACT OF PARTIAL FUNDING**

N=43



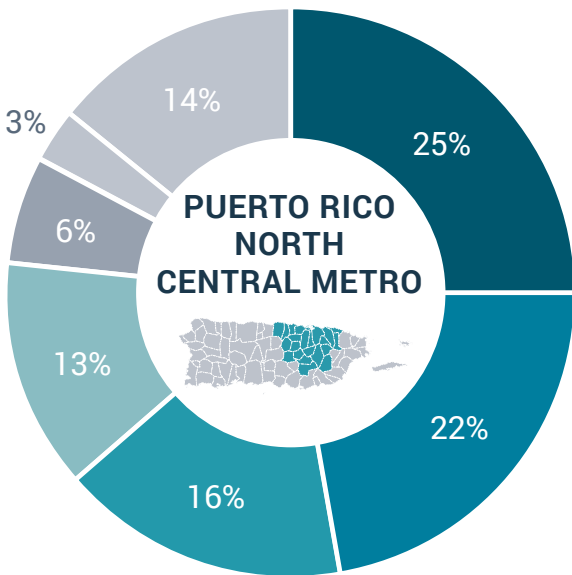
# CREDIT EXPERIENCE OF APPLICANTS

**35% of all PUERTO RICO NORTH CENTRAL METRO applicants received zero funding**

N=219

## LIKELY REASONS FOR ZERO FUNDING

N=91\*

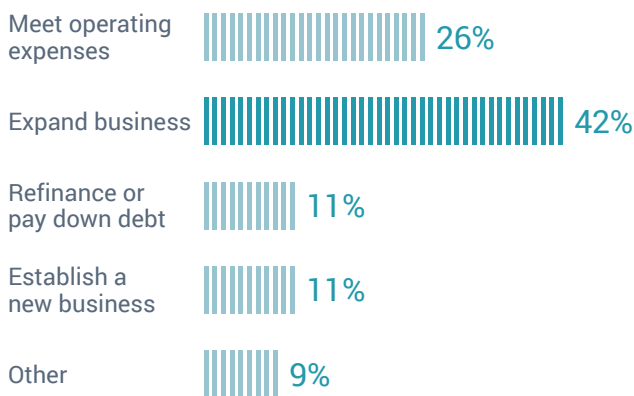


- 25% Insufficient Collateral
- 22% Low Credit Score
- 16% Insufficient Credit History
- 13% Weak Business Performance
- 6% Type of Industry
- 3% Inadequate Documentation
- 14% Unsure

*\*Respondents could select multiple options. Percentages are based on the share of responses that each choice received.*

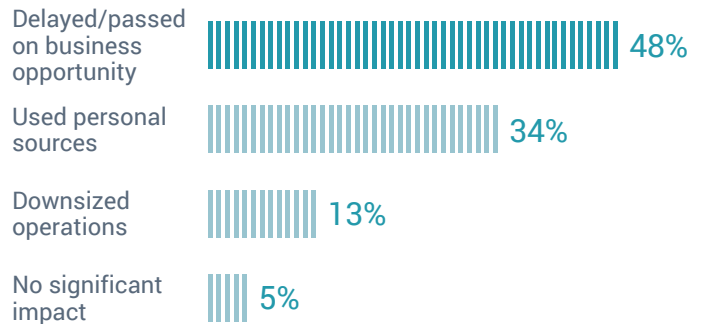
## TOP REASON TO APPLY FOR CREDIT

N=72



## BUSINESS IMPACT OF ZERO FUNDING

N=72



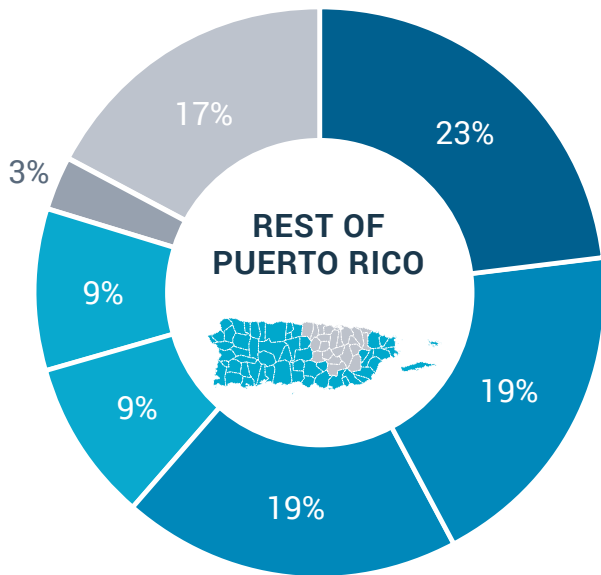


# 29% of all REST OF PUERTO RICO applicants received zero funding

N=152

## LIKELY REASONS FOR ZERO FUNDING

N=53\*

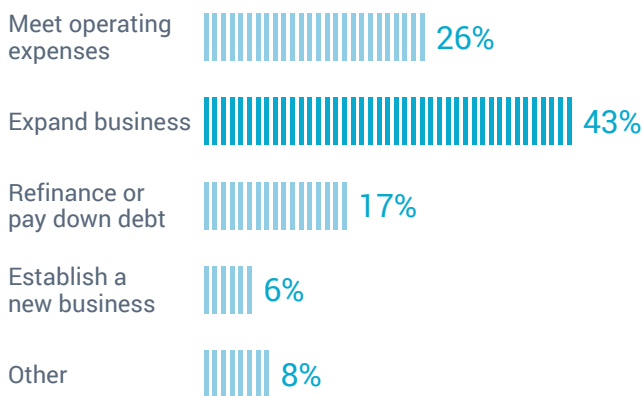


- 23% Weak Business Performance
- 19% Low Credit Score
- 19% Insufficient Collateral
- 9% Insufficient Credit History
- 9% Type of Industry
- 3% Inadequate Documentation
- 17% Unsure

\*Respondents could select multiple options. Percentages are based on the share of responses that each choice received.

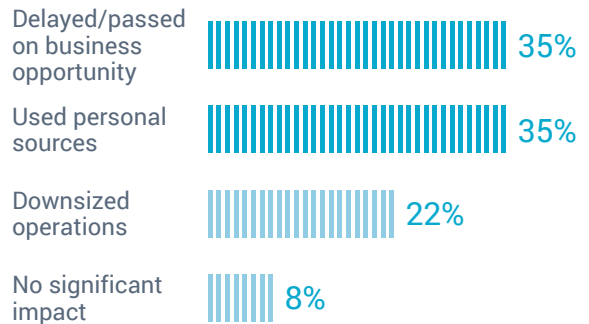
## TOP REASON TO APPLY FOR CREDIT

N=43



## BUSINESS IMPACT OF ZERO FUNDING

N=43



# TRAINING AND GROWTH

## TOP RANKED TRAINING NEEDS IN THE PUERTO RICO NORTH CENTRAL METRO AREA

N=382





**TOP RANKED TRAINING NEEDS IN THE REST OF PUERTO RICO**

N=261



# TRAINING AND GROWTH

## MOST HELPFUL TO GROW BUSINESS IN THE PUERTO RICO NORTH CENTRAL METRO AREA

N=393



**45%**

Improved access to capital and credit



**18%**

Streamlined business regulations



**11%**

More opportunities to access export markets



**9%**

Larger pool of highly educated and technically skilled workers

**7%**

Conduct business within the US legal and regulatory framework

**10%**

None



**MOST HELPFUL TO GROW BUSINESS IN THE REST OF PUERTO RICO**

N=263



# ABOUT THE DATA

The *Puerto Rico Small Business Survey* is modeled after the Federal Reserve Bank of New York's *Small Business Credit Survey* for the U.S. mainland<sup>2</sup>, and is customized to address local issues and interests in the Commonwealth. For more information on survey methodology, see *Evidence from the Federal Reserve Bank of New York Puerto Rico Small Business Survey 2016* at <http://nyfed.org/prsmallbiz2016>.

## Data Collection

The survey is a voluntary collaboration that results in a convenience sample of business establishments with fewer than 500 employees. The New York Fed fields the survey and undertakes the data analysis. Puerto Rico organizations—our network of distribution partners (see [Acknowledgments](#) for the list)—distribute the survey to their members and ask them to participate. The survey is conducted online and the

number of responses varies according to the number of firms that receive and complete a particular question.

1,295 firms responded to the survey, which was fielded between March 2016 and May 2016. Of the respondents, 767 businesses answered the three questions associated with the weighting dimensions—industry, geographic location, and employment size—and are therefore included in the report analysis.

## Data Weighting

To control for biases and to ensure the survey closely matches the distribution of the small business population in Puerto Rico, we weight the survey responses on three dimensions: industry, geographic location, and the employment size of establishments. As with all surveys, there may remain some degree of selection, recall and non-response bias.

The Federal Reserve Bank of New York worked with the National Opinion Research Center (NORC), a nationally recognized survey organization that designed and calculated the weights. The weighting data for industry and geographic location come from the US Census Bureau's County Business Patterns (CBP) Series, 2014. The CBP excludes most government employees, railroad employees, and self-employed persons. Weighting data for employment size come from the Bureau of Labor Statistics' Quarterly Census of Employment and Wages (QCEW), 2014. More specifically:

- For the industry weights, respondents are sorted into one of three major categories: *Agriculture, Manufacturing, and Trades* (NAICS: 11, 23, 31-33, 42, 44-45); *Services* (NAICS: 51, 52, 53, 54, 55, 61, 62, 71); and *Other*.

- For the geographic location weights, respondents were asked to provide a business ZIP code and were then sorted into one of two categories: The greater *Puerto Rico North Central Metro* area, defined as the San Juan municipio and the 22 surrounding municipios (Aguas Buenas, Barranquitas, Bayamón, Caguas, Canóvanas, Carolina, Cataño, Cayey, Cidra, Comerio, Corozal, Dorado, Guaynabo, Gurabo, Loiza, Naranjito, San Juan, San Lorenzo, Toa Alta, Toa Baja, Trujillo Alto, Vega Baja, Vega Alta); and the *Rest of Puerto Rico*, or the 55 Puerto Rican municipios not included in the *Puerto Rico North Central Metro* area.
- For the employment size weights, respondents are sorted into one of three categories: *Fewer than 10*, *10 to 49*, and *More than 49* full- and part-time employees.

As population totals are not consistent across the three weighting dimensions, counts by geographic location and employment size are calibrated to the count by industry. Please note that the *Puerto Rico Small Business Survey Report* does not use firm age as a weighting dimension, as is done in the mainland Small Business Credit Survey report, because such municipio-level data are not available.

<sup>2</sup> See [www.newyorkfed.org/smallbusiness/small-business-credit-survey-employer-firms-2015](http://www.newyorkfed.org/smallbusiness/small-business-credit-survey-employer-firms-2015). Mainland includes Hawaii and Alaska.



## Data Presentation & Definitions

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The data in this report are presented as whole numbers, rounded based on the first decimal place. For example, a value of 5.49% would be reported as 5%, whereas a value of 5.51% would be reported as 6%.

**Number of employees:** The sum of full-time employees plus part-time employees.

**Primary source of revenue:** The source from which a firm receives more than 50% of its revenue.

**Revenue change:** The increase, decrease, or lack thereof in a firm's revenue in 2015 relative to 2014.

**Change in number of employees:** The increase, decrease, or lack thereof in a firm's number of paid employees in 2015 relative to 2014.

**Applicant:** A firm that applied for any type of credit in 2015.

**Non-applicant:** A firm that did not apply for any type of credit in 2015.

**Discouraged borrower:** A firm that did not apply for any type of credit in 2015 because the prospective applicant did not think the application would be approved.

**Fully funded:** A firm that applied for any type of credit in 2015 and received all of the funding requested.

**Partially funded:** A firm that applied for any type of credit in 2015 and received some, but not all, of the funding requested.

**Zero funded:** A firm that applied for any type of credit in 2015, but did not receive any of the funding requested.

**Training need:** The type of training a firm would find most useful in 2016.

**Most helpful to grow:** The resource or action a firm finds most helpful to grow the business.

# SURVEY QUESTIONNAIRE

The Puerto Rico Small Business Survey asks about your firm's general business conditions and your financing experiences in 2015. These questions are best answered by the business owner or a key financial decision maker. This will take approximately 10 minutes to complete.

The survey is conducted by the Federal Reserve Bank of New York with the collaboration of local business organizations and associations. Your survey responses will be anonymous. The answers you provide will be combined with those of other respondents in Puerto Rico and will be used only to provide information on small businesses on the Island in order to support research, recommendations, and publishing reports. The anonymous data may be shared with third parties exclusively for the purposes of small business research in Puerto Rico.

By taking this survey, you agree to these uses.

## About the Respondents

We would like to start with some general questions about your business, sales and employees. Please answer to the best of your ability.

1. Which ZIP code is your headquarters located in? \_\_\_\_\_

2. In what year was your business established? \_\_\_\_\_

3. Which of the following BEST describes your business's primary activity?

- a. Agriculture, manufacturing and trades
- b. Services
- c. Other

4. How many people did your business employ in 2015 (including owners)?

	Number of employees
Full-time employees (30 hours or more per week)	
Part-time employees (less than 30 hours per week)	
Contract, temporary or seasonal workers	
Unsure. Please explain: _____	

5. Roughly, what were your business's total revenues in 2015?

- a. \$50,000 or less
- b. \$50,001–\$250,000
- c. \$250,001–\$500,000
- d. \$500,001–\$1,000,000
- e. \$1,000,001–\$5,000,000
- f. More than \$5,000,000

*Continued...*

*\*Survey was fielded exclusively in Spanish.*

**6. In 2015, approximately what PERCENT of your business revenue was derived from the following sources?**

	Percent
Individuals / Consumers	
Puerto Rico local businesses	
Business outside of Puerto Rico	
Puerto Rico government, municipalities, or public corporations	
US Federal government only	
All other	

**7. In 2015, approximately what PERCENT of your total revenue was due to online sales?**

- a. More than 75%
- b. 51%–75%
- c. 25%–50%
- d. Less than 25%
- e. None

**8. In 2015, approximately what PERCENT of your total revenue was due to exports?**

- a. More than 75%
- b. 51%–75%
- c. 25%–50%
- d. Less than 25%
- e. None

Now we would like to ask you some more specific questions about your business’s experience over the past year and how this is different or not from previous years. Again, please answer to the best of your ability.

**9. In 2015, did your business make a profit or loss?**

- a. Profit
- b. Break even
- c. Loss
- d. Unsure or decline to answer

**10. How did the following change from 2014 to 2015?**

	Decreased	No Change	Increased
Revenue	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Number of employees (if any)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Number of contractor hours (if any)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**11. What was your BIGGEST business challenge in 2015?**

- a. Managing cash flow (for example, meeting payroll for inventory)
- b. Finding or retaining qualified workers or managers
- c. Complying with government regulations
- d. Accessing credit for your business
- e. Finding export opportunities
- f. Dealing with rising business costs
- g. Establishing an online presence / Growing e-commerce sales

*Continued...*

# SURVEY QUESTIONNAIRE

## Demand for Credit

Businesses often need to obtain credit for operating costs and to cover other expenses. We would like to ask you about your experiences with credit over the past year. Even if you did not apply for any credit, please answer all of the questions.

**12. Did your business APPLY for any type of CREDIT in 2015? (By credit, we mean: applying for loans, leasing, or carrying credit card balance)**

- a. Yes
- b. No

## No: Non-applicant

**13. What was the PRIMARY reason your business DID NOT apply for CREDIT in 2015?**

- a. Not needed; had sufficient funding
- b. Did not think application would be approved
- c. Did not want to accrue debt
- d. Credit cost was too high
- e. Loan search / application process was too difficult or confusing
- f. Other. Please specify: \_\_\_\_\_

**If b is selected:**

**14. What is the biggest reason that your credit application would not be approved?**

- a. Insufficient credit history
- b. Low credit score
- c. Insufficient collateral
- d. Inadequate documentation
- e. Type of industry
- f. Weak business performance (E.g. uneven cash flow, poor revenue)
- g. Unsure

## Yes: Applicant

**15. How much TOTAL credit did your firm APPLY for in 2015?**

- a. Less than \$25,000
- b. \$25,001–\$100,000
- c. \$100,001–\$250,000
- d. \$250,001–\$1,000,000
- e. \$1,000,001–\$5,000,000
- f. More than \$5,000,000

**16. What was the PRIMARY PURPOSE for your firm seeking credit in 2015?**

- a. Meet operating expenses
- b. Expand business (E.g. new products or services, new location, purchase of equipment, etc.)
- c. Refinance or pay down debt
- d. Start a new business
- e. Other

*Continued...*

17. Of the total dollar amount of credit, from all sources, that your firm applied for in 2015, what percent was approved?

- a. All (100%)
- b. More than half (51%–99%)
- c. Half or less (1%–50%)
- d. Zero (0%)

#### Applicants: Partially or Zero Funded

18. What was the MOST important business impact, if any, of not receiving the full amount of credit for which your business applied in 2015?

- a. Downsized business operations  
(E.g. cut staff, reduced products and services, reduced commercial space, etc.)
- b. Delayed or passed on a business opportunity  
(E.g. new products or services, new location purchase of equipment)
- c. Funded business from personal sources, friends and family, pawnshops, or high cost lenders, etc.
- d. No significant impact

19. What were the likely reasons your business did not receive 100% of the CREDIT applied for? Select all that apply.

- a. Low credit score
- b. Insufficient credit history
- c. Insufficient collateral
- d. Inadequate documentation
- e. Type of industry
- f. Weak business performance (E.g. uneven cash flow, poor revenue)
- g. Unsure

#### Training Needs and Business Growth

Finally, we have some questions about how we can help you in 2016. In particular, what services, training, and other assistance would your business find helpful?

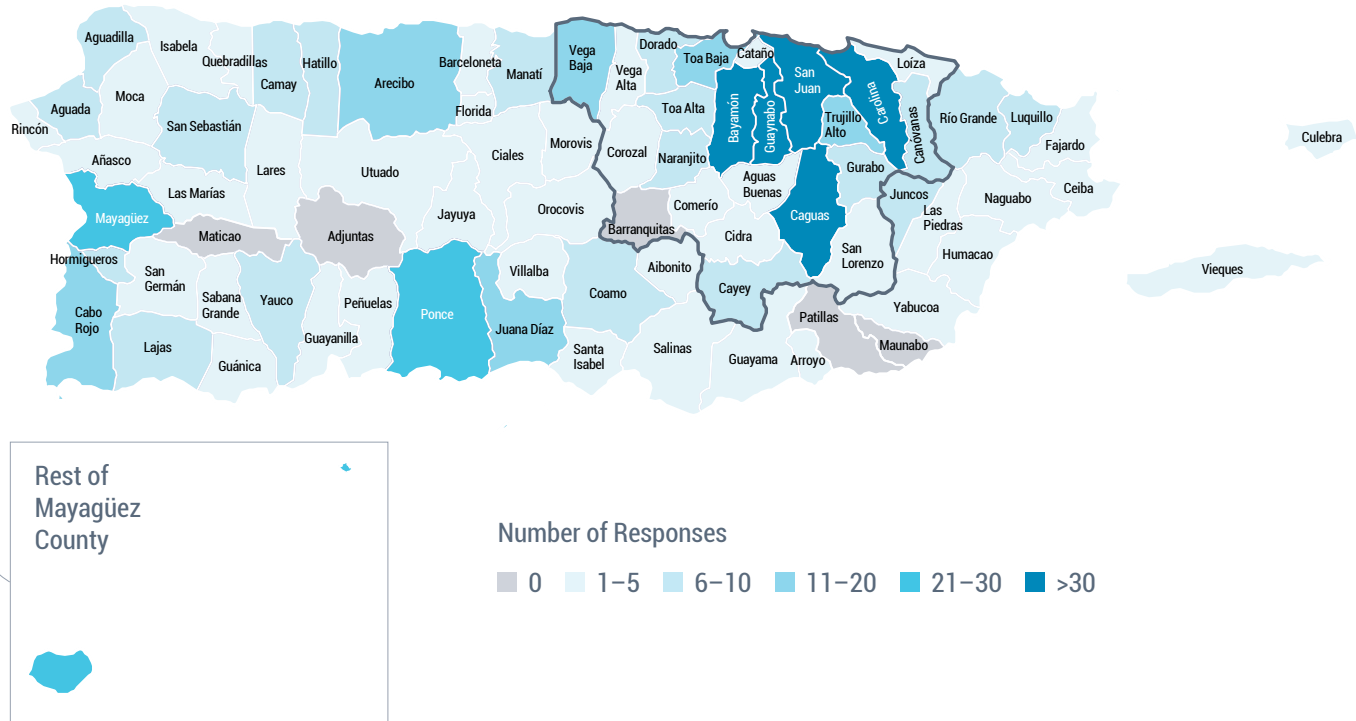
20. Which types of TRAINING would your firm find most useful in 2016?

- a. Preparing financial statements
- b. Complying with government regulations (licenses and permits)
- c. Managing cash flow
- d. Starting or growing exports
- e. Recruiting or managing staff
- f. Contracts and sales to the federal government
- g. Automating business processes
- h. Growing internet sales

21. Which of the following would be MOST helpful to grow your business?

- a. Larger pool of highly educated and technically skilled workers
- b. Improved access to capital and credit
- c. Streamlined business regulations
- d. More opportunities to access export markets
- e. Conducting business within US legal and regulatory framework
- f. None

## Responses by Municipio<sup>3</sup>



<sup>3</sup> Includes completed survey responses only.