Kauffman Firm Survey
(KFS) First Follow Up
Methodology Report

Draft Report

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Submitted to:

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A. EXECUTIVE SUMMARY

Although entrepreneurship is crucial to a capitalist economy, little information is available about U.S. businesses in their first years of operation. As part of an effort to gather more data on new businesses in the United States, the Ewing Marion Kauffman Foundation sponsored the Kauffman Firm Survey (KFS), a panel study of businesses founded in 2004 and tracked over their first few years of operation. The Foundation contracted with Mathematica Policy Research, Inc. (MPR) to conduct the KFS, which collects data about the nature of new business formation; characteristics of the strategy, offerings, and employment patterns; the nature of the financial and organizational arrangements of these businesses; and the characteristics of their founders.

Summary of KFS Sample Design. The panel was created by using a list frame sample of new businesses selected from the Dun & Bradstreet Corporation (D&B) database. MPR received two sampling frames containing roughly 250,000 businesses started in 2004 from D&B (in June 2005 and November 2005). From these lists, MPR selected a sample to be contacted during the Baseline Survey, screened for eligibility, and recruited into the study. In response to the Foundation’s interest in understanding the dynamics of high-technology and woman-owned businesses, the sample design for the KFS included allocation across high-technology (based on industry designation) and gender strata.

Questionnaire Design. MPR conducted extensive questionnaire design prior to the Baseline Survey (see KFS Baseline Methodology Report) to establish consistent definitions of what constituted the start of a new business, as well as to test the most efficient methods for collecting data from sampled businesses.

The First Follow-Up Survey contained many of the same questions as asked in the Baseline Survey (on business characteristics, strategy and innovation, business structure and benefits, financing, and demographics of the owner-operators), so that changes to how businesses obtain
operating funds and perform can be tracked over the first few years of operations. A limited number of new questions were added to the First Follow-Up to provide a more complete picture of the balance sheet of the sampled business (such as owner-operators taking draws or dividends from the business, and year-end balances on debt sources the business used). Other additions to the questionnaire sought to capture indicators of business growth, such as the reasons why the business location changed.

Further, techniques were used to shorten the questionnaire and reduce respondent burden, notably by asking respondents to confirm information collected during the Baseline Survey, and by collecting new data only if the situation of the business had changed. Another strategy in the First Follow-Up was to collect demographic information only from new owner-operators or from Baseline owner-operators for whom we did not already have it. These strategies were effective in cutting the length of the questionnaire. Even with the additions mentioned above, administering the survey through computer-assisted telephone interviewing (CATI) took roughly 28 minutes on average during the First Follow-Up, compared with 36 minutes during the Baseline Survey.

**First Follow-Up Survey Data Collection.** The First Follow-Up was conducted among the 4,928 businesses completing the Baseline Survey, using a self-administered web survey and CATI. Respondents were contacted initially by email and invited to complete the KFS web survey. Those businesses without email addresses, or those not completing the web survey after being contacted by email, were contacted by regular mail. Respondents were again paid $50 after completing the survey. The Baseline Survey had established eligibility for all businesses in the panel; therefore, the only eligibility criterion for the First Follow-Up was whether the business was still in operation. Of the 4,928 completes at Baseline, 369 were identified as out of business during the First Follow-Up (7.5 percent of the total sample). Of the remaining eligible
3,998 interviews were completed, resulting in a response rate of 89 percent after the sampling weights were applied. Most interviews were completed on the web (59 percent), with the rest (41 percent) through CATI.

Data Processing and File Production. The data collected in the First Follow-Up Survey were processed and then reviewed using MPR’s quality assurance (QA) procedures. MPR staff examined the open-ended responses and “back-coded” where possible (moved responses placed in “other–specify” fields into fields that matched one of the prelisted response categories for the question). We also coded the open-ended responses to the question on “primary industry of the business,” using the North American Industry Classification System (NAICS) taxonomy. We reviewed answers to financial questions for consistency and corrected any obvious instances of double-counting of equity or debt amounts. The results of the coding and other data corrections were incorporated into the data file. MPR staff also produced a set of constructed variables, notably financial measures, for ease of analysis by researchers. Documentation to accompany the data file was produced, including (1) a copy of the questionnaire, with related variables listed next to the questions; and (2) a memo that listed the data source for variables not found in the questionnaire and described the constructed variables. We combined the First Follow-Up data with the Baseline data to create longitudinal files for both public and restricted use.

MPR statisticians adjusted the set of sampling weights and nonresponse adjustments developed during the Baseline Survey, which were then applied to the 4,928 businesses in the First Follow-Up sample. As a result of the oversampling of businesses in high tech industries, a weighting factor (the inverse of the probability of selection) was required so that estimates collected during the data collection would reflect the true population based on the full D&B frame. The nonresponse adjustments to the weights were applied to account for those businesses that could not be contacted or interviewed. Using logistic propensity modeling and chi-squared
automatic interaction detector (CHAID) analysis, MPR statisticians developed these adjustments for the final set of sampling weights. These final weights and adjustments were added to the longitudinal data file.
B. THE KAUFFMAN FIRM SURVEY: QUESTIONNAIRE DESIGN AND CONTENT

1. Introduction

Entrepreneurship plays a major role in the economic growth of the country, and accurate information about the development and sustainability of new businesses is essential to the design of public and private programs to encourage their creation. However, good information is not easy to obtain. Surveys of new businesses tend to be hard to implement and, because of the difficulty of obtaining cooperation from the owners, have typically produced low response rates. Such surveys have also faced the complexities of defining exactly what constitutes a new business and precisely when its operations begin, concepts that lend themselves to subjectivity if they are not carefully defined. Further, few previous business surveys collected information about the dynamics of business development, since longitudinal surveys of new businesses faced the issue of business attrition. As part of its commitment to advancing entrepreneurship and studying the creation and development of new businesses, the Foundation contracted with MPR to conduct the KFS to address the related informational and methodological gaps. Table 1 provides the key milestones of the project.

2. Questionnaire Design

In designing the KFS questionnaire, MPR developed a core set of questions to be asked annually of sampled businesses, with small adjustments before each round. As with many longitudinal studies, the KFS faces the challenge of ensuring that enough panel members complete future rounds. MPR proposed a set of questionnaire changes to the Foundation and the Principal Investigator (Dr. Scott Shane) prior to the First Follow-Up Survey, which are included in Appendix A. In an effort to reduce the respondent burden of completing the First Follow-Up, the main methodological change proposed was to ask respondents to confirm some items of


<table>
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<th>Date</th>
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<tbody>
<tr>
<td>March 2004</td>
<td>Project awarded to MPR</td>
</tr>
<tr>
<td>June 2004</td>
<td>Principal investigator designated</td>
</tr>
<tr>
<td></td>
<td>Received first D&amp;B database file</td>
</tr>
<tr>
<td>August 2004</td>
<td>Pilot Test 1A—initial screening criteria</td>
</tr>
<tr>
<td></td>
<td>Pilot Test 1B—additional screening criteria</td>
</tr>
<tr>
<td></td>
<td>In-person developmental interviews</td>
</tr>
<tr>
<td></td>
<td>Meeting in Washington, DC, to review sample design and questionnaire development status</td>
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<tr>
<td>September 2004</td>
<td>Questionnaire Review I—Draft of eligibility screening and financial section of questionnaire sent to technical advisors</td>
</tr>
<tr>
<td></td>
<td>Questionnaire Review II—Complete draft questionnaire prepared to send to technical advisors</td>
</tr>
<tr>
<td>January–March 2005</td>
<td>Pilot Test 2—Sample test; full questionnaire test; 400 completed interviews</td>
</tr>
<tr>
<td>November 2005</td>
<td>Received second D&amp;B database file</td>
</tr>
<tr>
<td>July 2005–July 2006</td>
<td>KFS Baseline data collection; 4,928 completed interviews</td>
</tr>
<tr>
<td>June 2006–January 2007</td>
<td>KFS First Follow-Up data collection; 3,998 completed interviews</td>
</tr>
</tbody>
</table>

information collected during the Baseline Survey (such as primary industry and legal status), instead of re-asking the questions. Another change that reduced length of the questionnaire was removal of the eligibility section, since all businesses in the First Follow-Up sample had been screened for eligibility during the Baseline Survey.
After reviewing the Baseline Survey data, MPR proposed some additions to the questionnaire to enhance the data set:

- Bankruptcy indicator asked of those businesses confirmed as out of business
- Reason for change in business location since Baseline Survey
- Total draws or dividends taken by the owner-operators during 2004 and 2005
- Total equity investment since the start of the business (to reconcile equity investment added to the business prior to the official “start” of the business in calendar year 2004)
- End-of-year 2005 balance for debt sources used by the business
- Checks for validity of responses to key questions (employees, revenue, profit) between Baseline and First Follow-Up

3. **Screener and Questionnaire Content**

The First Follow-Up Survey questionnaire was finalized in March 2006, and included the following sections.

**Section A: Introduction.** This section introduced the study, the sponsor, and MPR as the organization conducting the study. It also verified that the correct business was reached and was still in operation. Section A also ensured that the respondent for the business (most often the person who was the respondent during the Baseline Survey) was an owner, an operator, and a founder of the business. Because of the types of detailed questions asked about the financial situation of the business, it was important to identify a person knowledgeable enough about the business’ finances to provide accurate information. Therefore, this part of the screener identified a founder and current owner who was also involved in the day-to-day operations. Finally, the business address was confirmed. If the business had ceased operations, we asked about the reason for the closing and whether the business had filed for bankruptcy.

**Section B: Eligibility Screening.** Eligibility screening was conducted during the Baseline Survey, so this section was removed from the First Follow-Up.
Section C: Business Characteristics. The respondent was asked to confirm the legal status and primary industry description. If the legal status or description was incorrect or had changed from the Baseline Survey, the respondent was asked for updated information. Other data collected in this section included the names of other owner-operators and the number of both full- and part-time employees the business had. This section ended by asking about the type of location from which the business operates, and the reasons for any changes in location since the Baseline.

Section D: Strategy and Innovation. This section included questions about whether the business offered a product or a service; whether the respondent believed that the business had a competitive advantage; and whether the business owned or licensed any intellectual property, such as patents, copyrights, or trademarks. Respondents were also asked whether the business had any sales during 2005, and what the percentage distribution was of such sales to individuals, government, and other businesses.

Section E: Business Organization and Human Resource Benefits. This section included questions about the number of employees who performed various functions within the business and the types of benefits offered to employees. The questions about benefits for full- and part-time employees were asked separately.

Section F: Business Finances. The business finances section was the focus of the questionnaire. Topics included:

- Equity investment by owner-operators into the business in 2005
- Total equity investment by owner-operators over the life of the business
- Withdrawals of cash from the business by owner-operators in 2004 or 2005
- Percentage of ownership by each owner, for multiple-owner businesses
- Sources and amount of debt financing by the business and its owners
• Amount of revenue, if any, the business received in 2005
• Total expenses incurred by the business in 2005
• Total expenses spent on salary and wages
• Profit or loss during 2005
• Types of assets and liabilities and their individual estimated value

Section G: Work Behaviors and Demographics of Owner(s). This section collected demographic and other information on the owner-operators of the business. Respondents were asked whether they were paid employees and how many hours they worked in an average week. They were also asked how many years of experience they had in the industry of the new business and whether they had started other new businesses. The rest of this section collected basic demographic characteristics on the owner-operators, such as age, gender, race, education level, and U.S. citizenship. For multiple-owner businesses, respondents were asked these questions about themselves and then about each of the other owner-operators.

Finally, contact information was updated for follow-up surveys. This information included the name, address, phone number, and email address of someone to contact if we were unable to reach the business for a follow-up study. It also asked for an email address of the respondent and a website for the business. The name and address of the person to whom the incentive check would be sent was also recorded. At the conclusion of the interview, the respondent was thanked and told that the incentive check would be sent in two or three weeks. The final First Follow-Up Survey questionnaire is included in Appendix B.
C. SAMPLING DESIGN

1. Target and Study Population

For the Baseline Survey, the target population—the one on which conclusions are drawn—was all new businesses started in calendar year 2004 in the United States (including the District of Columbia). The target population includes a new, independent business that was created by a single person or a team of people, or was the purchase of an existing business or a franchise, and excludes any branch or subsidiary owned by an existing or inherited business. As discussed in the Baseline Survey methodology report, the study population was further defined by D&B, the source of the sampling frame. We chose the D&B database because it is one of the largest commercial lists available and offers information on linkages among establishments within enterprises (or businesses). In the Baseline Survey methodology report, we also discussed the screening process in the Baseline Survey to identify new businesses that “started” in year 2004.

For the First Follow-Up Survey, the target population was all new businesses that were started in year 2004, met the survey eligibility criteria, and survived their first year. The study population (as described above) was a subset of the target population in that the businesses had to have been listed in the D&B database with a start date of 2004. The First Follow-Up Survey sample included all businesses that met the survey criteria and completed the Baseline Survey. In the Baseline Survey, the businesses that were refusals or unlocatable were possibly in operation after the initial year, and are therefore part of our target population. The nonresponse adjustment procedures used on the weights for the Baseline Survey sample compensated for these refusals. Therefore, the First Follow-Up Survey sample includes only eligible businesses from which we obtained complete data in the Baseline Survey.
2. Sample Stratification

For the Baseline Survey, the D&B database was our source file for the sampling frame. We partitioned the file into six sampling strata defined by industrial technology categories (based on industry designation\(^1\)) and gender of the owner or CEO of the business (based on the D&B data element and additional information as discussed in the Baseline Survey methodology report). In Table 2, we provide the estimated population count of new businesses that met the survey eligibility criteria and the sample size for each stratum.

**TABLE 2**

ESTIMATED COUNT AND SAMPLE FOR THE FIRST FOLLOW-UP SURVEY FROM THE D&B DATABASE: BUSINESSES WITH A 2004 START DATE AND COMPLETED THE BASELINE SURVEY

<table>
<thead>
<tr>
<th>Technology Sampling Strata</th>
<th>Woman-Ownership Sampling Strata</th>
<th>Estimated Number of New Businesses in 2004(^a)</th>
<th>Sample for First Follow-Up Survey</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td></td>
<td>73,278</td>
<td>4,928</td>
</tr>
<tr>
<td>High tech</td>
<td></td>
<td>1,313</td>
<td>705</td>
</tr>
<tr>
<td></td>
<td>Yes</td>
<td>190</td>
<td>103</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>1,123</td>
<td>602</td>
</tr>
<tr>
<td>Medium tech</td>
<td></td>
<td>9,675</td>
<td>1,329</td>
</tr>
<tr>
<td></td>
<td>Yes</td>
<td>2,026</td>
<td>271</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>7,649</td>
<td>1,058</td>
</tr>
<tr>
<td>Non tech</td>
<td></td>
<td>62,290</td>
<td>2,894</td>
</tr>
<tr>
<td></td>
<td>Yes</td>
<td>14,366</td>
<td>513</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>47,924</td>
<td>2,381</td>
</tr>
</tbody>
</table>

\(^{a}\) The estimated number of businesses is the weighted count of eligible responding businesses with a start date of 2004 and meeting the new-business-screening criteria (discussed in Section B.9 of the Baseline Survey methodology report).

D. DATA COLLECTION PREPARATION

1. Overview

Preparation for First Follow-Up data collection generally followed the pattern for the Baseline Survey, with some small adjustments to account for the fact that we were recontacting businesses, not making initial contact as with the Baseline Survey. As noted previously, the sample businesses in the First Follow-Up had all participated in the Baseline Survey. The focus of the data collection materials, training manuals, and interviewer training shifted from recruiting to retention. Retention was aided by the fact that we had sent each of these businesses a $50 incentive and a welcome packet at the end of the Baseline Survey. These steps, and the previous participation of the business, made the data collection process easier in the First Follow-Up Survey than in the Baseline Survey. Also, because the First Follow-Up began while the Baseline was concluding, the same interviewers were available for the First Follow-Up, which gave the project a pool of experienced interviewers familiar with the study.

2. Respondent Materials Development

The Baseline Survey obtained 4,928 completed questionnaires from eligible sample members. The goal for the First Follow-Up Survey was to persuade as many businesses as possible to continue their participation. Our focus was to remind the sample members of their previous participation, repeat the promises of the $50 incentive and of strict confidentiality, emphasize the importance of the longitudinal nature of the study, and urge continued participation. We emphasized that their previous participation meant that the selection process was over and that we could not replace their business with another.

Another point of emphasis in both Baseline and First Follow-Up materials was the “Kauffman Firm Survey” title, which was included in all materials sent to respondents and served as the first part of the email subject line. It had also been printed on the ballpoint pen
included in the welcome packet after the Baseline Survey. Our goal was to “brand” the Kauffman Firm Survey phrase to increase recognition among sample members.

Several documents produced by MPR project staff were used in the First Follow-Up Survey. After the materials were drafted, they were reviewed by an independent MPR staff member in accordance with MPR’s quality assurance (QA) policies. Comments from the QA reviewer were incorporated, and the materials were then sent to MPR’s editing department. Project staff finalized the edited versions before the survey director approved the final versions for use in data collection.

The documents produced included the following:

- **Email Message.** We had asked for email addresses at the end of the Baseline Survey, and 85 percent of the Baseline respondents provided one. The email message and reminder were the first contacts with the majority of the sample. The message went to all sample members who had provided an email address.

  The email message reminded them of their previous participation, informed them that we could not replace their business with another, and explained why we were doing the second year of the study. This message included their unique web login and password, as well as an easy “click-through” to the website to do the study, which would pre-fill the login and password. This procedure greatly reduced respondent errors during login and facilitated completion of the questionnaire. The email message also provided contact information for MPR staff in case of questions.

- **Reminder Email.** This was sent as a brief reminder to sample members who had not completed the web survey after the initial email message. This message also included the same web login and password information and “click-through” to the website as the initial email message.

- **Advance Letter.** The advance letter was the first contact with First Follow-Up sample members who had not provided an email address in the Baseline Survey. It introduced the study, asked for cooperation, and provided web login information. Like the email message, it provided contact information for MPR staff.

- **Web Instructions.** The web instructions, included with the advance letter, gave step-by-step instructions on how to access the KFS web survey. The instructions provided the web login information and showed a screenshot of the login page as a visual aid.

- **Frequently Asked Questions (FAQs).** This one-page document provided answers to some questions sample members were likely to have about the survey, MPR, and the Foundation. This was also included with the advance letter.
• **Reminder Postcard.** The postcard was sent as a reminder to sample members who had not completed the web survey. It listed the website URL and encouraged respondents to log on and complete the survey. Because of confidentiality concerns, the postcard did not include the login or password.

• **Refusal Letter.** This letter was sent to the respondents who had refused to do the survey after they were contacted by telephone, or who had refused through email or a call-in. It was the first effort at refusal conversion.

• **Fax.** This was a letter sent to less than 1 percent of the sample that requested we send additional information about the survey by fax. The document was on MPR letterhead and was very similar in form and content to the email request.

Copies of these respondent materials are in Appendix C.

3. **Interviewer Training Materials**

Project staff developed a set of training materials for the First Follow-Up, using the Baseline Survey materials as a base and making modifications as needed.

The First Follow-Up training materials had to take into account the changes in the survey instrument. The biggest change that interviewers had to be prepared for and trained on was how to designate a new respondent if the Baseline respondent was no longer there or was not available during the data collection period. As noted in Section B, the instrument was designed to encourage the Baseline respondent to answer in the First Follow-Up, assuming the Baseline respondent was still an owner and operator of the business. Interviewers were taught that other owner-operators could answer for the business if the Baseline respondent had left, was no longer an owner-operator, or was unavailable during the data collection period. In addition to this major issue, the training materials were updated, using the experiences from the Baseline Survey, to reflect the slight differences in the survey instrument (emphasizing the incentive up front, asking for the reason a business was no longer operating). The first chapter of the telephone interviewer training manual provided information on the background of the study, explained the eligibility criteria for respondents, and stressed the importance of confidentiality. The second
chapter covered general interviewing skills; reviewed the procedures for contacting sample members; and explained how to handle certain situations, such as scheduling appointments, requesting new letters or new emails, and dealing with privacy managers and cell phones. The third chapter covered effective engagement and rapport with respondents, refusal avoidance and conversion, and strategies for handling “gatekeepers.” Because this was a follow-up to the Baseline Survey, the training materials emphasized that handling gatekeepers should be easier in the First Follow-Up. Gatekeepers’ two most common objections to the Baseline Survey were that the owner did not have time and that the owner was not interested. However, because the owner had participated in the Baseline Survey, such objections were easier to overcome.

The fourth and final chapter was a question-by-question review of the entire instrument. Questions were displayed through screenshots, and relevant information appeared below the screens. Additional exhibits, such as a copies of the email, advance letter, reminder postcard, and FAQs, were also included in the manual.

4. Survey Operations Center (SOC) Staff Training

Because all First Follow-Up interviewers had been Baseline Survey interviewers, we were able to streamline the training process. These experienced interviewers had good recall and comprehension of the instrument, in part because many were still working on the Baseline Survey. The training reviewed the longitudinal nature of the study, and then emphasized the changes in the instrument.

KFS project-specific interviewer training was conducted over 10 hours, in two 3-hour “classroom” segments and 4 hours of “hands-on” practice. Emphasis was placed on the importance of the initial contact, introducing the study effectively, and moving right into the instrument. We also pointed out the changes in the initial contact CATI screen for interviewers. This screen now had information reported by the Baseline respondent, such as the number of
owners and employers, as opposed to the preliminary information provided by D&B, which had
been placed on this screen during the Baseline Survey.

These topics were reviewed in the first six hours of training. The last four hours consisted
of hands-on training with paired interviewers, where one played the role of respondent and the
other played the interviewer role. To ensure that each pair of interviewers had the same
experiences, project staff developed detailed mock interviews for the “respondents.” Part of this
practice involved “engagement scenarios,” in which pairs of interviewers alternated between the
respondent and the interviewer roles, but this time the focus was on overcoming objections and
answering the questions respondents were most likely to ask.

5. Emails and Advance Mailings

As noted in Section 2 above, the first contact made with about 85 percent of the First
Follow-Up sample was the email message. For the other 15 percent (and for those whose email
bounced back), the first notice was the advance letter.

Both the advance letter, printed on MPR’s letterhead, and the initial email briefly introduced
the study, reminded the business owner sample member of the Baseline Survey, and asked for
participation in the First Follow-Up. They also supplied the project’s toll-free number, website
URL, email address, and contact information to offer sample members the option of contacting
MPR if they had further questions or if they preferred to call in to complete the survey or make
an appointment to do so. Before each mailing was delivered to the post office, MPR inspected
10 percent of the packets for consistency and accuracy.

6. Postcard Mailings

A reminder postcard was sent to each sampled business that had not completed the study on
the web one week after the advance mailing. The postcard included the name of the owner and
the name and address of the business. An overview of the study, the website URL, and MPR contact information were also provided, and respondents were encouraged to contact MPR if they had lost or forgotten their password or login ID. The postcard labels were generated through MPR’s Sample Management System (SMS). Postcards were also inspected for consistency with U.S. postal standards prior to mailing.

7. Response Protocols to Sample Member Inquiries

Prompt and efficient handling of inquiries from respondents helps establish rapport and thus increases the chances that sample members will complete the survey. As in the Baseline Survey, sample members in the First Follow-Up could contact MPR in several ways:

- Toll-free telephone number
- KFS email
- Project staff telephone numbers
- Fax requests

The toll-free number was monitored by MPR’s trained SOC staff during business hours. A respondent could call in to complete the survey on the telephone or make an appointment to have an interviewer call back and administer it. Another important function of the toll-free number was to provide the login ID and password to sample members who wanted to complete the web survey but had misplaced that information. Help desk staff were trained to identify each caller through a look-up file to make sure the caller was a legitimate owner of the sampled business. The survey director’s phone number was also provided in case help desk staff could not answer all the questions a sample member posed.

Some sample members and gatekeepers who were called requested that an email message be sent with information explaining the survey and how to participate. The email that was sent in
response to such requests was the same one used in the initial email and the reminder email. It included the sample member’s password, login ID, and website URL.

Some sample members emailed with questions about the study, explanations about their businesses, and refusals. Project staff monitored the KFS project mailbox seven days a week after large numbers of email invitations went out. Responses were usually emailed within 24 hours of initial receipt of a sample member’s email. When a sample member refused through email, staff would attempt a refusal conversion by addressing the stated reason, such as the amount of time the survey would take, and explaining the importance of the study.

A very small number of sample members requested that a fax be sent to them instead of a letter or email. Staff designed a letter that contained the web login information as well as the FAQs to respond to these requests and faxed it to these sample members.

8. **Respondent Incentives**

We offered sample members $50 to complete the First Follow-Up (whether on the web or through CATI), the same amount as in the Baseline Survey. The incentive was offered not as a payment for the sample members’ time but was instead referred to in the advance materials and during telephone calls as a “token of appreciation” for participation. We made this distinction because if the money was presented as compensation for their time, some owners might think the payment insufficient and refuse to participate. Instead, the incentive was presented as an honorarium, or a way of recognizing the owner’s contribution to the success of the study.

KFS incentive checks were mailed weekly to ensure that respondents received them promptly. Payments the post office returned to MPR without forwarding information were sent to MPR locating specialists for address updating. Each check was then reissued and sent to the new business location. If a check was returned with forwarding information, then the correction was noted in the SMS, and the check was reissued.
During the First Follow-Up data collection, about 10 respondents indicated that they did not recall having received their $50 payment for completion of the Baseline Survey. In all 10 cases, we determined that MPR had indeed sent the check to the respondent who completed the Baseline Survey, although most had not been cashed. In these instances, project staff or a telephone interviewer would call or email back that the check had been sent but had not been cashed. We would then verify the address and send a new check. Some respondents wanted to receive their Baseline check before they completed the First Follow-Up Survey. MPR staff made sure that these Baseline respondents were contacted to complete the First Follow-Up Survey within a week of being sent the replacement check.

E. DATA COLLECTION

1. Overview

Data collection on the First Follow-Up Survey mirrored that of the Baseline, the major exception being the use of email as the initial contact. For a variety of reasons, including sample member interest in and familiarity with the study, use of emails for contacts, and the welcome packet, we were able to achieve a high response rate (89 percent weighted). We were also successful in increasing the percentage of respondents who completed the web survey, which became the predominant mode of response. Figure 1 illustrates the data collection process for the First Follow-Up.

2. Timing of Sample Releases

Data collection began on June 14, 2006, and concluded on January 6, 2007. As mentioned above, there was an overlap of the First Follow-Up and the Baseline Survey, which did not end until July 29, 2006. There were four separate releases of the First Follow-Up sample (dates and
FIGURE 1. KAUFFMAN FIRM SURVEY FIRST FOLLOW-UP

DATA COLLECTION PROCESS

KFS Baseline Survey Respondents (4,928)

Advance Materials Sent to Respondents:
Email Message (4,175)
Reminder Email (3,441)
Advance Letter (3,862)
Reminder Postcard (3,283)

Complete Web Survey?

Yes

Completed Web Survey (2,366)

No

CATI Interviewing

Confirmed business no longer operating

Completed CATI Survey? (1,632)

Refusal/ Effort Ended (489)

Unlocatable (72)

Locating

Ineligible (369)
sample sizes are in Table 3). Each release began with an email message to sample members.

Although the web and CATI instruments were thoroughly tested before data collection began, the first sample release was deliberately small to permit a live test of the instrument and the systems involved in recording completes and refusals and in generating mailings.

<table>
<thead>
<tr>
<th>Sample Release</th>
<th>Release Date</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>6/14/2006</td>
<td>150</td>
</tr>
<tr>
<td>2</td>
<td>7/06/2006</td>
<td>1,937</td>
</tr>
<tr>
<td>3</td>
<td>08/07/2006</td>
<td>2,217</td>
</tr>
<tr>
<td>4</td>
<td>08/31/2006</td>
<td>624</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>4,928</strong></td>
</tr>
</tbody>
</table>

The initial email message displayed the subject line “Kauffman Firm Survey—Round 2.” While we refer to the second round of the KFS formally as the First Follow-Up, we thought such terminology might be confusing for participants and hence settled on “Round 2.” The reminder email had the exact same text as the initial email. For all but the very small first release, the emails were sent out over either two or three days, to prevent triggering various spam filters. It also spread out the web response to avoid overloading the server and preventing some sample members from being able to log in. About 85 percent of the messages went through on the first try. Project staff would examine email bouncebacks for obvious misspellings or other problems, and correct and re-send as necessary. As in the Baseline Survey, MPR project staff conducted daily testing of the Kauffman Survey website just before sending batches of emails.

In addition to bouncebacks from emails, some of the U.S. Postal Service addresses to which the advance mailing was sent were not accurate, and the materials were returned. When the returned mail included an updated address, this was recorded in the SMS and the materials were
resent. When there was notification of no such address, the existing address was recorded as inaccurate to prevent any re-mails to that address, and that sample member case was sent to locating to search for a new address.

3. **Schedule of Contacts to Sample Members**

As mentioned above, about 85 percent of business owners provided an email address, and they received their first contact about the First Follow-Up through an email message. One week after that, the advance letter with the same type of materials used in the Baseline was sent to all businesses who had not completed the questionnaire. For the 15 percent of the businesses who had not provided an email address during the Baseline Survey, or whose email address had changed or expired, this was the first contact about the First Follow-Up Survey. One week after the advance letter was mailed, we sent a reminder postcard. A week after the reminder postcard, CATI operations began. The main purpose of this contact schedule was to reduce CATI costs by giving sample members enough time to log on to the web and complete the survey themselves. Close to 35 percent of sample members had completed by web before CATI operations began.

When CATI did begin, the CATI call scheduler was used to deliver sample member cases to interviewers. This scheduler assures that callbacks are conducted at the appropriate time, and that cases which do not result in contact, such as answering machines and “no answers,” are recontacted at different times of the day and evening and on weekends. A standard answering machine message was also left at periodic intervals. The intervals were designed to avoid irritating the sample member, and they also gave the sample member time to respond to the message before the next call. Cases with wrong numbers, and those with a series of no contacts, were sent to locating. Along with setting scheduler parameters, sending emails on request, and following other procedures, a variety of additional steps helped make CATI more efficient.
4. Survey Management Techniques

Survey management involves issues of scheduling, monitoring progress, and evaluating procedures to make CATI as efficient as possible. One of the most important aspects of efficient interviewing is proper matching of available sample and interviewer hours, so that follow-up calls made to sample members were made shortly after they received the advance letter. To this end, project staff coordinated training schedules and sample releases with interviewer schedules. This coordination was designed to ensure that interviewer hours were highest when new sample was released, so that the initial telephone contact with the sample members took place shortly after they received the advance materials.

Project staff conducted weekly reviews of interviewer productivity, cooperation rates, calls per hour, and monitoring reports. Most interviewers reported that dealing with respondents already in the study was easier than trying to persuade businesses to participate for the first time.

Despite the substantially higher response rate in the First Follow-Up, many businesses either were still reluctant to participate or put off completing the survey. As in most large data collection projects, the final 10 percent of completes take considerably more resources than all the rest.

As the First Follow-Up Survey was coming to an end, the remaining sample members who had not completed the interview had been provided multiple opportunities to respond. They had been contacted, and interviewers had made their best attempts to complete the interview with them. KFS project staff implemented several steps for these cases:

- **Sending an email** indicating that the study was coming to an end and that their time for participation was limited. This email also stressed that we had already received responses from more than 3,900 participants.
- **Sending an additional letter** to pending cases, emphasizing that the project needed their participation, reminding them of the incentive and their previous participation, and asking them to complete the study. The envelope also contained a $5 bill.
• Adjusting interviewer schedules to ensure that cases in the Pacific time zone received sufficient call coverage.

• Developing a special answering machine message to replace the initial one, indicating that the study was ending and that this was the last opportunity to participate.

• Sending a special email to cases for which we found an email address on the business website. For the approximately 60 cases that did not provide an email address but had a website, we checked their site for an email address. To these cases, we sent a special email that did not contain the user ID or password but did ask the recipient to pass the information on to the named owner.

Even with all these efforts, productivity rates fell and costs per complete rose in the final month of data collection. Project staff, the Foundation, and the Principal Investigator decided to end data collection on January 6, 2007.

5. Refusal Conversion

The First Follow-Up Survey also benefited from use of experienced Baseline Survey interviewers, who were well versed in the study and adapted quickly to the minor changes in question wording. In addition, KFS respondents usually remembered participating in the Baseline Survey and generally required little persuasion to do the First Follow-Up. Nonetheless, there were some refusals, necessitating a refusal conversion effort.

The main reason to try to convert refusals is to ensure that those completing the survey are representative of all sample members. Without refusal conversion, results could be skewed toward people who like to do surveys or who are interested in the particular topic. These sample members may answer the questions differently from people who initially refuse to participate in a research study. To obtain as representative a sample as possible, we used refusal conversion techniques from the First Follow-Up Survey to persuade and convert sample members who initially refused.
First, all refusal cases were put on hold for 14 days. During this time, a refusal letter was sent to the business, acknowledging the refusal but emphasizing the unique nature of the study and the importance of participation. The survey website URL was provided in the letter, along with the sample member’s password and login ID. After the waiting period, if the sample member had not completed the survey on the web, interviewers trained in refusal conversion techniques called the case. Refusal conversion training was conducted for KFS interviewers who had demonstrated the ability to build rapport and had higher-than-average cooperation rates.

Project staff reviewed refusals periodically, especially the few adamant first refusals, to see whether they should be finalized without a conversion attempt. Project staff struck a balance between avoiding calling people who were adamantly opposed to another call and giving business owners a chance to change their minds about participation.

In the Baseline Survey, all cases that refused a second time were finalized. In contrast, project staff examined all First Follow-Up second refusals and put them into three different categories: cases that might be converted by additional attempts, cases that should be finalized for the First Follow-Up but could be tried for the Second Follow-Up, and cases that should be finalized and not contacted again. Of the 4,928 cases in the First Follow-Up, 336 were refusals, of which 113, or 34 percent, were converted.

6. Handling Special Cases

While refusal cases were not numerous in the First Follow-Up Survey, a number of other types of cases required special handling and review. These were assigned to interviewers with special training on how to resolve them.
a. Owner-Name Cases

After the Baseline data were analyzed, there were a little over 100 cases that did not provide a full first and last name for one or more owner-operator-founders identified in the Baseline. Some of these cases did not have a full first and last name for the respondent. The cases without a name for the Baseline respondent were generally those in which the owner of the business completed the survey through the web, did not give a full name, and requested that the check be made out to the business. Other owner-name cases included those where the Baseline respondent gave a full name but did not give another owner-operator’s full first and last name. Being able to track individual owners through the early years of the business allows us to learn about the makeup of the ownership team that runs the business, and is an important analytical focus of the KFS. Therefore, cases that had owners without full first and last names were separated out and designated as “CATI-only.” We did not want these cases completed on the web, because we had no way of ensuring that we would get the missing first and last names of owners. In addition, in some of these cases, respondents used initials or other identifiers, such as “Owner 2,” but we needed a first and last name. Failing that, if the respondent insisted on such a designation, we needed assurance that the person identified as “Owner 2” in the Baseline was the same person identified as “Owner 2” in the First Follow-Up. This process would also ensure that the proper demographic questions were asked.

These cases received a special letter that provided MPR contact information should they have any questions about the study or concerns about confidentiality. The letter also informed them that a professional telephone interviewer would be calling them shortly. Specially trained interviewers would call to conduct the interview and try to obtain the complete names of all owners. This technique was very effective, as the number of owner-name cases was reduced from over 100 to about 40 for the Second Follow-Up. In addition, all the remaining cases in this
group were those for which we had the name of the respondent but were missing the names of
one or more of the nonrespondent owner-operators.

b. No-Suitable-Owner Cases

While this was a major category in the Baseline Survey, there were very few cases in which
there was no identifiable owner-operator in the First Follow-Up. There were fewer than 10 cases
where the business had been turned over to a non-owner manager who was in the best position to
answer the questions. In these cases, the interview was completed with the manager.

c. Baseline Refusal Cases

These were cases that had initially refused to participate in the Baseline Survey and were
later converted to completes. Because of concern that these cases might be more difficult to
complete in the First Follow-Up Survey than cases that had not refused, they were initially
assigned to the interviewers who had the best refusal conversion rates in the Baseline Survey.
These cases did not turn out to be any more difficult than the others, so this approach was
eventually dropped as a survey management technique.

d. Web Partial Cases

Web partials were cases in which the sample member logged on to the web survey,
completed one or more questions, and then logged off before finishing. Sample members
partially completing the survey were contacted by highly experienced interviewers who were
instructed to follow these procedures:

1. Examine the case before calling, to learn at what point in the interview the sample
member broke off. This would enable the interviewer to tell the sample member
how much longer it would take to complete and would also help the interviewer get
to the first unanswered question quickly if the sample member agreed to complete
the interview.
2. Call the respondent, acknowledging that he or she did partially complete the study. Interviewers were trained to emphasize the business’s previous participation and the $50 incentive and to offer to have the sample member complete the survey over the phone. Interviewers were instructed to tell the sample member about how much time it would take to complete the interview and assure the sample member about the confidentiality of the survey data.

3. Emphasize to anyone other than the sample member answering the phone that the sample member had already completed part of the interview.

4. Include concise and complete notes for cases in which the sample member was contacted but did not complete the study.

In addition to these groups of cases, there were rare occasions such as when the web server went off-line for maintenance. After these occurrences, the project mailbox received email messages from sample members who had tried unsuccessfully to log on to the survey. Project staff responded quickly to these messages, apologized to the sample members affected, and let them know when the problem had been solved so they could log on to complete the interview.

7. Monitoring and Data Quality

Monitoring interviewer performance helps improve data quality and also provides an opportunity to improve interviewer techniques on sample member engagement and refusal avoidance. The monitoring process also helps identify unanticipated issues and provides support for interviewers who have questions about individual questionnaire items.

MPR emphasizes the importance of the monitoring process, and the MPR monitoring software allows the monitors to enter evaluations of interviewer performance into the system easily, where it is stored for retrieval by supervisors and project staff. So that they fully understood the project requirements, all First Follow-Up Survey monitors attended the interviewer training. At the beginning of the data collection, project staff also monitored interviewers to evaluate the performance of the survey instrument and to provide feedback on their performance.
Monitoring consisted of listening carefully as the interviewer engaged the sample member or gatekeeper, while also observing the interviewer’s CATI screen to check for accurate coding and correct computer logic. After the monitors observed the interviewer and prepared evaluations, they would meet with the interviewer to review the case, point out interviewer strengths, and suggest improvements.

Monitoring reports were generated weekly and included data such as the number and type of mistakes each interviewer was making and the number of positive comments made by the monitor. Because of the experience level of the interviewers and the high cooperation rates, monitors reported very few problems with the interviews or with the survey instrument.

An interviewer debriefing was conducted toward the end of the data collection period. Interviewers reported that the success of the First Follow-Up was due to (1) the fact that respondents were familiar with and interested in the study, (2) the incentive, and (3) prompt follow-up by project staff on missing checks from the Baseline Survey. They also mentioned that the best refusal conversion technique was to emphasize that the interviewer would conduct the interview at a brisk pace out of respect for the owner’s busy schedule.

As another step to ensure quality, data were reviewed at two benchmarks—after the first 25 interviews were completed and again after about 250 had been completed. Project staff reviewed the data to examine skip patterns, “other–specify” fields, and other items for accuracy.

8. Locating

As mentioned earlier, cases that require locating may be systematically different from those that do not. Some new businesses will never become established. Others will move or change phone numbers, sometimes because they are home-based and the business owner moves. To ignore businesses that have moved or changed contact information runs the risk of excluding businesses that differ from those that are easier to contact. For the First Follow-Up, a substantial
locating effort was made to find each listed business that we could not contact using the information collected during the Baseline Survey. To update contact information about sampled businesses or principals, the KFS locating process used zip key, directory assistance, Lexis-Nexis, Accurint, and various web searches. Through systematic use of these resources, locators could sometimes determine whether a business was still operating and could find updated contact information. If cases were confirmed as still being in business, they were returned to interviewing for additional attempts. A supervisor would examine a case without any new leads to determine what further action, if any, should be taken.

The SMS was the clearinghouse for information about locating attempts, as well as all email and mail contacts attempted with sample members. Each email, letter, and postcard that was sent to sample members was recorded, as were new addresses, phone numbers, and owner names. Information gathered by telephone interviewers was also passed to the SMS. For performance evaluation, the SMS also has management tools that allow locating supervisors to measure the effectiveness of individual locators. Finally, the SMS allows supervisors to review cases that had multiple contact attempts and, when no further locating action is warranted, to finalize them as “unlocatable.”

During the Baseline Survey, more than 1,340 cases required some degree of locating services. Of these, 72 were finalized as unlocatable, which means that about 95 percent of all cases sent to locating were found.

9. Response Rates

Response rates are often used as measures of the “potential” for nonresponse bias and of the quality and the validity of survey data. In general, unweighted response rates measure the proportion of the sample that resulted in usable information for analysis. Weighted response rates represent an estimate of the proportion of the survey population for which usable
information is available. The weighted response rate is also considered as a measure of the potential for nonresponse bias. Because we oversampled businesses in the high-tech sampling stratum, the weighted response rates may differ from the unweighted ones. To compute the response rate for the First Follow-Up Survey, we used a standard algorithm recommended by the American Association for Public Opinion Research (AAPOR). In this computation, the unweighted response rate is the count of the number of completed interviews among eligible businesses divided by the estimated total count of eligible businesses (the weighted response rate is comparable with weighted counts used instead of the counts). For the KFS, we will provide these response rates using two definitions of eligibility:

1. Businesses that met the survey criteria, started in 2004, and (for the unweighted response rate) completed the Baseline Survey, and are in operation at the time of data collection.

2. Businesses that met the survey criteria, started in 2004, and (for the unweighted response rate) completed the Baseline Survey, and are in operation at the time of data collection, plus businesses that were not operating at the time of data collection.

The two definitions differ only in that the second includes businesses that were not in operation at the time of the survey.

Using the AAPOR response rate algorithm (specifically, AAPOR’s Rate #3), we assumed that all businesses with unknown eligibility (under either definition) would be eligible at the same rate as businesses for which we obtained sufficient information to define eligibility. The AAPOR response rate under the first eligibility definition is:

---


3 For a weighted response rate, the numerator and dominator are population-level estimates, and the weighted response rate is a measure of the potential for nonresponse bias in survey-based estimates, because it measures the proportion of the population that provided data. For the unweighted response rate, the numerator and dominator are sample-level counts and therefore need the restriction of “completed the Baseline Survey.” The unweighted response rate is essentially an operational measure of data collection success, rather than a measure of the quality of the survey or the survey estimates.
\[
RR_1 = \frac{\text{Completes}}{\text{Completes} + \text{Elig. Non-completes} + [\text{Unknown Elig.} \times \text{Est. Elig. rate}]}
\]

where estimated eligibility rate is defined as:

\[
\text{Est. Elig. rate} = \frac{\text{Completes} + \text{Elig. Non-completes}}{\text{Completes} + \text{Elig. Non-completes} + \text{Ineligibles}}
\]

Under the second eligibility definition, the AAPOR response rate is computed:

\[
RR_2 = \frac{\text{Completes} + \text{Non-operational Businesses}}{\text{Completes} + \text{Non-operational Businesses} + \text{Elig. Non-completes} + [\text{Unknown Elig.} \times \text{Est. Elig. rate}]}
\]

where estimated eligibility rate is defined as:

\[
\text{Est. Elig. rate} = \frac{\text{Completes} + \text{Non-operational Businesses} + \text{Elig. Non-completes}}{\text{Completes} + \text{Non-operational Businesses} + \text{Elig. Non-completes} + \text{Ineligibles}}
\]

Once again, the difference between the two response rates, \(RR_1\) and \(RR_2\), is the classification of businesses that are not in operation at the time of the survey as eligible in \(RR_2\).

Among the 4,928 sample members included in the First Follow-Up Survey, we completed interviews with 3,998 eligible businesses and identified 369 that were no longer in business. The other 561 cases had unknown eligibility (they might have refused to participate in the survey, or they could have been unlocatable). For the purposes of calculating the response rate, the classification of businesses for the First Follow-Up Survey is less complex than for the Baseline Survey, in that no businesses were eligible non-interviews or known ineligibles. This is because ineligible businesses that did not meet the criteria on starting in 2004 were screened out in the Baseline Survey. Also, after participating in the Baseline Survey, the business owners were
more amenable to cooperating in the First Follow-Up. Because of these two factors, the mathematical formulas for the response rates could be further simplified.

Under the first eligibility definition, the overall unweighted AAPOR response rate is computed as 88.6 percent; under the second, it is also 88.6 percent. Because there were no eligible non-completes in the First Follow-Up Survey, and the ineligible businesses were primarily out of businesses, the response rates under the two definitions are essentially the same.

If the sampling weights are incorporated, the weighted AAPOR response rate is 88.5 percent under both eligibility definitions. Table 4 shows the unweighted/weighted response rates across the three technology sampling strata under both definitions.

### TABLE 4

<table>
<thead>
<tr>
<th>Technology Sampling Strata</th>
<th>Completes (Count)</th>
<th>Out of Business (Count)</th>
<th>Unknown Eligibility (Count)</th>
<th>Unweighted AAPOR Response Rate (Percentage)</th>
<th>Weighted AAPOR Response Rate (Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>3,998</td>
<td>369</td>
<td>561</td>
<td>88.6</td>
<td>88.5</td>
</tr>
<tr>
<td>High tech</td>
<td>571</td>
<td>45</td>
<td>89</td>
<td>87.4</td>
<td>87.6</td>
</tr>
<tr>
<td>Medium tech</td>
<td>1,084</td>
<td>106</td>
<td>139</td>
<td>89.5</td>
<td>89.6</td>
</tr>
<tr>
<td>Non tech</td>
<td>2,343</td>
<td>218</td>
<td>333</td>
<td>88.5</td>
<td>88.4</td>
</tr>
</tbody>
</table>

### 10. Longitudinal Response Rate

Because of the longitudinal nature of the KFS, we also report the longitudinal response rates, which generally speaking show the longitudinal respondents in each follow-up survey as a proportion of the estimated number of eligible businesses at the time of the Baseline Survey. As stated previously, most of the nonresponse occurred in the Baseline Survey, and businesses responding to the First Follow-Up were more cooperative. We defined the longitudinal response
rate as a simple product of the response rates in the Baseline Survey and First Follow-Up Survey. Table 5 gives the longitudinal response rates under two eligibility definitions.

TABLE 5
WEIGHTED AND UNWEIGHTED LONGITUDINAL RESPONSE RATES ACROSS TECHNOLOGY SAMPLING STRATA

<table>
<thead>
<tr>
<th>Technology Sampling Strata</th>
<th>First Eligibility Definition¹</th>
<th>Second Eligibility Definition¹</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unweighted Response Rate</td>
<td>Weighted Response Rate</td>
</tr>
<tr>
<td></td>
<td>(Percentage)</td>
<td>(Percentage)</td>
</tr>
<tr>
<td>Total</td>
<td>38.5</td>
<td>37.6</td>
</tr>
<tr>
<td>High tech</td>
<td>40.5</td>
<td>40.6</td>
</tr>
<tr>
<td>Medium tech</td>
<td>43.3</td>
<td>43.5</td>
</tr>
<tr>
<td>Non tech</td>
<td>36.4</td>
<td>36.8</td>
</tr>
</tbody>
</table>

¹ The first eligibility definition required that the business be in operation at the time of the survey; the second definition included businesses that were not in operation at the time of the survey.

11. Panel Maintenance Packet

The strength of the data collected during the KFS is their longitudinal nature. To minimize attrition in the panel between surveys, we made a significant effort to express appreciation to panel members. The $50 incentive was one way both to thank the respondents for participation in the Baseline and First Follow-Up surveys and to encourage participation in future follow-up surveys. Another technique to remind panel members about the KFS was the packet of materials sent after they completed the Baseline and First Follow-Up. For the latter, the “panel maintenance packet” consisted of a letter of appreciation and a pad of post-it notes with “Kauffman Firm Survey,” along with the name of the Foundation, printed on them. The letter thanked respondents for completing the survey and reminded them of the interview in the upcoming year. It also contained contact information for MPR’s survey director. So that it would not be discarded or ignored as just another piece of junk mail, the welcome packet was
designed to appear attractive and important: a large 5½”×8” envelope was used, with the MPR logo and project number printed in color on the upper left. The envelope also bore a first-class stamp instead of the cheaper bulk rate imprint common to mass mailings.

For the First Follow-Up Survey, 4,928 welcome packets were sent in two separate mailings. As with the Baseline Survey, these generated some returned packets, some of which contained updated addresses. Those addresses were recorded and the packets re-mailed.

Again some respondents called in to say they had not received their $50 incentive, and MPR staff verified through the respondent payment system that the checks were sent but never cashed. Any missing address information, usually a suite or apartment number, was obtained and entered into the SMS, and the checks were reissued. This updated contact information was collected and stored for use on future follow-up surveys.

12. Summary of KFS First Follow-Up Data Collection

In summary, the KFS data collection illustrates the following points:

- Recruiting new businesses into a panel study is a significant challenge requiring careful planning, effective contact techniques, and excellent interviewer training.
- Email contacts coupled with an available web survey can be an effective method of maintaining a panel of new businesses.
- Panel maintenance packets, incentives, and collection of updated contact data all help maintain the panel and encourage their participation.

These steps were crucial for achieving a high response rate for the First Follow-Up Survey. The value of the high response rate gives researchers confidence that the KFS data accurately reflects the experiences of the KFS population and increases the potential for quality data in future rounds. These results also show the feasibility of creating and maintaining a panel of new businesses over several years.
F. CODING AND DATA PROCESSING

1. Overview

As with other First Follow-Up operations described above, the coding and data processing were aided by the Baseline Survey experience. The programs and procedures used in coding and data processing in the Baseline Survey were used for the First Follow-Up, and many needed little or no updating.

2. Back-Coding

Sixteen questions in the First Follow-Up Survey contained open-ended responses, with all but one having an “other–specify” alternative if respondents did not think their answers fit into one of the existing categories. Each of these responses was typed verbatim by the interviewer (or, on the web survey, by the respondent) and was reviewed for possible back-coding (the process of determining whether the answer actually fits into one of the existing categories). Sometimes respondents do not hear all the answer categories during a telephone interview, do not read them carefully on a web survey, or interpret a category incorrectly. Although some of these responses could not be back-coded, many could. Qualified and experienced coding staff performed the back-coding of the “other–specify” responses to these questions:

- A10 (Reason for being out of business)
- C1 (Form of legal status of business)
- C8 (Primary location where business operates)
- C9 (Reason for change in location)
- E1h (Key responsibilities of employees)
- E2a.1 (Employee benefits provided to full-time employees)
- E2b.1 (Employee benefits provided to part-time employees)
- F3g (Sources of equity)
• F7f (Sources of respondent debt)
• F9f (Sources of other owner debt)
• F11k (Sources of debt of the business)
• F28g (Other business owner property)
• F28h (Other assets)
• F30c (Other liabilities)
• G6 (Race)

All but one of these questions were the same as in the Baseline Survey. In the First Follow-Up, Question C1 had been labeled as B2 in the Baseline, and C9 was a new question. To maintain consistency across rounds, the back-coding in the First Follow-Up used the results from the Baseline Survey back-coding as a guide.

3. Industry Coding

Question C1b (principal activity of the business) is used to determine the North American Industry Classification System (NAICS)\(^4\) code. The NAICS system, developed by the U.S. Census Bureau, is the standard establishment classification for all federal surveys, replacing the Standard Industry Classification (SIC) codes. The First Follow-Up asked sample members to confirm the industry description for their business, which was obtained either from the Baseline Survey D&B record or from a back-coded response from the Baseline interview. If the respondent disagreed with the primary industry description, the interviewer asked for an updated description and recorded the response verbatim. Coders then reviewed these descriptions and identified the most appropriate NAICS code. MPR used coders with substantial experience in industry and, specifically, NAICS coding, and they were instructed to leave the six-digit code

\(^{4}\) See [www.census.gov/epcd/www/naics.html] for more information on NAICS.
from the Baseline Survey if they could not code to a six-digit NAICS based on the description collected during the First Follow-Up.

As in the Baseline Survey coding process, the next step was to ensure that the NAICS descriptions for the updated NAICS code were entered into the case records. This required getting the listing of NAICS codes and associated descriptions, matching them to the cases with updated NAICS codes, and inserting the matching description into the case. This description was then preloaded into the Second Follow-Up instrument as the description of the principal activity of the business.

4. Financial Data Coding

Once again, financial data back-coding presented a number of challenges. Not all owners of new businesses have a clear understanding of financial accounting, asset categories, or even the difference between debt and equity. While the numbers of cases in this category of coding decreased in the First Follow-Up from the Baseline, there were still some complex cases requiring review by project staff.

Because the questions in the business finances section included dollar values, back-coding these also required adding the amount of the back-coded question to the appropriate response category. For example, if a respondent indicated in the “other–specify” for equity investment that “Dad” had invested $10,000 in the business, the $10,000 would have to be added to any amount already entered into the section that recorded amounts invested by “parents, in-laws, or children of owners of the business.” Many of the financial back-codes were obvious after review by project staff. In addition, the programs developed during the Baseline Survey coding were used to correct these problems. The programs moved the back-coded responses from the “other–specify” field into the correct response category and added the related dollar amount into the
proper field. This allowed the response and the corresponding amount to be back-coded to the appropriate category.

Responses at some other questions were somewhat more complex. For example, many respondents did not make a clear distinction between the two “other asset” categories at Question F28, and these had to be adjusted as well. “Any other business property” (F28g) was designed to capture tangible assets, while the “any other assets” category (F28h) was designed to capture intangible assets such as patents, trademarks, and copyrights, as well as financial assets such as long-term bonds.

Some of the “other–specify” fields required extensive review and case-by-case recoding. In some cases, account balances had to be moved from debt to equity and vice versa. When there was doubt, responses were left as is, but when it was clear that the respondent had put an account in the wrong place, appropriate adjustments were made to the case.

5. Quality Assurance

QA is included in all MPR’s survey operations, and was also used throughout the KFS coding process. The coding supervisor reviewed all work completed by coders and made corrections before sending the results to project staff, who performed QA. Project staff commented on any cases they changed, so that the coders would have feedback for future rounds. These were primarily reminders about procedures for handling responses that could not be back-coded. As mentioned above, QC checks were also made across the Baseline and First Follow-Up codes to ensure consistency across rounds. One of these checks was the owner number: because each owner-operator was identified by a unique ID number in the Baseline, project staff ensured that the same number followed that owner in the First Follow-Up.

MPR programmers tested all back-coding programs on a test data set for accuracy. Both the programming and the project staffs examined the adjusted data set to make sure that all changes
were made accurately and that each step of the process was documented. As previously
mentioned, the NAICS coding description and six-digit code had to be inserted into the CATI
program to prepare for the Second Follow-Up Survey. Both were checked to ensure that the new
descriptions were accurate. Additional checks were made to ensure that back-coded financial
items and their associated amounts had been properly transferred.

Project staff also looked for common “other–specify” answers to any question, to determine
whether the responses should form a new response category in the Second Follow-Up. If any
response to an “other–specify” category appeared in at least 3 percent of the cases, addition of a
new response category would be considered. As in the Baseline Survey, however, no First
Follow-Up question had an “other–specify” response that reached this threshold.

6. Data Cleaning and Frequency Review

For the First Follow-Up cleaning process, the same set of specifications developed during
the Baseline Survey to machine-edit the data was used, and was expanded to include
specifications for any data inconsistencies resulting from the new questions that were added to
the First Follow-Up. The specifications for these computer edits began by using the skip patterns
and consistency checks in the CATI questionnaire, which were then expanded to cover other data
consistency issues identified during the Baseline Survey.

After these cleaning specifications were finalized, they were programmed into SAS and
applied to the raw data. After these processes were completed, a set of frequencies was produced
and then reviewed by project staff for quality control to ensure that the cleaning statements were
implemented properly and to check for any other data inconsistencies. As with the Baseline data
file, a number of variables were not included in the analysis files, such as those MPR created to
help manage the data collection, as well as variables that would identify businesses or owners.
The frequency distributions included only those variables to be included in the final data file.
During the initial review of the frequencies, any inconsistent values or routing problems were noted for revisions. Inconsistent values usually come from web cases, since, to avoid increasing respondent frustration and web breakoffs, the web program had fewer built-in checks than the CATI program. The frequency review also served as a final check that “other–specify” responses were back-coded properly, with any additional responses that could be back-coded noted so that they could be corrected. After the initial review, we compiled a list of values to be edited, and these were implemented through SAS. To ensure that all inconsistent values were corrected, we produced a second set of frequency distributions after cleaning.

Once the First Follow-Up data file was finalized (all cleaning was completed and reviewed) and the constructed variables were added (discussed in the next section), the First Follow-Up data file was added to the Baseline file to create one combined data file. First Follow-Up variables were given a “_F” suffix to distinguish them from Baseline variables. This combined file went through a final quality control review to ensure that the process of combining the two files did not create any unexpected errors or complications.

7. Constructed Variables

For the First Follow-Up data, we created a set of constructed variables identical in construction to those created for the Baseline data. These variables were created to consolidate data collected through different questions with different levels of specificity in order to facilitate analysis of these data. In addition, new constructed variables, created from the new First Follow-Up questions, were added to the final data file. Below is a review of the different categories of constructed variables.
a. Financial Measures with Three Levels of Data

When asked about different sources of business financing, such as equity or debt, respondents were first asked whether these sources were used (an “indicator” question). Respondents reporting that the business had used one of these types of financing were then asked for an exact dollar amount for the reference period. Respondents unable or unwilling to provide an exact dollar amount (either through a “don’t know” or “refused” response in CATI or by leaving the field blank on the web) were provided a set of ranges and asked to select the appropriate one. The goal of constructing variables for these financial measures was to combine these values into one variable that would reveal to researchers both the incidence of usage and the amounts used or acquired during the reference period. Respondents answering “no” to the indicator question were given a “0” in the constructed variable. For exact-value responses, the value associated with the range the value fell into was placed in the new constructed variable. For example, if a respondent indicated that the business had a year-end personal credit card balance of $20,000 (question F8b), the value “6” was placed in the constructed variable, indicating the range $10,001 to $25,000. For respondents who gave a range response to the question, these values were placed in the constructed variable as is.

b. Financial Variables with Two Levels of Data

We also created constructed variables for measures that did not include an indicator variable, such as total expenses (F17) and total wage expenses (F18). For these constructed variables, we used the process as described above of translating exact values into ranges.

c. Variables Summing Financial Measures

The KFS instrument asked about equity and debt in terms of specific sources, such as from owner-operators, family members, banks, and other organizations. By summing all discrete
sources falling into a particular category, we created a set of constructed variables that provided subtotals of equity and debt provided by owner-operators and non-owner-operators, as well as a total from all sources.

d. Intellectual Property Measures

The KFS questions on patents, copyrights, and trademarks asked an indicator question for each type, and businesses that reported having these types of properties were asked how many they had. The constructed variables were created to provide both the incidence and the quantities of these items by entering a “0” for cases reporting no patents, copyrights, or trademarks, and for those reporting them, the number of the specific type was entered into the constructed variable.

A full list of the variables constructed for the First Follow-Up Survey data file, as well as more about their construction, is available in the data documentation memo included as Appendix D. Once the constructed variables were created and quality control was performed on them, the clean data file was provided to MPR statisticians so that the survey weights and nonresponse adjustment variables could be added.

8. Preparation of Codebook and Data Documentation

The main codebook for the First Follow-Up Survey is the questionnaire, which was annotated to include the variable names in the data file next to the appropriate questions from which the variables were derived. The annotated questionnaire is included as Appendix E. A data documentation memo for the combined data file was also prepared, which provides information about variables not derived from the questionnaire, including:

- Sampling variables, such as those used in the technology and gender strata
- Weighting variables for both Baseline and First Follow-Up, such as nonresponse and post-stratification adjustments, as well as the total weight variable
• Survey management variables, such as the unique ID number given to cases, final dispositions, number of contacts made to businesses, and so on

• D&B derived variables, such as industry codes and other descriptive measures provided with the D&B file

• Constructed variables, as discussed earlier
G. WEIGHTING AND NONRESPONSE ADJUSTMENTS

1. Response Analysis Summary

For the purpose of nonresponse analysis, we classified the 4,928 cases included in the First Follow-Up Survey into two categories: located and unlocated. The located cases were further classified into two groups: completes and nonrespondents. Completes included businesses (1) for which we obtained either a web survey questionnaire or a telephone interview, or (2) that were classified as ineligible (ceased operations). By using information from the Baseline Survey, we located essentially the entire sample in the First Follow-Up Survey—the overall location rate (the weighted number of eligible businesses in the Baseline Survey that were located in the First Follow-Up Survey) is 98.5 percent. The weighted location and response rates relative to the Baseline Survey for the full sample are given in Table 6 and by technology stratum in tables 7 to 9.

In general, businesses in the high tech and medium tech sampling strata responded at a higher rate than did non tech businesses. Because businesses in the non tech sampling stratum account for the majority of the study population (85 percent), the overall location and response rates will generally reflect the pattern of the businesses in the non tech stratum. In addition to the technology sampling strata, we investigated the response patterns by gender, age category, education, experience in the industry of the responding owner, legal status, physical location (residence or not), and number of employees, as well as by financial information (total debt, total revenue, etc.). All these characteristics are from data collected in the Baseline Survey. Businesses whose responding owner had at least a bachelor’s degree responded at a higher rate across all technology strata, though the differential was smaller among businesses in the high tech sampling stratum than in the other two strata.
Generally speaking, for the conditional response (that is, relative to the Baseline Survey), the age of the responding owner was positively correlated with response. However, among businesses in the high tech and medium tech strata, those whose owners were between 35 and 44 years old had a lower response rate than the businesses whose owners were less than 35 or more than 45. Sole proprietorships responded at a higher rate across all strata. Overall, businesses having no revenue had a lower response rate than those that did have revenue, but businesses that were in the high tech sampling stratum and had no revenue had a higher response rate than those who did have revenue, and the differential was smaller for businesses in the medium tech sampling stratum than in the non tech stratum.
## TABLE 6
WEIGHTED LOCATION AND RESPONSE RATES FOR THE FIRST FOLLOW-UP SURVEY RELATIVE TO THE BASELINE SURVEY AMONG BUSINESSES IN THE KAUFFMAN FIRM SURVEY

<table>
<thead>
<tr>
<th>Sample Count</th>
<th>Weighted Count Located</th>
<th>Weighted Percentage Located</th>
<th>Weighted Completions Complete</th>
<th>Weighted Percentage Complete/Located</th>
<th>Weighted Response Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>4,928</td>
<td>4,856</td>
<td>98.5</td>
<td>4,367</td>
<td>89.8</td>
</tr>
<tr>
<td><strong>Technology Sampling Strata</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High tech</td>
<td>705</td>
<td>693</td>
<td>98.2</td>
<td>616</td>
<td>89.2</td>
</tr>
<tr>
<td>Medium tech</td>
<td>1,329</td>
<td>1,310</td>
<td>98.6</td>
<td>1,190</td>
<td>90.8</td>
</tr>
<tr>
<td>Non tech</td>
<td>2,894</td>
<td>2,853</td>
<td>98.5</td>
<td>2,561</td>
<td>89.7</td>
</tr>
<tr>
<td><strong>Sole Proprietorship</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>1,635</td>
<td>1,596</td>
<td>97.6</td>
<td>1,460</td>
<td>91.3</td>
</tr>
<tr>
<td>No</td>
<td>3,293</td>
<td>3,260</td>
<td>99.1</td>
<td>2,907</td>
<td>89.0</td>
</tr>
<tr>
<td><strong>Number of Employees</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>2,838</td>
<td>2,799</td>
<td>98.6</td>
<td>2,542</td>
<td>90.6</td>
</tr>
<tr>
<td>At least 1</td>
<td>2,090</td>
<td>2,057</td>
<td>98.5</td>
<td>1,825</td>
<td>88.7</td>
</tr>
<tr>
<td><strong>Primary Location of the Business</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residence</td>
<td>2,483</td>
<td>2,440</td>
<td>98.1</td>
<td>2,240</td>
<td>91.6</td>
</tr>
<tr>
<td>Others</td>
<td>2,445</td>
<td>2,416</td>
<td>98.9</td>
<td>2,127</td>
<td>88.2</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>1,704</td>
<td>1,667</td>
<td>97.7</td>
<td>1,489</td>
<td>88.8</td>
</tr>
<tr>
<td>$1 to $25,000</td>
<td>1,321</td>
<td>1,301</td>
<td>98.7</td>
<td>1,211</td>
<td>92.4</td>
</tr>
<tr>
<td>$25,001 or more</td>
<td>1,903</td>
<td>1,888</td>
<td>99.2</td>
<td>1,667</td>
<td>88.9</td>
</tr>
<tr>
<td><strong>Total Debt</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>2,231</td>
<td>2,196</td>
<td>98.3</td>
<td>1,970</td>
<td>89.7</td>
</tr>
<tr>
<td>Positive</td>
<td>2,697</td>
<td>2,660</td>
<td>98.7</td>
<td>2,397</td>
<td>89.9</td>
</tr>
<tr>
<td><strong>Age of the Responding Owner</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>34 or younger</td>
<td>864</td>
<td>851</td>
<td>98.6</td>
<td>742</td>
<td>86.6</td>
</tr>
<tr>
<td>35 to 44</td>
<td>1,618</td>
<td>1,583</td>
<td>97.9</td>
<td>1,407</td>
<td>89.4</td>
</tr>
<tr>
<td>45 to 54</td>
<td>1,447</td>
<td>1,430</td>
<td>98.6</td>
<td>1,296</td>
<td>90.6</td>
</tr>
<tr>
<td>55 or older</td>
<td>999</td>
<td>992</td>
<td>99.5</td>
<td>922</td>
<td>92.4</td>
</tr>
<tr>
<td><strong>Responding Owner’s Years of Experience</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0 to 10</td>
<td>2,577</td>
<td>2,536</td>
<td>98.4</td>
<td>2,268</td>
<td>89.7</td>
</tr>
<tr>
<td>11 to 20</td>
<td>1,305</td>
<td>1,284</td>
<td>98.5</td>
<td>1,141</td>
<td>88.8</td>
</tr>
<tr>
<td>21 or more</td>
<td>1,046</td>
<td>1,036</td>
<td>99.1</td>
<td>958</td>
<td>91.5</td>
</tr>
<tr>
<td><strong>Responding Owner’s Education</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Associate’s degree or lower</td>
<td>2,395</td>
<td>2,347</td>
<td>98.2</td>
<td>2,082</td>
<td>88.6</td>
</tr>
<tr>
<td>Bachelor’s degree or higher</td>
<td>2,533</td>
<td>2,509</td>
<td>99.0</td>
<td>2,285</td>
<td>91.2</td>
</tr>
</tbody>
</table>

* Completed cases include businesses with complete data for applicable questions. These include First Follow-Up completes and ineligible businesses (businesses that were not operational).
## TABLE 7
WEIGHTED LOCATION AND RESPONSE RATES FOR THE FIRST FOLLOW-UP SURVEY
RELATIVE TO THE BASELINE SURVEY AMONG BUSINESSES IN THE KAUFFMAN FIRM SURVEY: HIGH TECH

<table>
<thead>
<tr>
<th></th>
<th>Sample Count</th>
<th>Weighted Location</th>
<th>Weighted Percentage Located</th>
<th>Weighted Percentage Complete/Located</th>
<th>Weighted Response Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>705</td>
<td>693</td>
<td>98.2</td>
<td>616</td>
<td>89.2</td>
</tr>
<tr>
<td>Sole Proprietorship</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>153</td>
<td>148</td>
<td>96.6</td>
<td>139</td>
<td>94.1</td>
</tr>
<tr>
<td>No</td>
<td>552</td>
<td>545</td>
<td>98.7</td>
<td>477</td>
<td>87.8</td>
</tr>
<tr>
<td>Have Competitive Advantage</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>478</td>
<td>470</td>
<td>98.3</td>
<td>412</td>
<td>87.9</td>
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<tr>
<td>No</td>
<td>227</td>
<td>223</td>
<td>98.3</td>
<td>204</td>
<td>91.7</td>
</tr>
<tr>
<td>Number of Owners</td>
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</tr>
<tr>
<td>1</td>
<td>331</td>
<td>323</td>
<td>97.6</td>
<td>296</td>
<td>92.0</td>
</tr>
<tr>
<td>2 or higher</td>
<td>374</td>
<td>370</td>
<td>98.8</td>
<td>320</td>
<td>86.7</td>
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<td>Total Assets</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$0 to $10,000</td>
<td>223</td>
<td>219</td>
<td>98.1</td>
<td>195</td>
<td>89.8</td>
</tr>
<tr>
<td>$10,001 to $100,000</td>
<td>259</td>
<td>257</td>
<td>99.4</td>
<td>234</td>
<td>91.4</td>
</tr>
<tr>
<td>$100,001 or more</td>
<td>223</td>
<td>217</td>
<td>97.3</td>
<td>187</td>
<td>86.1</td>
</tr>
<tr>
<td>Total Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$0</td>
<td>253</td>
<td>248</td>
<td>97.9</td>
<td>226</td>
<td>91.9</td>
</tr>
<tr>
<td>$1 to $100,000</td>
<td>239</td>
<td>233</td>
<td>97.5</td>
<td>212</td>
<td>91.0</td>
</tr>
<tr>
<td>$100,001 or more</td>
<td>213</td>
<td>212</td>
<td>99.7</td>
<td>178</td>
<td>83.9</td>
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<tr>
<td>Responding Owner’s Education</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Associate’s degree or lower</td>
<td>346</td>
<td>337</td>
<td>97.3</td>
<td>299</td>
<td>88.7</td>
</tr>
<tr>
<td>Bachelor’s degree or higher</td>
<td>359</td>
<td>356</td>
<td>99.3</td>
<td>317</td>
<td>89.6</td>
</tr>
<tr>
<td>Age of the Responding Owner</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>34 or younger</td>
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<td>77</td>
<td>98.6</td>
<td>68</td>
<td>88.7</td>
</tr>
<tr>
<td>35 to 44</td>
<td>216</td>
<td>209</td>
<td>96.8</td>
<td>183</td>
<td>87.1</td>
</tr>
<tr>
<td>45 to 54</td>
<td>248</td>
<td>246</td>
<td>99.1</td>
<td>215</td>
<td>88.1</td>
</tr>
<tr>
<td>55 or older</td>
<td>163</td>
<td>161</td>
<td>98.7</td>
<td>150</td>
<td>93.7</td>
</tr>
<tr>
<td>Responding Owner’s Years of Experience</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0 to 10</td>
<td>314</td>
<td>310</td>
<td>98.6</td>
<td>273</td>
<td>88.4</td>
</tr>
<tr>
<td>11 to 20</td>
<td>202</td>
<td>196</td>
<td>97.1</td>
<td>170</td>
<td>86.4</td>
</tr>
<tr>
<td>21 or more</td>
<td>189</td>
<td>187</td>
<td>98.9</td>
<td>173</td>
<td>93.3</td>
</tr>
</tbody>
</table>

*Completed cases include businesses with complete data for applicable questions. These include First Follow-Up completes and ineligible businesses (businesses that were not operational).*
<table>
<thead>
<tr>
<th>TABLE 8</th>
<th>WEIGHTED LOCATION AND RESPONSE RATES FOR THE FIRST FOLLOW-UP SURVEY RELATIVE TO THE BASELINE SURVEY AMONG BUSINESSES IN THE KAUFFMAN FIRM SURVEY: MEDIUM TECH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sample</td>
<td>Weighted</td>
</tr>
<tr>
<td>Count</td>
<td>Percentage</td>
</tr>
<tr>
<td>All</td>
<td>1,329</td>
</tr>
<tr>
<td>Number of Employees</td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>828</td>
</tr>
<tr>
<td>At least 1</td>
<td>501</td>
</tr>
<tr>
<td>Have Competitive Advantage</td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>905</td>
</tr>
<tr>
<td>No</td>
<td>424</td>
</tr>
<tr>
<td>Primary Location of the Business</td>
<td></td>
</tr>
<tr>
<td>Residence</td>
<td>873</td>
</tr>
<tr>
<td>Others</td>
<td>456</td>
</tr>
<tr>
<td>Total Assets</td>
<td></td>
</tr>
<tr>
<td>$0 to $3,000</td>
<td>420</td>
</tr>
<tr>
<td>$3,001 to $25,000</td>
<td>488</td>
</tr>
<tr>
<td>$25,001 or more</td>
<td>421</td>
</tr>
<tr>
<td>Total Revenue</td>
<td></td>
</tr>
<tr>
<td>$0</td>
<td>433</td>
</tr>
<tr>
<td>$1 to $25,000</td>
<td>412</td>
</tr>
<tr>
<td>$25,001 or more</td>
<td>484</td>
</tr>
<tr>
<td>Age of the Responding Owner</td>
<td></td>
</tr>
<tr>
<td>34 or younger</td>
<td>233</td>
</tr>
<tr>
<td>35 to 44</td>
<td>428</td>
</tr>
<tr>
<td>45 to 54</td>
<td>378</td>
</tr>
<tr>
<td>55 or older</td>
<td>290</td>
</tr>
<tr>
<td>Responding Owner’s Years of Experience</td>
<td></td>
</tr>
<tr>
<td>0 to 10</td>
<td>556</td>
</tr>
<tr>
<td>11 to 20</td>
<td>436</td>
</tr>
<tr>
<td>21 or more</td>
<td>337</td>
</tr>
<tr>
<td>Responding Owner’s Education</td>
<td></td>
</tr>
<tr>
<td>Associate’s degree or lower</td>
<td>423</td>
</tr>
<tr>
<td>Bachelor’s degree or higher</td>
<td>906</td>
</tr>
</tbody>
</table>

* Completed cases include businesses with complete data for applicable questions. These include First Follow-Up completes and ineligible businesses (businesses that were not operational).
### TABLE 9
WEIGHTED LOCATION AND RESPONSE RATES FOR THE FIRST FOLLOW-UP SURVEY
RELATIVE TO THE BASELINE SURVEY AMONG BUSINESSES
IN THE KAUFFMAN FIRM SURVEY: NON TECH

<table>
<thead>
<tr>
<th>Sample Count Located</th>
<th>Weighted Percentage Located</th>
<th>Weighted Completes</th>
<th>Weighted Percentage Complete/Located</th>
<th>Weighted Response Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>All</strong></td>
<td>2,894</td>
<td>2,853</td>
<td>98.5</td>
<td>2,561</td>
</tr>
<tr>
<td><strong>Sole Proprietorship</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>1,056</td>
<td>1,031</td>
<td>97.6</td>
<td>941</td>
</tr>
<tr>
<td>No</td>
<td>1,838</td>
<td>1,822</td>
<td>99.1</td>
<td>1,620</td>
</tr>
<tr>
<td><strong>Number of Owners</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>1,754</td>
<td>1,722</td>
<td>98.1</td>
<td>1,549</td>
</tr>
<tr>
<td>2 or more</td>
<td>1,140</td>
<td>1,131</td>
<td>99.2</td>
<td>1,012</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$0</td>
<td>1,018</td>
<td>994</td>
<td>97.6</td>
<td>882</td>
</tr>
<tr>
<td>$1 to $25,000</td>
<td>780</td>
<td>771</td>
<td>98.9</td>
<td>710</td>
</tr>
<tr>
<td>$25,001 or more</td>
<td>1,096</td>
<td>1,088</td>
<td>99.1</td>
<td>969</td>
</tr>
<tr>
<td><strong>Total Debt</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>1,205</td>
<td>1,186</td>
<td>98.3</td>
<td>1,063</td>
</tr>
<tr>
<td>Positive</td>
<td>1,689</td>
<td>1,667</td>
<td>98.7</td>
<td>1,498</td>
</tr>
<tr>
<td><strong>Age of the Responding Owner</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>34 or younger</td>
<td>553</td>
<td>547</td>
<td>98.8</td>
<td>470</td>
</tr>
<tr>
<td>35 to 44</td>
<td>974</td>
<td>954</td>
<td>97.9</td>
<td>856</td>
</tr>
<tr>
<td>45 to 54</td>
<td>821</td>
<td>809</td>
<td>98.4</td>
<td>736</td>
</tr>
<tr>
<td>55 or older</td>
<td>546</td>
<td>543</td>
<td>99.5</td>
<td>499</td>
</tr>
<tr>
<td><strong>Responding Owner’s Years of Experience</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0 to 6</td>
<td>1,300</td>
<td>1,283</td>
<td>98.6</td>
<td>1,156</td>
</tr>
<tr>
<td>7 to 15</td>
<td>756</td>
<td>742</td>
<td>98.0</td>
<td>659</td>
</tr>
<tr>
<td>16 or more</td>
<td>838</td>
<td>828</td>
<td>98.8</td>
<td>746</td>
</tr>
<tr>
<td><strong>Responding Owner’s Education</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Associate’s degree or lower</td>
<td>1,626</td>
<td>1,599</td>
<td>98.2</td>
<td>1,415</td>
</tr>
<tr>
<td>Bachelor’s degree or higher</td>
<td>1,268</td>
<td>1,254</td>
<td>98.9</td>
<td>1,146</td>
</tr>
<tr>
<td><strong>Gender of the Responding Owner</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>843</td>
<td>834</td>
<td>98.8</td>
<td>759</td>
</tr>
<tr>
<td>Male</td>
<td>2,051</td>
<td>2,019</td>
<td>98.4</td>
<td>1,802</td>
</tr>
</tbody>
</table>

* Completed cases include businesses with complete data for applicable questions. These include First Follow-Up completes and ineligible businesses (primarily businesses that were not operational).
2. **Sampling Weights**

The initial sampling weight for the First Follow-Up Survey is defined as the final analysis weight from the Baseline Survey, that is, the weight that includes the nonresponse adjustment and the post-stratification adjustment. The descriptive statistics of the initial sampling weight are in Table 10.

<table>
<thead>
<tr>
<th></th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Median</th>
<th>Std Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>1.17</td>
<td>46.98</td>
<td>14.87</td>
<td>17.69</td>
<td>8.69</td>
</tr>
<tr>
<td>High Tech</td>
<td>1.17</td>
<td>3.42</td>
<td>1.86</td>
<td>1.84</td>
<td>0.34</td>
</tr>
<tr>
<td>Medium Tech</td>
<td>4.39</td>
<td>12.39</td>
<td>7.28</td>
<td>7.29</td>
<td>1.03</td>
</tr>
<tr>
<td>Non Tech</td>
<td>13.50</td>
<td>46.98</td>
<td>21.52</td>
<td>20.93</td>
<td>4.01</td>
</tr>
</tbody>
</table>

3. **Nonresponse Adjustment**

In essentially all surveys, the sampling weights have to be adjusted to compensate for the sample members who cannot be located or who refuse to respond. The general approach was discussed in detail in the Baseline Survey methodology report. For the First Follow-Up Survey, we applied a similar strategy: we used weighted logistic propensity modeling separately for each technology stratum. Because of the high rate of locating the businesses, we did this modeling incorporating both the location and the response status of sampled businesses. That is, we used three response propensity logistic models (one for each technology sampling stratum). The two levels in the binary response for this model were “a located respondent” versus “nonrespondent or not located.” For the KFS, a sample member was classified as a respondent if the sample
member completed the interview (that is, was an eligible respondent) or was determined to be ineligible (that is, was out of business). We used the inverse of the propensity score as the response adjustment factor. The response-adjusted weight for each sample case is the product of the initial weight and the response adjustment factor. Finally, we computed a post-stratification factor in each technology stratum to ensure that the sums of the weights were the same before and after nonresponse adjustment.

We developed the models using data from the response to the Baseline Survey within the sampling technology groups. We evaluated the data as main effects and also investigated interactions among these variables. To identify candidate variables to be used as main effects, and interactions among these variables for the modeling, we first ran a chi-squared automatic interaction detector (CHAID) analysis in SPSS to find possible significant predictors and combinations of them. The variables and interactions we identified using CHAID were then processed using forward and backward stepwise regression (using the SAS logistic procedure with weights normalized to the sample size) to further refine the candidate variables and interaction terms. After identifying a smaller pool of main effects and interactions for potential inclusion in the final model, we evaluated a series of models to determine the final parsimonious model. Because the SAS logistic procedure does not incorporate the sampling design, the final selection of the covariates was accomplished with the logistic regression procedure in SUDAAN\textsuperscript{5} using various measures of goodness of fit and predictive ability. For selecting variables or interactions in a model, we included variables or interactions that have a statistical significance level (alpha level) of 0.30 or lower (instead of the standard 0.05). We used a higher significance level because the purpose of the model was to improve the estimation of the

propensity score, not to identify statistically significant factors related to response. In addition, the information sometimes reflected proxy variables for some underlying variable that was both unknown and unmeasured. The variables used as main effects and the interactions in the response model are summarized in Table 11. The R-squared ranges from 0.07 to 0.11 for the various models, and the Hosmer-Lemeshow statistics range from 0.59 to 0.73. These values are similar to those observed for other response propensity modeling efforts using logistic regression with design-based sampling weights.
TABLE 11
SUMMARY OF NONRESPONSE MODELS

<table>
<thead>
<tr>
<th>Variable</th>
<th>Level</th>
<th>High Tech</th>
<th>Medium Tech</th>
<th>Non Tech</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responding Owner’s Age</td>
<td>4</td>
<td>Main</td>
<td>Main, Interaction</td>
<td>Main, Interaction</td>
</tr>
<tr>
<td>Responding Owner’s Experience</td>
<td>3</td>
<td>Main, Interaction</td>
<td>Main, Interaction</td>
<td>Main, Interaction</td>
</tr>
<tr>
<td>Responding Owner’s Working hours</td>
<td>2</td>
<td>Main, Interaction</td>
<td>Main, Interaction</td>
<td>Main, Interaction</td>
</tr>
<tr>
<td>Responding Owner’s Gender</td>
<td>2</td>
<td></td>
<td>Interaction</td>
<td></td>
</tr>
<tr>
<td>Responding Owner’s Education</td>
<td>2</td>
<td>Interaction</td>
<td>Main</td>
<td>Interaction</td>
</tr>
<tr>
<td>Total Assets</td>
<td>3</td>
<td>Main, Interaction</td>
<td>Main, Interaction</td>
<td>Main</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>3</td>
<td>Interaction</td>
<td>Main, Interaction</td>
<td>Main</td>
</tr>
<tr>
<td>Total Debt</td>
<td>2</td>
<td>Interaction</td>
<td>Main, Interaction</td>
<td>Main, Interaction</td>
</tr>
<tr>
<td>Total Expense</td>
<td>3</td>
<td>Interaction</td>
<td>Main, Interaction</td>
<td>Main, Interaction</td>
</tr>
<tr>
<td>Total Equity</td>
<td>3</td>
<td>Interaction</td>
<td>Main</td>
<td>Interaction</td>
</tr>
<tr>
<td>Legal Status</td>
<td>2</td>
<td>Main, Interaction</td>
<td>Interaction</td>
<td></td>
</tr>
<tr>
<td>Primary Location</td>
<td>2</td>
<td>Main</td>
<td>Interaction</td>
<td></td>
</tr>
<tr>
<td>Number of Employees</td>
<td>2</td>
<td>Main, Interaction</td>
<td>Main, Interaction</td>
<td>Interaction</td>
</tr>
<tr>
<td>Number of Owners</td>
<td>2</td>
<td>Main, Interaction</td>
<td>Main, Interaction</td>
<td>Main, Interaction</td>
</tr>
<tr>
<td>Having Sales</td>
<td>2</td>
<td>Main</td>
<td>Interaction</td>
<td></td>
</tr>
<tr>
<td>Providing Services</td>
<td>2</td>
<td></td>
<td>Main</td>
<td></td>
</tr>
<tr>
<td>Major Industry</td>
<td>2</td>
<td></td>
<td>Interaction</td>
<td></td>
</tr>
<tr>
<td>Intellectual Property</td>
<td>2</td>
<td></td>
<td>Main</td>
<td></td>
</tr>
<tr>
<td>R&amp;D Expenditure</td>
<td>2</td>
<td>Interaction</td>
<td>Interaction</td>
<td></td>
</tr>
<tr>
<td>Competitive Advantage</td>
<td>2</td>
<td>Main</td>
<td>Interaction</td>
<td></td>
</tr>
<tr>
<td>Full R-squared</td>
<td></td>
<td>0.1134</td>
<td>0.1020</td>
<td>0.0666</td>
</tr>
<tr>
<td>Reduced R-squared</td>
<td></td>
<td>0.1114</td>
<td>0.0934</td>
<td>0.0651</td>
</tr>
<tr>
<td>Hosmer-Lemeshow Statistics</td>
<td></td>
<td>0.5858</td>
<td>0.7298</td>
<td>0.6101</td>
</tr>
<tr>
<td>Percentage Concordant</td>
<td></td>
<td>76.0</td>
<td>77.3</td>
<td>70.6</td>
</tr>
<tr>
<td>Percentage Discordant</td>
<td></td>
<td>23.6</td>
<td>22.2</td>
<td>28.7</td>
</tr>
<tr>
<td>Percentage Tied</td>
<td></td>
<td>0.4</td>
<td>0.5</td>
<td>0.7</td>
</tr>
</tbody>
</table>
H. ESTIMATION

1. Point Estimation

The KFS uses a simple stratified sampling design. As described in the Baseline Survey methodology report, the businesses in the high tech sampling stratum were oversampled substantially (actually all were included in the sample). We also oversampled the medium tech businesses relative to the non tech ones. The sampling weights take this oversampling into account to remove the potential bias in the estimates relative to unweighted estimates. Moreover, as shown in Section G, the response rate differed by factors like legal status, ownership, and age and education of the owner. The nonresponse adjustments described in Section G were designed to minimize potential nonresponse bias in the estimates. We strongly recommend the use of the nonresponse-adjusted weights for all estimates using the KFS data.

2. Variance and Interval Estimation

Variance estimates calculated from KFS data must incorporate the sample design features to obtain the correct estimate. Most procedures in standard statistical packages, such as SAS, STATA, and SPSS, are not appropriate for the proposed design, because the assumptions in these software packages or procedures are of independent, identically distributed observations or simple random sampling with replacement.\(^6\) Although the simple random sample variance may approximate the true sampling variance for some surveys, it is likely to underestimate substantially the sampling variance with the KFS design.

The sampling variance is a measure of the variation of an estimator attributable to having sampled a portion of the full population of interest using a specific probability-based sampling design. The sampling variance is a measure of the variation of the estimate of a population

---

\(^6\) STATA SAS, and SPSS software packages now contain procedures that account for the sampling design.
parameter (for example, a population mean or proportion) over repeated samples, whereas the
classic “population” variance is a measure of the variation among the observations in the
population. The population variance is different from the sampling variance in the sense that the
population variance is a constant, independent of any sampling issues, while the sampling
variance becomes smaller as the sample size increases. The sampling variance is zero when the
full population is observed, as in a census.

For the KFS, the sampling variance estimate is a function of the sampling design and the
population parameter being estimated. Called the design-based sampling variance, it assumes
the use of fully adjusted sampling weights. The fully adjusted sampling weights are derived
from the sampling design, with adjustments to compensate for nonresponse among the
businesses and additional adjustments to align the sampling totals to external totals, as previously
described. We developed a single fully adjusted sampling weight and information on analysis
parameters (that is, analysis stratification) necessary for the estimation of the sampling variance
for a statistic using the Taylor series linearization approach. The fully adjusted sampling weight
and the analysis parameters can be used in survey data analysis procedures in SUDAAN or in
certain procedures in STATA, SAS, and SPSS to compute design-unbiased variance estimates.
These variance estimates can be used to make interval estimates. For example, for a proportion
\( p \) of businesses (or owners) with certain characteristics, the 90 percent confidence interval is

\[
[ p - 1.645 \times (\text{std err. } (p)), \ p + 1.645 \times (\text{std err. } (p))] \]

To identify sampling levels or stages, the SUDAAN software requires specifying the survey
design and STRATA variables. This is the stratum variable we used when drawing the sample
(that is, the six-level variable defined by technology group and woman-owned status).
3. **Selected Estimates and Variances**

The point and variance estimation procedures are straightforward, and we provide example estimates at the business level and the owner level here. These estimates are for the following variables (the question number and response categories are in parentheses).

**Business level:**

- Percentage of businesses that are sole proprietorships (C1z2 = 1)
- Percentage of businesses that are partnerships (C1z2 = 5, 6)
- Percentage of businesses whose primary location is a residence such as a home or garage (C8 = 1)
- Percentage of businesses that have any patents, copyrights, or trademarks (any D3 = 1)
- Percentage of businesses that have R&D expenditures (F19 = 1)

**Owner level:**

- Percentage of responding owners who are 25–44 (G4 = 2, 3)
- Percentage of responding owners with higher than bachelor’s degree (G9 = 7, 8, 9, 10)
- Percentage of responding owners who work full-time (G1b1 = 3, 4, 5, 6)
- Percentage of responding owners who are women (G10 = 2)

Table 12 shows these estimates and their standard errors (the square root of the variance).
<table>
<thead>
<tr>
<th>Category</th>
<th>All</th>
<th>High Tech</th>
<th>Sample Size</th>
<th>Estimate</th>
<th>Standard Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of Businesses That Are Sole Proprietorships</td>
<td></td>
<td></td>
<td>3,998</td>
<td>34.31</td>
<td>0.87</td>
</tr>
<tr>
<td></td>
<td>High Tech</td>
<td>571</td>
<td>20.74</td>
<td>1.72</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Medium Tech</td>
<td>1,084</td>
<td>28.46</td>
<td>1.37</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Non Tech</td>
<td>2,343</td>
<td>35.51</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>Percentage of Businesses That Are Partnerships</td>
<td></td>
<td></td>
<td>3,998</td>
<td>5.18</td>
<td>0.41</td>
</tr>
<tr>
<td></td>
<td>High Tech</td>
<td>571</td>
<td>3.63</td>
<td>0.81</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Medium Tech</td>
<td>1,084</td>
<td>3.06</td>
<td>0.54</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Non Tech</td>
<td>2,343</td>
<td>5.54</td>
<td>0.48</td>
<td></td>
</tr>
<tr>
<td>Percentage of Businesses That Have Any Patents, Copyrights, or Trademarks</td>
<td>All</td>
<td></td>
<td>3,990</td>
<td>19.82</td>
<td>0.72</td>
</tr>
<tr>
<td></td>
<td>High Tech</td>
<td>570</td>
<td>32.05</td>
<td>2.01</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Medium Tech</td>
<td>1,082</td>
<td>25.00</td>
<td>1.35</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Non Tech</td>
<td>2,338</td>
<td>18.75</td>
<td>0.82</td>
<td></td>
</tr>
<tr>
<td>Percentage of Businesses That Have R&amp;D Expenditures</td>
<td></td>
<td></td>
<td>3,983</td>
<td>18.24</td>
<td>0.71</td>
</tr>
<tr>
<td></td>
<td>High Tech</td>
<td>570</td>
<td>37.45</td>
<td>2.08</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Medium Tech</td>
<td>1,080</td>
<td>23.87</td>
<td>1.33</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Non Tech</td>
<td>2,333</td>
<td>16.96</td>
<td>0.80</td>
<td></td>
</tr>
<tr>
<td>Percentage of Businesses Whose Primary Location Is a Residence, Such as a Home or Garage</td>
<td>All</td>
<td></td>
<td>3,987</td>
<td>48.02</td>
<td>0.92</td>
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<td></td>
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<td>571</td>
<td>34.06</td>
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<tr>
<td></td>
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<td>1,083</td>
<td>61.92</td>
<td>1.52</td>
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<td>Non Tech</td>
<td>2,333</td>
<td>46.16</td>
<td>1.05</td>
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<tr>
<td>Percentage of Responding Owners Who Are 25–44</td>
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<td></td>
<td>3,993</td>
<td>47.48</td>
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<td>48.04</td>
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<tr>
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<td>2.15</td>
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<td></td>
<td>Medium Tech</td>
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<td>69.12</td>
<td>1.44</td>
<td></td>
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<tr>
<td></td>
<td>Non Tech</td>
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<td>44.46</td>
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<td>Percentage of Responding Owners Who Work Full-Time</td>
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<td>1.91</td>
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<tr>
<td></td>
<td>Medium Tech</td>
<td>1,083</td>
<td>64.95</td>
<td>1.47</td>
<td></td>
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<tr>
<td></td>
<td>Non Tech</td>
<td>2,334</td>
<td>69.12</td>
<td>0.97</td>
<td></td>
</tr>
<tr>
<td>Percentage of Responding Owners Who Are Women</td>
<td>All</td>
<td></td>
<td>3,997</td>
<td>31.22</td>
<td>0.66</td>
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<tr>
<td></td>
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<td>16.77</td>
<td>1.22</td>
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<tr>
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<tr>
<td></td>
<td>Non Tech</td>
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SELECTED BIBLIOGRAPHY


APPENDIX A

KFS FIRST FOLLOW-UP QUESTIONNAIRE PROPOSED CHANGES
A. INTRODUCTION

This document outlines issues for the First Follow-Up Survey for the KFS. We will interview 5,000 businesses that completed the Baseline questionnaire. The Baseline Survey instrument will be reviewed and revised to reflect the second year of the study. The purpose of this memorandum is to raise issues and provide a starting point for the discussion about questionnaire changes. Attached is the latest version of the Baseline Survey document for reference.

The Baseline instrument was prepared with an emphasis on financial variables of new businesses, and that emphasis will continue in the First Follow-Up. Some of the more difficult decisions about the First Follow-Up will involve trade-offs between comparing Baseline and First Follow-Up data and respondent burden to complete the questionnaire. Guidance on specific research questions that the KFS should be designed to answer might aid in making these decisions. An analysis of data collected from the early sample releases of the Baseline will also yield insights on data quality and identify whether any questions can be eliminated.

We assume that the First Follow-Up questionnaire will be roughly the same length as the Baseline. As detailed below, we will save time by avoiding most Baseline screening questions about the business in the First Follow-Up, and will also avoid re-asking many of the owner demographic questions. We have a few suggestions on additional questions, primarily in the financial section.

Next is a list of issues related to the questionnaire, followed by a table listing proposed modifications and additions. We also searched all the PSED questionnaires to see whether there were similar questions. For reference purposes, we note some PSED questions that have similarities to the issues raised.
B. DISCUSSION OF FIRST FOLLOW-UP QUESTIONNAIRE ISSUES

1. There are a number of issues related to a change in respondent from Baseline to First Follow-Up. We will start by asking for the person who completed the study last year. What if that person is there but is no longer an owner? What do we do if the person who completed the study last year is no longer at the business? If an owner-operator from Year 1 has left the business, should we try to determine why?

We will have the name and position of the Baseline respondent and will ask for that person and confirm that they are still owner-operators. We have added a question to confirm that the Baseline respondent is still an owner. If the Baseline respondent is no longer an owner, or has left the business, we will follow Baseline procedures to see whether there is an owner-operator available for the First Follow-Up. Because the business is the unit of analysis, we assume we can interview a current owner-operator, regardless of whether that person was a founder. We will use the Baseline procedures for acquiring the name of another owner-operator and will indicate the change in respondent for analysis purposes. A change in respondent will also affect how the equity and debt sections of Section F are reported.

If a Baseline owner leaves the business, we propose adding a question in Section C to determine why. Similar questions from the PSED (Wave 2 q540-541 & Wave 3 PSED S659a) ask why an owner left the business.

2. What confidentiality issues arise if the respondent changes? To whom did we pledge confidentiality—the business or the respondent? How does this affect the First Follow-Up questions?

Confidentiality will become an issue only if the respondent changes from Baseline to First-Follow-Up. Such changes have implications for how much data from the Baseline Survey we will ask the First Follow-Up respondent to confirm. When the respondent for a business changes, there is a potential problem if the original respondent told us something that the new respondent was not aware of. Both demographic and financial information could be sensitive, and we cannot know the new respondent’s knowledge of the previous respondent’s answers. As an example, if a new owner buys into the business and we disclose to the new respondent financial information provided to us during the Baseline interview by asking the respondent to confirm the data, have we violated our Baseline confidentiality pledge? While reasonableness checks on a few selected variables collected during the Baseline Survey are unlikely to cause problems, more detailed reconciliation runs the risk of disclosing information given by the Baseline respondent that a new respondent, and possibly a new owner, did not know.
Age, citizenship, and education level are other potential problem questions. We see the following alternatives in asking the demographic section about Baseline owners:

a. We can ask the new respondent to confirm all demographics, such as age, education, race, and citizenship of Baseline owners.

b. We can ask the new respondent only those demographic questions about other owners that were not answered in the Baseline, either from “don’t know” and refusal responses by phone or skipped questions on the Web.

c. We can ask no demographic questions about Baseline owners.

3. Should we collapse Section B into either Section A or Section C?

There is really only one question to ask in Section B, and that is whether the legal form of the business type has changed. We assume that we will not re-ask or even confirm any other qualifying questions asked in the Baseline. We propose to drop Section B entirely and add the question about legal form to the start of Section C.

4. If the business is reported as out of business, what information do we want to know about that business?

We will assume that if we know it went out of business sometime in 2005, even in late 2005, we will not ask the main survey questions. One of the reviewers of the Pilot Test 2 instrument commented:

*In question A7 [currently A10], it would be interesting to know if the exit was successful or not. Is there any way to ask about valuation of the business if merged/acquired?*

Per the discussion with Scott and Alyse, we can add questions that will follow up about how the business ended operations. These would include different questions for permanently or temporarily out of business, and a valuation question if the company was sold or merged into another business. Note that the temporarily out of business follow-up question did not exist in the Baseline. We can justify the difference, because in the Baseline we wanted businesses that were at least currently operating to complete the Baseline questionnaire. Given that they were selected for the panel, the tracking of the panel is different from the initial screening for eligibility.

We also need to consider here the issue Scott raised about what percentage of out-of-business businesses we will be able to locate to ask these questions. If we reach 80% of Baseline businesses that have gone out of business, we would definitely ask these questions. If the number of businesses we could reach is 30% or less, the questions might not be worth asking. What percentage of businesses we will be able to locate,
and what percentage we would need to make asking these questions worthwhile are open issues.

5. **Should we ask if business location changed, and if yes, why did it change?**

We propose adding a question on this. We believe that the change in business location is a potential milestone of a growing business and a possible early indicator of sustainability of a new business.

6. **Section F presents a number of challenges.** We want to get the most accurate data we can for 2005, perhaps do some reconciliation of 2004 and 2005 data, and be as consistent as possible in asking questions across years. There will be trade-offs between the level and accuracy of data we gather and the risk of refusal because we take too long, ask too much, or confuse the respondent with our questions.

We begin with a brief discussion about financial statements, and then identify some questions whose wording needs to be changed in the First Follow-Up. We conclude with a number of issues that need discussion and decision.

a. **Are there any problems with the Baseline data that we need to correct in the First Follow-Up?**

A couple of updates to the financial section are needed. A reviewer mentioned one in the following comment:

*In Section F, how to you expect people to treat reinvestment of profits into the business? Retained earnings seemed ambiguous here.*

This is a good point. While we did ask whether the owner was a paid employee, we did not ask for amounts and did not ask what the employee received in “draws” or dividends. While we do have net income and loss, we do not have an accurate retained earnings amount because of this. We propose adding a question for this for both 2004 and 2005.

For the owner investment variables, we asked for the flow variable in the Baseline Survey and not the end-of-year (EOY) balance. We think we should ask the flow variable for all owners during 2005, and also ask for total investment made as of EOY 2005. This will help reconcile total stockholders’ equity and should also give us a check figure to compare 2004 figures. It also addresses one other issue—the possibility that owners had invested money in the business during 2003. We did not ask that question in the Baseline Survey.
The total dollar amounts of each owner’s investment along with the reported percentage ownership of the business along with any drawings or dividends should allow us a good, albeit imperfect, picture of ownership.

In looking at debt questions in the Baseline, we also did not ask for the EOY for most debt categories. We asked for the flow variable during 2004, asking how much they got from a particular debt source during 2004. We don’t think this is a major problem for the Baseline analysis. All we need to do is to assume that there is no repayment of debt during 2004 and therefore use the flow variable collected for 2004 as the EOY balance. However, for 2005 debt measures, we propose asking for both the flow variable during 2005 and the EOY 2005 balances. This will maintain Baseline and First Follow-Up comparability on the flow variable and also allow us the EOY balance, which brings the debt questions into conformance with the asset and equity questions.

b. What else should we consider when we ask for a second year of data?

(1) Changes in account balances: Is a net change sufficient? We can compare EOY 2004 and EOY 2005 and assume the difference is the flow, with some adjustments. The problem with a simple comparison of EOY values for cash flow purposes is that cash flows during the year can go in both directions. Debt can increase as a result of new issuances and decrease as a result of repayments. Non-current assets can increase through purchases and decrease because of dispositions. For non-current assets, there is also the issue of depreciation.

If we choose to make simplifying assumptions, such as no debt repayment or asset disposition, and if we ignore depreciation, we can then come up with a cash flow statement that will include simplified investing and financing sections of the cash flow statement. We can take the net increase or decrease in long-term debt and asset accounts as the net investment and net financing activities. While this is not in accordance with generally accepted accounting principles that cover the presentation of the Statement of Cash Flows, we think this will be good enough for our purposes.

We should also consider this issue with regard to changes in ownership accounts. Because of the perceived emphasis on ownership structure, we have proposed asking separately about drawings (dividends) and investments for both 2004 and 2005. One PSED question, for instance, asks about whether business expenses included the owner’s salary,
which we do not ask. The purpose was to identify an “infant” business, defined as a business that had a positive cash flow that covered expenses and salaries for the owner/manager for more than three months.

Asking these questions in a business with more than 2 owners will substantially increase the burden on the respondent, however. As an alternative, we can ask for only the EOY amounts, and get the net flow.

(2) **Account balance reported in Baseline but no account balance reported in the First Follow-Up.**

There may be accounts that had amounts in them for 2004 (such as Accounts Payable, or an asset category such as vehicles) that will be reported as zero balances in 2005. This could happen for any number of reasons. The respondent may not be accurate in either year, or may have been accurate in one year but not the other. The respondent may have put the same assets or debts in different account categories in the two different years. We could have a change in respondent, which could cause the “your debt” and “other owner debt” to change categories. We had initially considered asking what happened in these situations. While the First Follow-Up interview offers an opportunity to ask about such discrepancies, it also carries the risk of greatly increasing the length of the interview. There is also the issue of confidentiality when the respondent has changed from Baseline to First Follow-Up. We recommend not trying to reconcile these discrepancies. We should discuss this, however, as it will likely determine our course on these issues for the Second and Third Follow-Ups.

(3) **Should we program in “reasonableness checks” so that we follow up or probe large increases in variables such as revenues?**

If we probed for “reasonableness,” we would have to be careful in wording these so as to avoid alienating the respondent or giving the respondent the impression we do not believe the answers provided. We would also have to consider carefully which variables to ask about and the criteria for asking the questions. Asking about income, for example, raises difficult issues. Many businesses either lose money or are very close to the break-even point in their first year. The ranges that would trigger a “reasonableness check” for income are not clear. Percentages are likely to be meaningless, given the likelihood of a loss or very small profit. Programming a reasonableness check on changes in amounts of income would be better, but the amount of change necessary to trigger the check is unclear. Nonetheless, we should consider some kind of
built-in checks to prevent what we would consider to be implausible numbers. Allowing very large variations in reported values without verification might cause some researchers to question the reliability of the data.

We suggest that if we do decide on reasonableness checks, we ask them on two questions: total number of employees reported and total revenues. A reasonableness check would ask the respondent to confirm the Baseline number if the First Follow-Up number exceeded the Baseline number by some amount or percentage.

If the respondent reports that the Baseline number is in error, we would ask what the correct figure would be. Of course, this does raise the issue of which figure to use for Baseline data analysis, and whether we should go back and change the Baseline data file.

C. SUMMARY OF FIRST FOLLOW-UP QUESTIONNAIRE ISSUES

Below is a table outlining general proposed changes by section, with the reason for changes and any additional comments.

<table>
<thead>
<tr>
<th>Section and subjects</th>
<th>Reason for change</th>
<th>Other notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section A— Respondent change</td>
<td>Need to confirm that respondent is still owner. If not, we assume that the First Follow-Up respondent does not have to be a founder.</td>
<td>We will assume that we can use a non-founder to answer First Follow-Up questions. They must be running the business, but do not have to be an original founder.</td>
</tr>
<tr>
<td>Section A— Out-of-business status</td>
<td>Add question about resuming operations within one year, why out of business, value of business when merged or bought.</td>
<td>Need to estimate how many businesses will be available to answer these questions. Alternative answers are tentative and subject to change.</td>
</tr>
<tr>
<td>Section B— Eliminate section</td>
<td>Business was screened as eligible in Baseline – No need to re-ask questions – Adjusted wording to confirm previous legal form.</td>
<td>Will ask if legal status collected as of 12/31/2004 has changed and ask follow-up if changed. Will move legal status question to front of Section C.</td>
</tr>
<tr>
<td>Section C— Ownership structure</td>
<td>Will confirm Baseline ownership structure and make adjustments. Will ask follow-up question about why Baseline owners left business. Will add new owner-operators.</td>
<td>Alternative answers need some research and work.</td>
</tr>
</tbody>
</table>
**MEMO TO:** Alyse Freilich, Scott Shane  
**FROM:** Tom Barton, David DesRoches, and Janice Ballou  
**DATE:** 2/15/2006  
**PAGE:** 8

<table>
<thead>
<tr>
<th>Section and subjects</th>
<th>Reason for change</th>
<th>Other notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section C—Number of employees and location</td>
<td>Will consider reasonableness check on # of employees and will ask why primary location changed.</td>
<td></td>
</tr>
<tr>
<td>Section D</td>
<td>Changed dates.</td>
<td></td>
</tr>
<tr>
<td>Section E</td>
<td>Changed dates.</td>
<td></td>
</tr>
<tr>
<td>Section F</td>
<td>A discussion of potential changes is presented above.</td>
<td></td>
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<tr>
<td>Section F—Equity questions</td>
<td>Adjusted to ask both how much was put in during 2005 and what the total investment was as of 12/31/05, and what the total percentage was as of 12/31/05. Added question about dividends and drawings for both 2004 and 2005.</td>
<td>This will enable a calculation or retained earnings and a more accurate stockholders’ equity total.</td>
</tr>
<tr>
<td>Section F—Debt sources</td>
<td>Changed questions to ask both the amount issued in 2005 and the balance on 12/31/2005.</td>
<td>Will maintain continuity with Baseline question format and also get us an EOY balance, which will conform to asset questions.</td>
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<tr>
<td>Section G</td>
<td>Split original demographic section into two sections, one for new owners and one for continuing owners. Will continue to ask work behavior questions for all owners, but ask demographic questions of new owners and possibly of old owners with missing data. Baseline respondents will be asked to confirm contact information.</td>
<td>See above discussion on confidentiality and change in reporters.</td>
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APPENDIX B

KAUFFMAN FIRM SURVEY
FIRST FOLLOW-UP QUESTIONNAIRE
Kauffman Firm Survey
First Follow-Up

Final Questionnaire

November 13, 2006
A. INTRODUCTION

INTRO: Hello, my name is ______________. I’m calling on behalf of the Kauffman Foundation.

A1. May I speak with ([CEO/OWNER]/the OWNER or CEO of [NAME BUSINESS])?

OWNER/CEO—PROCEED WITH INTERVIEW ..........01
OWNER/CEO—BAD TIME/CALL BACK.......................02 → GO TO A2a
OWNER/CEO NOT AVAILABLE ..................................03 → GO TO A3
OWNER/CEO NOT AVAILABLE, OTHER OWNER AVAILABLE.................................04
BUSINESS NO LONGER WITH BUSINESS .........................05
BUSINESS NO LONGER IN OPERATION ...................06 → GO TO A10
DON’T KNOW ........................................................................................................d
REFUSED .............................................................................................................r → THANK AND TERMINATE

A1a. We’d like to confirm that the name of the business is [NAME BUSINESS] and that [NAME BUSINESS] is still operating.

[NAME BUSINESS] IS THE CURRENT NAME AND [NAME BUSINESS] IS STILL OPERATING ..........01 → GO TO A1b
THE BUSINESS NAME IS INCORRECT ................................00 → GO TO A2Web
[NAME BUSINESS] IS OUT OF BUSINESS .....................03 → GO TO A10
DON’T KNOW ........................................................................................................d
REFUSED .............................................................................................................r

A1a1. We need to know the answer to this question to see if your business is eligible for the study.

INTERVIEWER: IF THE RESPONDENT CANNOT ANSWER THIS QUESTION, USE THE ARROW KEY TO GO BACK TO THE INTRO SCREEN AND CODE.
A2a. I’m sorry. When would be a better time to reach (you/[OWNER])?

INTERVIEWER: ENTER CALLBACK DATE AND TIME.

READ: Is this the best number to reach you?

INTERVIEWER: UPDATE CONTACT INFORMATION AS NEEDED.

Thank you very much. Good-bye.

A2Web. What is the correct business name?

INTERVIEWER: TYPE IN BUSINESS NAME.

A3Web. Is this a corrected spelling, a name change but the same business, or a different business?

SPELLING CORRECTION........................... 01  ➔ GO TO BOX A4
NAME CHANGE/SAME COMPANY ............ 02
DIFFERENT COMPANY .............................. 03

A3Webz. We are trying to find out what happened to [NAME BUSINESS]. Is [NAME BUSINESS] still in operation?

YES .............................................................. 01  ➔ GO TO A1b
NO ................................................................ 00  ➔ GO TO A10

A3. Please tell me when [OWNER/CEO] will be available and I’ll call back later.

INTERVIEWER: ENTER CALLBACK DATE AND TIME.

READ: Is this the best number to reach (him/her)?

INTERVIEWER: UPDATE CONTACT INFORMATION AS NEEDED.

Thank you very much. Good-bye.
A4. Your business participated in the first year of the Kauffman Firm Study, which asked some questions about [NAME BUSINESS] for calendar year 2004. Now we’d like to ask about the year 2005. We’d like to confirm that the name of the business is [NAME BUSINESS] and that [NAME BUSINESS] is still operating.

[NAME BUSINESS] IS THE CURRENT NAME AND [NAME BUSINESS] IS STILL OPERATING ...........01 ➔ GO TO A1b

THE BUSINESS NAME IS INCORRECT .........................00 ➔ GO TO A2Web

[NAME BUSINESS] IS OUT OF BUSINESS ..................03 ➔ GO TO A10

DON'T KNOW ........................................................................d

REFUSED ....................................................................................r

IF NEEDED: We need to know the answer to this question to see if your business is eligible for the study.

INTERVIEWER: IF THE RESPONDENT CANNOT ANSWER THIS QUESTION, USE THE ARROW KEY TO GO BACK TO THE INTRO SCREEN AND CODE.

A1b. We’d like to confirm that you are [OWNER NAME] and you are still an owner of [NAME BUSINESS]?

[OWNER NAME] IS THE RESPONDENT AND IS STILL AN OWNER OF [NAME BUSINESS]..................01 ➔ GO TO A5

[OWNER NAME] IS THE RESPONDENT AND IS STILL AN OWNER OF [NAME BUSINESS], BUT CORRECT [OWNER NAME]'s NAME.................................02 ➔ GO TO A1bn

RESPONDENT IS NOT [OWNER NAME] .........................03 ➔ GO TO A4Webz

THE RESPONDENT [OWNER NAME] IS NO LONGER AN OWNER OF [NAME BUSINESS].................................04 ➔ GO TO A4new

DON'T KNOW ........................................................................d

REFUSED ....................................................................................r

A4confirm. May I confirm that you are still an owner of [NAME BUSINESS]?

YES .............................................................. 01

NO ................................................................ 00 ➔ GO TO A4new
A1c. We’d like to confirm that the title of your position is [OWNER TITLE]. Is that correct?

YES .............................................................. 01  ➞ GO TO A5
NO ................................................................. 00

A1d What is your job title?

INTERVIEWER: ENTER JOB TITLE.

pledges

A4Webz- Is [OWNER NAME] still an owner and actively involved in running [NAME BUSINESS]? 

IF NEEDED: By actively involved, we mean providing regular assistance or advice with day-to-day operations of the business rather than providing only money or occasional operating assistance.

YES ................................................................. 01
NO ................................................................. 00  ➞ GO TO A4new
DON’T KNOW ................................................... d
REFUSED .......................................................... r

A4Webz1- Would [OWNER NAME] be available to do the study at another time?

YES ................................................................. 01  ➞ GO TO A3
NO ................................................................. 00  ➞ GO TO A4new
DON’T KNOW ................................................... d
REFUSED .......................................................... r

A1bn What is your name?

INTERVIEWER: ENTER FIRST AND LAST NAME.
A5. May I confirm that you are still actively involved in running [NAME BUSINESS]? By actively involved in running the business, we mean providing regular assistance or advice with day-to-day operations of the business rather than providing only money or occasional operating assistance.

YES ................................................................................01 ➔ GO TO A8
NO ...............................................................................00
DON'T KNOW .................................................................d
REFUSED ........................................................................r

A5a. During the last interview with your business, we recorded other owners of [NAME BUSINESS]. Please tell me the person who is an owner of the business, is actively involved in running [NAME BUSINESS], and will answer this study. By actively involved, we mean providing regular assistance or advice with day-to-day operations of the business rather than providing only money or occasional operating assistance.

READ THE OWNER NAMES BELOW. SELECT ONLY ONE.

NEW OWNER-OPERATOR WILL ANSWER.................0
[NAME OWNER] ............................................................2-9

A5b. What is the title of [NAME OWNER]?

INTERVIEWER: ENTER JOB TITLE.

_________________________________________________________________

A5c. INTERVIEWER: READ IF NECESSARY.

Are you [NAME OWNER]?

YES ................................................................................01
NO ...............................................................................00 ➔ GO TO A2a
A4new. Your business participated in the first year of the Kauffman Firm Study, answering a series of questions about [NAME BUSINESS]'s operation in 2004. Because the Kauffman Foundation is studying how new businesses develop and grow, we'd like to ask about the experiences of [NAME BUSINESS] in the year 2005. Your answers will be kept confidential, and you will receive a $50 payment as a token of our appreciation.

A4anew. May I confirm that you are an owner of [NAME BUSINESS]?

YES ................................................................................01
NO ..................................................................................00
DON'T KNOW .................................................................d
REFUSED ........................................................................r

A5new. And are you actively involved in running [NAME BUSINESS]? By actively involved in running the business, we mean providing regular assistance or advice with day-to-day operations of the business rather than providing only money or occasional operating assistance.

YES ................................................................................01
NO ..................................................................................00
DON'T KNOW .................................................................d
REFUSED ........................................................................r

A7. Is there another owner of [NAME BUSINESS]?

YES ................................................................................01
NO ..................................................................................00
DON'T KNOW .................................................................d
REFUSED ........................................................................r

A8. I'd like to confirm your business' mailing address. Is [NAME BUSINESS]'s mailing address (ADDRESS, CITY, STATE, ZIP)?

YES ................................................................................01
NO ..................................................................................00
DON'T KNOW .................................................................d
REFUSED ........................................................................r
A9. What is [NAME BUSINESS]'s correct mailing address?

INTERVIEWER: UPDATE MAILING ADDRESS INFORMATION.

ADDRESS: ________________________________
CITY: ________________________________
STATE: ___________ ZIP: ___________
DON'T KNOW ..............................................d
REFUSED ....................................................r
GO TO C1z

A10. What is the main reason [NAME BUSINESS] is out of business?

SOLD TO ANOTHER BUSINESS .........................01
MERGED WITH ANOTHER BUSINESS .................02
TEMPORARILY STOPPED OPERATIONS ..............03
PERMANENTLY STOPPED OPERATIONS ..............04 ➔ GO TO A11a
OTHER (SPECIFY) ...........................................05

DON'T KNOW ..................................................d
REFUSED .....................................................r
THANK AND TERMINATE

A11a. Did [NAME BUSINESS] file for bankruptcy?

YES .........................................................................01
NO ..............................................................................00
DON'T KNOW .....................................................d
REFUSED ............................................................r
THANK AND TERMINATE

NOTE: NO SECTION B
C. BUSINESS CHARACTERISTICS

All of the following questions I’m going to ask are about [NAME BUSINESS]. Some of the questions will ask to confirm information about your business which you provided to us previously. As we go through the interview, please tell me if any of the information about your business is incorrect and needs to be updated.

C1z. Our records show that [NAME BUSINESS] had a legal status of [OWNERshipModel]. As of December 31, 2005, is that still the legal status of [NAME BUSINESS]?

YES ..........................................................01  ➔ GO TO C1a
NO ..................................................................00
DON’T KNOW .................................................d
REFUSED .....................................................r
I’m going to read you a list of some different forms of legal status a business can have. As of December 31, 2005, which form of legal status did [NAME BUSINESS] have? Was it a . . .

READ LIST AND READ DESCRIPTIONS AS NEEDED:

**Sole Proprietorship:** A type of business ownership in which a business is owned and managed by one individual and no subchapter S-corporation or C-corporation has been established.

**Limited Liability Company:** A cross between a corporation and a partnership, and offering some of the benefits of both. Similar to S corporations, income produced by a limited liability company flows through to owners (known as “members”) who pay their own taxes as individuals. Unlike S-corporations, however, limited liability companies are not subject to as many government restrictions.

**Subchapter S-Corporation:** Corporations in which all profits and losses are passed through to shareholders, just as they are passed through to partners in a partnership.

**C-Corporation:** Legal entities separate from their owners that may engage in business, make contracts, own property, pay taxes, and sue and be sued by others.

**General Partnership:** An association of two or more people who co-own a business for the purpose of making a profit and no subchapter S-corporation or C-corporation has been established.

**Limited Partnership:** A partnership in which one or more partners are general partners who manage the business and others are limited partners who invest in the business but forego any right to manage the company.

Sole Proprietorship, ........................................................01
Limited Liability Company, .............................................02
Subchapter S-Corporation, .............................................03
C-Corporation, ...............................................................04
General Partnership, ......................................................05
Limited Partnership, or ...................................................06
Something else? (SPECIFY) ...........................................07

-----------------------------------------------
DON’T KNOW .............................................................d
REFUSED .......................................................................r
C1a. As of December 31, 2004, our records indicate the principal activity of the business was [D&B NAICS CODE DESCRIPTION OR LAST YEAR’S OTHER SPECIFY TO THIS QUESTION]. Was that still the principal activity of the business as of December 31, 2005?

YES ................................................................................01 ➔ GO TO C2

NO .................................................................................00

DON’T KNOW ..............................................................d

REFUSED .................................................................r

C1b. As of December 31, 2005, what was the principal activity of the business?

IF SOLE PROPRIETORSHIP IN [OWNERshipModel] [or C1z2], GO TO C5.

C2. As of December 31, 2005, how many individuals or entities owned [NAME BUSINESS]? Please include all individuals or entities who owned shares in the business.

| | | | NUMBER OF OWNERS

DON’T KNOW ..............................................................d

REFUSED .................................................................r

C3. Of the [NUMBER OF OWNERS FROM C2] owners as of December 31, 2005, how many owners actively helped to run [NAME BUSINESS]? By helped to run the business we mean that they provided regular assistance or advice with day-to-day operations of the business, rather than providing only money or occasional operating assistance.

| | | | NUMBER OF OWNER/OPERATORS

DON’T KNOW ..............................................................d

REFUSED .................................................................r
IF ONE OWNER/OPERATOR REPORTED AT C3, GO TO C5. IF MORE THAN ONE OWNER/OPERATOR REPORTED AT C3, ASK:

C4.

FOR EACH BASELINE OWNER/OPERATOR WHO IS NOT THE RESPONDENT, ASK:
Was [OWNER NAME] still an owner who actively helped run [NAME BUSINESS]—as of December 31, 2005?

YES ................................................................................01
NO ...............................................................................00
YES BUT THE NAME IS MISSPELLED.........................02
DON’T KNOW .....................................................................d
REFUSED ........................................................................r

FOR ALL MISSPELLED NAMES, ASK:
How do you spell (your/his/her) name?

INTERVIEWER: ENTER NAME

THEN ASK:
How many other people, not previously listed, were owners actively helping to run [NAME BUSINESS] as of December 31, 2005?

INTERVIEWER: PREVIOUSLY LISTED PEOPLE ARE STATED BELOW. NUMBER OF OWNERS STATED IN C3: [FILL FROM C3]

I want to record with you the first and last names of these owners. These are people who joined the business between December 31, 2004 and December 31, 2005. I’m going to be asking some questions about each of the owners who actively helped run [NAME BUSINESS]. Can you tell me the first and last name of the other owner(s) of [NAME BUSINESS]?

INTERVIEWER: ENTER FIRST AND LAST NAMES.
C4Confirm.
I have listed:

<table>
<thead>
<tr>
<th>FIRST NAME</th>
<th>LAST NAME</th>
</tr>
</thead>
<tbody>
<tr>
<td>OWNER A (RESPONDENT)</td>
<td></td>
</tr>
<tr>
<td>OWNER B</td>
<td></td>
</tr>
<tr>
<td>OWNER C</td>
<td></td>
</tr>
<tr>
<td>OWNER D</td>
<td></td>
</tr>
</tbody>
</table>

Are there any other owner-operators as of December 31, 2005 of [NAME BUSINESS] that I have not mentioned?

INTERVIEWER: CONFIRM SPELLING OF NAMES. TO CORRECT NAMES, ARROW BACK TO TABLE.

ADD ANOTHER NAME OR CORRECT A MISSPELLING .........................................01
NO CHANGES ...............................................................02

NOTE: UP TO 10 OWNER/OPERATORS WILL BE INCLUDED.

C5. Not counting owner(s), on December 31, 2005, how many people worked for [NAME BUSINESS]? Please include all full- and part-time employees, but exclude contract workers who work for the business either full- or part-time but are not on the business' official payroll.

<table>
<thead>
<tr>
<th>NUMBER OF EMPLOYEES ON DECEMBER 31, 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>DON'T KNOW ..............................................d</td>
</tr>
<tr>
<td>REFUSED .....................................................r</td>
</tr>
</tbody>
</table>

C5b. Was this change an increase, a decrease, or no change in the number of people who worked for [NAME BUSINESS] on December 31, 2005 compared to December 31, 2004?

INCREASE .................................................................01
DECREASE .........................................................02
NO CHANGE .........................................................03
DON'T KNOW .....................................................d
REFUSED ............................................................r
C5c. And what was the (increase/decrease) in the number of people who worked for [NAME BUSINESS] on December 31, 2005 compared to December 31, 2004? Your best estimate is fine.

<table>
<thead>
<tr>
<th></th>
<th>CHANGE IN NUMBER OF EMPLOYEES</th>
</tr>
</thead>
<tbody>
<tr>
<td>d</td>
<td>DON'T KNOW</td>
</tr>
</tbody>
</table>

IF BUSINESS REPORTED “0” EMPLOYEES AT C5, GO TO C8z.

C6. . . And of those [NUMBER FROM C5], how many were full-time? (IF NEEDED: Full-time is considered 35 hours or more per week)

<table>
<thead>
<tr>
<th></th>
<th>NUMBER OF DECEMBER 31, 2005 FULL-TIME EMPLOYEES</th>
</tr>
</thead>
<tbody>
<tr>
<td>d</td>
<td>DON'T KNOW</td>
</tr>
</tbody>
</table>

C7. . . And how many were part-time? (IF NEEDED: Part-time is considered less than 35 hours per week)

<table>
<thead>
<tr>
<th></th>
<th>NUMBER OF DECEMBER 31, 2005 PART-TIME EMPLOYEES</th>
</tr>
</thead>
<tbody>
<tr>
<td>d</td>
<td>DON'T KNOW</td>
</tr>
</tbody>
</table>

C8z. Our records show that the primary location where [NAME BUSINESS] operates is [tPrimaryLocation]. Is that correct?

<table>
<thead>
<tr>
<th></th>
<th>GO TO D1</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>YES</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>GO TO D1</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>YES</td>
</tr>
</tbody>
</table>

A residence such as a home or garage, ......................... 01
A rented or leased space, .............................................. 02
Space the business purchased, ..................................... 03
A site where a client is located, or ................................. 04
Some other location? (SPECIFY) ................................. 05

DON’T KNOW ............................................................... d
REFUSED ................................................................. r

C9. What was the main reason for the change of location?

Previous location too expensive ................................. 01
Needed more space due to growth of business ........... 02
Moved closer to customers ........................................ 03
Moved business and residence to new location ......... 04
OTHER (SPECIFY) ...................................................... 05

DON’T KNOW ............................................................... d
REFUSED ................................................................. r
### D. STRATEGY AND INNOVATION

**D1.** Does [NAME BUSINESS] provide (READ ITEM)?

<table>
<thead>
<tr>
<th></th>
<th>YES</th>
<th>NO</th>
<th>DON'T KNOW</th>
<th>REFUSED</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. A service</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>b. A product</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
</tbody>
</table>

**D2.** Businesses often have to compete with other businesses. A competitive advantage is something unique or distinctive a business provides that gives it an advantage compared to competitors. In calendar year 2005, did [NAME BUSINESS] have a competitive advantage over its competitors?

- **YES** ................................................................................01
- **NO** ..................................................................................00
- **DON'T KNOW** ..................................................................d
- **REFUSED** ........................................................................r

**D3.** Whether assigned by an owner or obtained in some other way, does [NAME BUSINESS] have any of the following? *(READ LIST)*

**FOR EACH “YES,” ASK:** How many (READ ITEM) does [NAME BUSINESS] have?

**INTERVIEWERS IF NEEDED:**

- **Patent:** A patent is a right given by the government to preclude others from making and selling an invention for 20 years from the date of application in return for disclosure of how the invention operates.

- **Copyright:** The legal right granted to authors, composers, artists and publishers to protect their thoughts and ideas for exclusive publication, reproduction, sale and distribution of their works.

- **Trademark:** Words, names, symbols or devices, or any combination of these used to identify the goods of a business and to distinguish these goods from the goods of others.

<table>
<thead>
<tr>
<th></th>
<th>YES</th>
<th>NO</th>
<th>DON'T KNOW</th>
<th>REFUSED</th>
<th>NUMBER BUSINESS HAS</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Patents</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
<td></td>
</tr>
<tr>
<td>b. Copyrights</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
<td></td>
</tr>
<tr>
<td>c. Trademarks</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
<td></td>
</tr>
</tbody>
</table>
D4. “Licensing out” is licensing patents, copyrights, or trademarks owned by the business to other parties under a licensing agreement. In calendar year 2005, did [NAME BUSINESS] license out any (READ ITEM)?

<table>
<thead>
<tr>
<th></th>
<th>YES</th>
<th>NO</th>
<th>DON’T KNOW</th>
<th>REFUSED</th>
</tr>
</thead>
<tbody>
<tr>
<td>a.</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>b.</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>c.</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
</tbody>
</table>

D5. “Licensing in” is acquiring the right to use intellectual property such as patents, copyrights, or trademarks created by someone outside the business through a licensing agreement. In calendar year 2005, did [NAME BUSINESS] license in any (READ ITEM)?

<table>
<thead>
<tr>
<th></th>
<th>YES</th>
<th>NO</th>
<th>DON’T KNOW</th>
<th>REFUSED</th>
</tr>
</thead>
<tbody>
<tr>
<td>a.</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>b.</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>c.</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
</tbody>
</table>

D6. Did [NAME BUSINESS] have any customers or sales in calendar year 2005?

YES .................................................................01
NO .................................................................00
DON’T KNOW ....................................................d
REFUSED .........................................................r

GO TO E1
I’d like to learn more about the type of customers that [NAME BUSINESS] had during calendar year 2005. I am going to ask you to estimate the percent of the business’ sales that were made to individuals, businesses, and government agencies. The total should equal 100%.

a. During calendar year 2005, what percentage of the business’ sales were to private individuals?

|________|________|________|________|
| PERCENTAGE |

DON’T KNOW ..............................................................d
REFUSED .................................................................r

b. What percentage of the business’ sales were to other businesses? [IF NEEDED: Please include sales to for-profit and not-for-profit business.]

|________|________|________|________|
| PERCENTAGE |

DON’T KNOW ..............................................................d
REFUSED .................................................................r

c. What percentage of the business’ sales were to government agencies?

|________|________|________|________|
| PERCENTAGE |

DON’T KNOW ..............................................................d
REFUSED .................................................................r
E. BUSINESS ORGANIZATION AND HR BENEFITS

IF ONE OWNER REPORTED AT C2 AND BUSINESS REPORTED “0” EMPLOYEES AT C5, GO TO F1.

Next, I’d like to ask about how [NAME BUSINESS] is organized and about the benefits that are offered to employees.

E1. On December 31, 2005, how many employees or owners, if any, did [NAME BUSINESS] have who were primarily responsible for (READ ITEM)? Please include only full- and part-time employees, but not contract workers who work for the business but are not on the business’ official payroll.

<table>
<thead>
<tr>
<th>NUMBER EMPLOYEES OR OWNERS</th>
<th>DON’T KNOW</th>
<th>REFUSED</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Human resources such as employee benefits, recruitment, or hiring............................................</td>
<td>d r</td>
<td></td>
</tr>
<tr>
<td>b. Sales or Marketing such as sales, market research, customer analysis, or promotional activities................................................................</td>
<td>d r</td>
<td></td>
</tr>
<tr>
<td>c. Executive administration functions such as strategic planning, competitive analysis, shareholder relations, or general management....</td>
<td>d r</td>
<td></td>
</tr>
<tr>
<td>d. Research and development on new products or services.................................................................</td>
<td>d r</td>
<td></td>
</tr>
<tr>
<td>e. Production or manufacturing such as producing materials or products, production planning, production control, quality control, or storage.......</td>
<td>d r</td>
<td></td>
</tr>
<tr>
<td>f. General administration such as office management, responding to maintenance requests, purchase supplies, or training employees in office procedures ..............................</td>
<td>d r</td>
<td></td>
</tr>
<tr>
<td>g. Financial administration such as accounting procedures, budgeting, financial analysis, or investment activities.........................................................</td>
<td>d r</td>
<td></td>
</tr>
<tr>
<td>h. Does [NAME BUSINESS] have employees with any other key responsibilities? (SPECIFY)...............</td>
<td>d r</td>
<td></td>
</tr>
</tbody>
</table>
E2a. As of December 31, 2005, did [NAME BUSINESS] offer full-time employees or owners (READ ITEM):

<table>
<thead>
<tr>
<th></th>
<th>YES</th>
<th>NO</th>
<th>DON'T KNOW</th>
<th>REFUSED</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. A health insurance plan either through the business or an association</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>b. A retirement plan such as profit sharing, pension, including 401K, annuity, Keogh, etc.</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>c. Stock options or other stock ownership</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>d. A bonus plan</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>e. Tuition reimbursement</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>f. Paid vacation</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>g. Paid sick days</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>h. Alternative work schedules such as flex time or job sharing</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>i. Any other benefits? (SPECIFY)</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
</tbody>
</table>

IF ZERO PART-TIME EMPLOYEES AT C7, GO TO F1.

E2b. As of December 31, 2005, did [NAME BUSINESS] offer part-time employees (READ ITEM):

<table>
<thead>
<tr>
<th></th>
<th>YES</th>
<th>NO</th>
<th>DON'T KNOW</th>
<th>REFUSED</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. A health insurance plan either through the business or an association</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>b. A retirement plan such as profit sharing, pension, including 401K, annuity, Keogh, etc.</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>c. Stock options or other stock ownership</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>d. A bonus plan</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>e. Tuition reimbursement</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>f. Paid vacation</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>g. Paid sick days</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>h. Alternative work schedules such as flex time or job sharing</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>i. Any other benefits? (SPECIFY)</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
</tbody>
</table>
F. BUSINESS FINANCES

F1. Now I’d like to ask about [NAME BUSINESS]’s financing. Businesses can get money from the savings or investments of the owner(s), money from spouses, family or other individuals, from companies, borrowing in an owner’s name, venture funds, or by borrowing in the name of the business. Some of the funds must be paid back and other funds represent an equity stake or share of the business. We will ask some questions about what happened during calendar year 2005, some questions about what has happened since the business began, and other questions about balances as of December 31, 2005.

F1a. First, in calendar year 2005, did you put any of your own money into [NAME BUSINESS] in return for an ownership share of the business? Please do not include any money borrowed from others or from credit cards.

IF NEEDED: This would include all additional money invested by [you/OWNER NAME] in the business during calendar year 2005.

YES ..................................................................................01
NO ..................................................................................00
DON’T KNOW ......................................................................d
REFUSED ........................................................................r

GO TO F2a1

F2a. IF YES: How much of [your/her/his] own money did [you/he/she] put into the business during calendar year 2005?

IF NEEDED: Your best estimate is fine.

OWNER A .........................$ | | | | | | | | | | | |
DON’T KNOW ............................................................d
REFUSED .................................................................r

IF DON’T KNOW OR REFUSED, PROBE WITH RANGES: Would you say it was . . .

$500 or less, .................................................................01
$501 to $1,000, ............................................................02
$1,001 to $3,000, .........................................................03
$3,001 to $5,000, .........................................................04
$5,001 to $10,000, .......................................................05
$10,001 to $25,000, ....................................................06
$25,001 to $100,000, ..................................................07
$100,001 to $1,000,000, ..........................................08
$1,000,001 or more? ..................................................09
DON’T KNOW ............................................................d
REFUSED .................................................................r
F2a1. Counting all years, how much of [your/OWNER B-J] own money did [you/she/he] put into [NAME BUSINESS] as of December 31, 2005?

**IF NEEDED:** This includes all money [you/she/he] invested in the business as of December 31, 2005.

$ | __|__|__|__|__|__|__|__| TOTAL EQUITY

DON'T KNOW .........................................................d

REFUSED .................................................................r

**PROBE: IF DON'T KNOW OR REFUSED, PROBE WITH RANGES:**

Would you say it was . . .

$500 or less, .................................................................01

$501 to $1,000, ............................................................02

$1,001 to $3,000, ..........................................................03

$3,001 to $5,000, ..........................................................04

$5,001 to $10,000, .........................................................05

$10,001 to $25,000, .......................................................06

$25,001 to $100,000, .....................................................07

$100,001 to $1,000,000, ...............................................08

$1,000,001 or more? ....................................................09

DON'T KNOW .........................................................d

REFUSED .................................................................r

**IF F2a IS GREATER THAN F4:**

I may have made a mistake. The amount invested in 2005 is greater than the amount invested in all years combined. Is there an error?

F2b. What percentage of the business did [you/OWNER B-J] own on December 31, 2005?

| ___|___|___| PERCENTAGE OF BUSINESS

DON'T KNOW .........................................................d

REFUSED .................................................................r

**IF MORE THAN ONE OWNER/OPERATOR AT C4, ASK F1a-F2b FOR EACH OWNER/OPERATOR. OTHERWISE, GO TO F3.**
F3. Equity investment is money received in return for some portion of ownership, and it is another way to fund business expenses. During calendar year 2005, did the business obtain equity financing from any of the following sources?

<table>
<thead>
<tr>
<th>Source</th>
<th>YES</th>
<th>NO</th>
<th>DON'T KNOW</th>
<th>REFUSED</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Spouses or life partners of owners of the business. This does not include spouses or life partners already named as owners</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>b. Parents, in-laws or children of owners of the business</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>c. Individuals who are not spouses or life partners, parents, in-laws or children of the owners, excluding venture capitalists</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>d. Other companies</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>e. Government agencies</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>f. Venture capitalists</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>g. Any other sources? (SPECIFY)</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
</tbody>
</table>

F4. FOR EACH EQUITY FINANCING OPTION REPORTED AS “YES” ABOVE, ASK:

In calendar year 2005, how much money did [NAME BUSINESS] receive from [EQUITY OPTION]?

<table>
<thead>
<tr>
<th>Amount</th>
<th>CALENDAR YEAR 2005 AMOUNT FROM EQUITY OPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>$500 or less</td>
<td>$___________</td>
</tr>
<tr>
<td>$501 to $1,000</td>
<td>$___________</td>
</tr>
<tr>
<td>$1,001 to $3,000</td>
<td>$___________</td>
</tr>
<tr>
<td>$3,001 to $5,000</td>
<td>$___________</td>
</tr>
<tr>
<td>$5,001 to $10,000</td>
<td>$___________</td>
</tr>
<tr>
<td>$10,001 to $25,000</td>
<td>$___________</td>
</tr>
<tr>
<td>$25,001 to $100,000</td>
<td>$___________</td>
</tr>
<tr>
<td>$100,001 to $1,000,000</td>
<td>$___________</td>
</tr>
<tr>
<td>$1,000,001 or more?</td>
<td>$___________</td>
</tr>
<tr>
<td>DON'T KNOW</td>
<td>$___________</td>
</tr>
</tbody>
</table>

IF DON'T KNOW OR REFUSED, PROBE WITH RANGES: Would you say it was . . .

$500 or less, .................................................................01
$501 to $1,000, ..............................................................02
$1,001 to $3,000, ...........................................................03
$3,001 to $5,000, ............................................................04
$5,001 to $10,000, .........................................................05
$10,001 to $25,000, .........................................................06
$25,001 to $100,000, .........................................................07
$100,001 to $1,000,000, ...................................................08
$1,000,001 or more? .........................................................09
DON'T KNOW .................................................................d
REFUSED .................................................................r
F4a. Counting all years, how much did [EQUITY OPTION] put into [NAME BUSINESS] as of December 31, 2005?

**PROBE:** This includes all money invested by [EQUITY OPTION] in all years.

<table>
<thead>
<tr>
<th>$</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th>TOTAL EQUITY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

DON’T KNOW ......................................................d

REFUSED .............................................................r

**PROBE: IF DON’T KNOW OR REFUSED, PROBE WITH RANGES:** Would you say it was . . .

$500 or less, .....................................................01

$501 to $1,000, .....................................................02

$1,001 to $3,000, ...................................................03

$3,001 to $5,000, ...................................................04

$5,001 to $10,000, ..................................................05

$10,001 to $25,000, ...............................................06

$25,001 to $100,000, ..............................................07

$100,001 to $1,000,000, ..........................................08

$1,000,001 or more? .............................................09

DON’T KNOW ......................................................d

REFUSED .............................................................r

**IF F4 IS GREATER THAN F4a:**
I may have made a mistake. The amount invested in 2005 is greater than the amount invested in all years combined. Is there an error?

F5. **FOR EACH EQUITY FINANCING OPTION REPORTED AS “YES” ABOVE, ASK:**
What was the total percentage of the business owned by the [EQUITY OPTION] who invested money in the business as of December 31, 2005?

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th>PERCENT</th>
</tr>
</thead>
</table>

DON’T KNOW ......................................................d

REFUSED .............................................................r
INTERVIEWER CHECK BOX:  CHECK ANSWER FROM F2b AND F5 FOR TOTAL PERCENTAGE OF BUSINESS ACCOUNTED FOR.

IF TOTAL PERCENTAGE EQUALS 100%, GO TO F6a
IF TOTAL EQUALS LESS OR MORE THAN 100%

F6.   So far, you’ve given me the following information on who owns [NAME BUSINESS]: [LIST EQUITY INVESTORS FROM F2b AND F5]. Can we review this list?

REVIEW LIST OF OWNERS AND PERCENTAGES WITH RESPONDENT. MAKE CHANGES AS NEEDED, ADDING NEW OWNERS AND/OR PERCENTAGES AS NECESSARY.

DON’T KNOW ........................................d
REFUSED ....................................................r

F6a.   Have you or other owners withdrawn money from the business for personal use in either 2004 or 2005?

INTERVIEWER: IF NEEDED—

This does not include owner salaries.

YES .................................................................01
NO .................................................................00
DON’T KNOW ..............................................d
REFUSED ...................................................r

GO TO F7a
F6b. **IF YES:** Thinking of calendar year 2004, how much money, if any, did you and other owners withdraw from the business for personal use? This includes any dividends paid.

$ |____|____|____|____|____| TOTAL DRAWINGS 2004

DON'T KNOW ............................................................d

REFUSED ......................................................................r

**IF DON'T KNOW OR REFUSED, PROBE WITH RANGES:** Would you say it was . . .

$500 or less, ......................................................................01
$501 to $1,000, ..............................................................02
$1,001 to $3,000, ...........................................................03
$3,001 to $5,000, ...........................................................04
$5,001 to $10,000, .........................................................05
$10,001 to $25,000, .......................................................06
$25,001 to $100,000, .....................................................07
$100,001 to $1,000,000, ................................................08
$1,000,001 or more? ......................................................09

DON'T KNOW ............................................................d

REFUSED ......................................................................r
F6c. Now, thinking about calendar year 2005, how much money, if any, did you and other owners withdraw from the business for personal use? This includes any dividends paid.

$ |____|____|____|____|____|____|____|____| TOTAL DRAWINGS 2005

DON'T KNOW .................................................................d
REFUSED ........................................................................r

IF DON'T KNOW OR REFUSED, PROBE WITH RANGES: Would you say it was . . .

$500 or less, .................................................................01
$501 to $1,000, ..............................................................02
$1,001 to $3,000, ...........................................................03
$3,001 to $5,000, ...........................................................04
$5,001 to $10,000, .........................................................05
$10,001 to $25,000, .......................................................06
$25,001 to $100,000, .....................................................07
$100,001 to $1,000,000, ................................................08
$1,000,001 or more? ......................................................09
DON'T KNOW .................................................................d
REFUSED ........................................................................r
F7a. Another way to finance a business is debt financing. Debt is money borrowed that has to be paid back with or without interest.

We will be talking about categories of debt based on who is responsible for paying it back. For each category, I’ll ask you about several sources of debt business owners or businesses can use to fund operations. We want to make sure that any business-related debt is reported in the right category, and is reported only once. I will identify each category and remind you when I change categories. Here is the first category.

I’m going to ask you about some different types of debt financing you may have borrowed in your name on behalf of [NAME BUSINESS]. For each, please tell me if you used this type at any time during calendar year 2005. Did you use [NAME FINANCING OPTION FROM LIST]?

F7b. IN BELOW LIST, FOR EACH DEBT FINANCING OPTION BUSINESS REPORTED, ASK: How many [NAME DEBT FINANCING OPTION] did you use to finance the operation of the business during calendar year 2005?

<table>
<thead>
<tr>
<th>YES</th>
<th>NO</th>
<th>DON’T KNOW</th>
<th>REFUSED</th>
<th>NUMBER USED</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

F8a. **IF ANSWERED “YES” TO F7a ITEMS a, c, ASK:** As of December 31, 2005, what was the maximum credit line on the [NAME DEBT FINANCING OPTION]?

\[|\text{____|____|____|____|____|} \quad \text{DECEMBER 31, 2005 CREDIT LINE} \]

DON’T KNOW .................................................................d

REFUSED .................................................................r

**IF DON’T KNOW OR REFUSED, PROBE WITH RANGES:** Would you say it was . . .

$500 or less, .................................................................01

$501 to $1,000, ..............................................................02

$1,001 to $3,000, ...........................................................03

$3,001 to $5,000, ...........................................................04

$5,001 to $10,000, .........................................................05

$10,001 to $25,000, .......................................................06

$25,001 to $100,000, .....................................................07

$100,001 to $1,000,000, .................................................08

$1,000,001 or more? .....................................................09

DON’T KNOW .........................................................d

REFUSED .................................................................r
F8b. **IF ANSWERED “YES” TO F7a ITEMS a, c, ASK:  As of December 31, 2005, what was the outstanding balance on the [NAME DEBT FINANCING OPTION]?**

$ |____|____|____|____|____|____|____|____|____| DECEMBER 31, 2005 OUTSTANDING CREDIT CARD BALANCE

DON’T KNOW .................................................................d

REFUSED ........................................................................r

**IF DON’T KNOW OR REFUSED, PROBE WITH RANGES:** Would you say it was . . .

$500 or less, .................................................................01

$501 to $1,000, .............................................................02

$1,001 to $3,000, ............................................................03

$3,001 to $5,000, .........................................................04

$5,001 to $10,000, .......................................................05

$10,001 to $25,000, .....................................................06

$25,001 to $100,000, ....................................................07

$100,001 to $1,000,000, .................................................08

$1,000,001 or more? ....................................................09

DON’T KNOW .................................................................d

REFUSED ........................................................................r

**IF F8b IS GREATER THAN F8a:**
Perhaps I made a mistake. The amount I recorded as the balance outstanding is greater than the amount reported as the maximum credit limit.
F8c.  IF ANSWERED “YES” TO F7a ITEMS b, d, e, f, ASK:  In calendar year 2005, how much was obtained from the [NAME DEBT FINANCING OPTION]?

$ | | | | | | | | | | CALENDAR YEAR 2005
DEBT AMOUNT

DON’T KNOW .................................................................d
REFUSED .................................................................r

IF DON’T KNOW OR REFUSED, PROBE WITH RANGES:  Would you say it was . . .

$500 or less, .................................................................01
$501 to $1,000, ..............................................................02
$1,001 to $3,000, ...........................................................03
$3,001 to $5,000, ...........................................................04
$5,001 to $10,000, .........................................................05
$10,001 to $25,000, .......................................................06
$25,001 to $100,000, .....................................................07
$100,001 to $1,000,000, ................................................08
$1,000,001 or more? ....................................................09
DON’T KNOW .................................................................d
REFUSED .................................................................r
F8d. As of December 31, 2005, what was the estimated amount of the [NAME DEBT FINANCING OPTION] owed by you on behalf of [NAME BUSINESS]?

$ |__|___|__,|__|__|__,|__|__|__| DEBT FINANCING VALUE AS OF DECEMBER 31, 2005

DON’T KNOW .................................................................d
REFUSED .................................................................r

IF DON’T KNOW OR REFUSED, PROBE WITH RANGES: Would you say it was . . .

$500 or less, .................................................................01
$501 to $1,000, .............................................................02
$1,001 to $3,000, .........................................................03
$3,001 to $5,000, .........................................................04
$5,001 to $10,000, .......................................................05
$10,001 to $25,000, .....................................................06
$25,001 to $100,000, ..................................................07
$100,001 to $1,000,000, .............................................08
$1,000,001 or more? ....................................................09
DON’T KNOW ..............................................................d
REFUSED .................................................................r
IF MORE THAN ONE OWNER/OPERATOR AT C4, ASK F9a. OTHERWISE, GO TO F11a.

F9a. Here is the next debt category. I’m going to ask you about some different types of debt financing that other owners may have borrowed on behalf of [NAME BUSINESS]. This debt does not include amounts already reported in the previous section about your debt. For each, please tell me if other owners used this type at any time during calendar year 2005. Did other owners use [NAME DEBT FINANCING OPTION FROM LIST]?

F9b. IN BELOW LIST, FOR EACH DEBT FINANCING OPTION BUSINESS REPORTED, ASK: How many [NAME DEBT FINANCING OPTION] did other owners use to finance the operation of the business during calendar year 2005?

<table>
<thead>
<tr>
<th>YES</th>
<th>NO</th>
<th>DON'T KNOW</th>
<th>REFUSED</th>
<th>NUMBER USED</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Personal credit cards for business-related purposes .................................................................</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>b. Personal loans from a bank or other financial institution, such as a mortgage or home equity loan used for the business ........................................</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>c. Business or corporate credit cards issued in the other owner’s name(s) ...........................................</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>d. Personal loans from any family or friends ...............</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>e. Personal loans from any other individuals not associated with the management of the business.................................</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>f. Any other sources? (SPECIFY) .................................</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
</tbody>
</table>

F10a. **IF ANSWERED “YES” TO F9a ITEMS a, c, ASK:** As of December 31, 2005, what was the maximum credit line on the [NAME DEBT FINANCING OPTION] of (one of) the other owner(s)?

\[ \_\_\_\_\_\_\_\_,\_\_\_\_\_\_\_\_\_,\_\_\_\_\_\_\_\_\_\_
\]

DECEMBER 31, 2005

CREDIT LINE

DON’T KNOW ............................................................d

REFUSED .................................................................r

**IF DON’T KNOW OR REFUSED, PROBE WITH RANGES:** Would you say it was . . .

- $500 or less, ...............................................................01
- $501 to $1,000, ...........................................................02
- $1,001 to $3,000, ......................................................03
- $3,001 to $5,000, ......................................................04
- $5,001 to $10,000, ......................................................05
- $10,001 to $25,000, ....................................................06
- $25,001 to $100,000, ..................................................07
- $100,001 to $1,000,000, ..........................................08
- $1,000,001 or more? ..............................................09

DON’T KNOW ............................................................d

REFUSED .................................................................r
F10b. **IF ANSWERED “YES” TO F9a ITEMS a, c, ASK:** As of December 31, 2005, what was the outstanding balance on the [NAME DEBT FINANCING OPTION] used by (one of) the other owner(s)?

$ |___|____|____|____|____|____|____|____|____|____| DECEMBER 31, 2005 OUTSTANDING CREDIT CARD BALANCE

DON’T KNOW .............................................................................. d

REFUSED .................................................................................. r

**IF DON’T KNOW OR REFUSED, PROBE WITH RANGES:** Would you say it was . . .

$500 or less, ................................................................. 01
$501 to $1,000, ............................................................ 02
$1,001 to $3,000, ......................................................... 03
$3,001 to $5,000, ......................................................... 04
$5,001 to $10,000, ...................................................... 05
$10,001 to $25,000, .................................................... 06
$25,001 to $100,000, .................................................. 07
$100,001 to $1,000,000, ......................................... 08
$1,000,001 or more? .................................................. 09

DON’T KNOW .............................................................................. d

REFUSED .................................................................................. r

**IF F10b IS GREATER THAN F10a:**
Perhaps I made a mistake. The amount I recorded as the balance outstanding is greater than the amount reported as the maximum credit limit.
F10c. IF ANSWERED “YES” TO F9a, ITEMS b, d, e, f, ASK: In calendar year 2005, how much was obtained from the [NAME DEBT FINANCING OPTION] other owners used?

$ | ___| |___| |___| |___| |___| CALENDAR YEAR 2005

DEBT AMOUNT

DON'T KNOW .................................................................d
REFUSED ........................................................................r

IF DON'T KNOW OR REFUSED, PROBE WITH RANGES: Would you say it was . . .

$500 or less, .................................................................01
$501 to $1,000, .............................................................02
$1,001 to $3,000, ...........................................................03
$3,001 to $5,000, .........................................................04
$5,001 to $10,000, ......................................................05
$10,001 to $25,000, ....................................................06
$25,001 to $100,000, ...................................................07
$100,001 to $1,000,000, .............................................08
$1,000,001 or more? ..................................................09
DON'T KNOW .............................................................d
REFUSED ........................................................................r
F10d. As of December 31, 2005, what was the estimated amount of the [NAME DEBT FINANCING OPTION] owed by other owners on behalf of [NAME BUSINESS]?

| $ | __|__|__|__|__|__|__|__|__|__| DEBT AMOUNT AS OF DECEMBER 31, 2005 |
|---|---|---|---|---|---|---|---|---|---|---|
| DON'T KNOW | .................................................................d |
| REFUSED | .................................................................r |

IF DON'T KNOW OR REFUSED, PROBE WITH RANGES: Would you say it was . . .

- $500 or less, .................................................................01
- $501 to $1,000, ..............................................................02
- $1,001 to $3,000, ...........................................................03
- $3,001 to $5,000, ...........................................................04
- $5,001 to $10,000, .........................................................05
- $10,001 to $25,000, .......................................................06
- $25,001 to $100,000, .....................................................07
- $100,001 to $1,000,000, ................................................08
- $1,000,001 or more? ......................................................09
| DON'T KNOW | .................................................................d |
| REFUSED | .................................................................r |
F11a. We are once again switching to another debt category. Now I’m going to ask you about some different types of debt financing that may have been obtained in the name of the business during calendar year 2005. This debt does not include amounts already reported in the previous sections about your debt or the debt of other owners. During calendar year 2005, did [NAME BUSINESS] use [NAME DEBT FINANCING OPTION FROM LIST]?

F11b. IN BELOW LIST, FOR EACH DEBT FINANCING OPTION BUSINESS REPORTED, ASK: How many [NAME DEBT FINANCING OPTION] did the business use to finance the operation or the business during calendar year 2005?

<table>
<thead>
<tr>
<th>YES</th>
<th>NO</th>
<th>DON'T KNOW</th>
<th>REFUSED</th>
<th>NUMBER USED</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Business or corporate credit cards issued in the name of the business</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>b. Business loans from a commercial bank</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>c. Business line of credit (READ IF NEEDED: a business line of credit is when a business has an agreement with a bank or other financial institution to borrow up to a certain amount of funds)</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>d. Business loans from a non-bank financial institution</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>e. Business loans from any family or friends of the owners</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>f. Business loans from another owner of the business or a partner</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>g. [IF HAVE EMPLOYEES AT C5] Loans to the business from employees that are not owners of the business</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>h. Loans from government agencies</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>i. Loans from other businesses</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>j. Business loans from any other individuals not associated with the management of the business</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>k. Any other sources? (SPECIFY)</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
</tbody>
</table>
F12a. **IF ANSWERED “YES” TO F11a ITEMS a, c, ASK:** As of December 31, 2005, what was the maximum credit line on the [NAME DEBT FINANCING OPTION]?

$ |__________,__________,__________,__________,__________| DECEMBER 31, 2005
CREDIT LINE

DON’T KNOW ............................................................................d
REFUSED .....................................................................................r

**IF DON’T KNOW OR REFUSED, PROBE WITH RANGES:** Would you say it was . . .

$500 or less, .................................................................................01
$501 to $1,000, ...........................................................................02
$1,001 to $3,000, ........................................................................03
$3,001 to $5,000, ........................................................................04
$5,001 to $10,000, .......................................................................05
$10,001 to $25,000, .................................................................06
$25,001 to $100,000, .................................................................07
$100,001 to $1,000,000, .........................................................08
$1,000,001 or more? ...............................................................09
DON’T KNOW ............................................................................d
REFUSED .....................................................................................r
F12b. IF ANSWERED “YES” TO F11a ITEMS a, c, ASK: As of December 31, 2005, what was the outstanding balance on the [NAME DEBT FINANCING OPTION]?

$ |___|___|___|___|___|___|___|___|___|___|___|___|

DECEMBER 31, 2005 OUTSTANDING CREDIT BALANCE

DON’T KNOW ......................................................................d
REFUSED ...........................................................................r

IF DON’T KNOW OR REFUSED, PROBE WITH RANGES: Would you say it was . . .

$500 or less, ....................................................................01
$501 to $1,000, .............................................................02
$1,001 to $3,000, ...........................................................03
$3,001 to $5,000, ...........................................................04
$5,001 to $10,000, ..........................................................05
$10,001 to $25,000, .......................................................06
$25,001 to $100,000, .....................................................07
$100,001 to $1,000,000, .................................................08
$1,000,001 or more? ......................................................09
DON’T KNOW ......................................................................d
REFUSED ...........................................................................r

IF F12a IS GREATER THAN F12b:
Perhaps I made a mistake. The amount I recorded as the balance outstanding is greater than the amount reported as the maximum credit limit.
F12c. **IF ANSWERED “YES” TO F11a ITEMS b, d-k, ASK:** In calendar year 2005, how much was the amount obtained from [NAME DEBT FINANCING OPTION] used by [NAME BUSINESS]?

\[
\begin{array}{|c|c|c|c|c|c|c|c|}
\hline
\text{DEBT AMOUNT} & \text{CALENDAR YEAR 2005} \\
\hline
\text{DON'T KNOW} & \text{REFUSED} \\
\hline
\end{array}
\]

\[
\begin{array}{|c|}
\hline
\text{DEBT AMOUNT} \text{ CALENDAR YEAR 2005} \\
\hline
\text{DON'T KNOW} & \text{REFUSED} \\
\hline
\end{array}
\]

**IF DON’T KNOW OR REFUSED, PROBE WITH RANGES:** Would you say it was . . .

- $500 or less, .................................................................01
- $501 to $1,000, ..............................................................02
- $1,001 to $3,000, ...........................................................03
- $3,001 to $5,000, .........................................................04
- $5,001 to $10,000, ........................................................05
- $10,001 to $25,000, .....................................................06
- $25,001 to $100,000, ...................................................07
- $100,001 to $1,000,000, ..........................................08
- $1,000,001 or more? ................................................09
- DON’T KNOW ............................................................d
- REFUSED .................................................................r

F12d. As of December 31, 2005, what was the estimated amount of the [NAME DEBT FINANCING OPTION] owed by [NAME BUSINESS]?

$ |___|___|___|___|___|___|___|___| DEBT AMOUNT AS OF DECEMBER 31, 2005

DON'T KNOW .................................................................d
REFUSED ........................................................................r

IF DON'T KNOW OR REFUSED, PROBE WITH RANGES: Would you say it was . . .

$500 or less, .......................................................................01
$501 to $1,000, ....................................................................02
$1,001 to $3,000, .................................................................03
$3,001 to $5,000, .................................................................04
$5,001 to $10,000, ...............................................................05
$10,001 to $25,000, ............................................................06
$25,001 to $100,000, ..........................................................07
$100,001 to $1,000,000, ....................................................08
$1,000,001 or more? .........................................................09
DON'T KNOW .................................................................d
REFUSED ........................................................................r

F13. Trade financing is where a business has an arrangement with a supplier to make purchases on account. In calendar year 2005, did [NAME BUSINESS] make any purchases through trade financing?

YES ................................................................................01
NO .................................................................................00
DON'T KNOW .................................................................d
REFUSED ........................................................................r

GO TO F15
F14. **IF YES:** In calendar year 2005, what was the amount of purchases made through trade financing?

$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | CALENDAR YEAR 2005 AMOUNT OF TRADE PURCHASES

DON'T KNOW .................................................................d
REFUSED .................................................................r

**IF DON'T KNOW OR REFUSED, PROBE WITH RANGES:** Would you say it was . . .

$500 or less, .................................................................01
$501 to $1,000, ............................................................02
$1,001 to $3,000, ..........................................................03
$3,001 to $5,000, ..........................................................04
$5,001 to $10,000, ..........................................................05
$10,001 to $25,000, .....................................................06
$25,001 to $100,000, ....................................................07
$100,001 to $1,000,000, ..............................................08
$1,000,001 or more? ....................................................09
DON'T KNOW .................................................................d
REFUSED .................................................................r

F15. In calendar year 2005, did [NAME BUSINESS] receive any revenue (money), from the sales of goods, services, or intellectual property? **[IF SOLE PROPRIETORSHIP, ADD:** This would be gross receipts reported on a Schedule C or C-EZ with your personal income tax return.]

YES .................................................................01
NO .................................................................00
DON'T KNOW .................................................................d
REFUSED .................................................................r

GO TO F17
F16. What was [NAME BUSINESS]'s total revenue for calendar year 2005?  [IF SOLE PROPRIETORSHIP, ADD: This would be gross receipts reported on a Schedule C or C-EZ with your personal income tax return.]

$ |_______|,|_______|,|_______|,|_______| TOTAL REVENUE 2005

DON'T KNOW .................................................................d
REFUSED .................................................................r

IF DON'T KNOW OR REFUSED, PROBE WITH RANGES: Would you say it was . . .

$500 or less, .................................................................01
$501 to $1,000, ..............................................................02
$1,001 to $3,000, .........................................................03
$3,001 to $5,000, ...........................................................04
$5,001 to $10,000, .........................................................05
$10,001 to $25,000, .......................................................06
$25,001 to $100,000, .....................................................07
$100,001 to $1,000,000, ................................................08
$1,000,001 or more? ......................................................09
DON'T KNOW .................................................................d
REFUSED .................................................................r

F16b. Was this an increase, a decrease, or no change in the amount of revenue for [NAME BUSINESS] in 2005 compared to 2004?

INCREASE .................................................................01
DECREASE .................................................................02
NO CHANGE .................................................................03 ➤ GO TO F17
DON'T KNOW .................................................................d
REFUSED .................................................................r

F16c. And what was the percentage change in revenue in 2005 compared 2004?  Your best estimate is fine.

|_______|____ |____ |____ |____ | % CHANGE IN REVENUE

DON'T KNOW .................................................................d
REFUSED .................................................................r
F17. Now I’m going to ask about the expenses the business paid. Expenses are the costs paid for the operation of the business, including wages, salaries, interest on loans, capital leases, materials, etc. How much, if any, did [NAME BUSINESS] pay in expenses during calendar year 2005?

<table>
<thead>
<tr>
<th>$</th>
<th>$</th>
<th>$</th>
<th>$</th>
<th>TOTAL EXPENSES IN CALENDAR YEAR 2005</th>
</tr>
</thead>
</table>

DON’T KNOW .........................................................d
REFUSED .................................................................r

IF DON’T KNOW OR REFUSED, PROBE WITH RANGES: Would you say it was . . .

- $500 or less, .................................................................01
- $501 to $1,000, ...............................................................02
- $1,001 to $3,000, ............................................................03
- $3,001 to $5,000, ............................................................04
- $5,001 to $10,000, ...........................................................05
- $10,001 to $25,000, .........................................................06
- $25,001 to $100,000, .......................................................07
- $100,001 to $1,000,000, ................................................08
- $1,000,001 or more? ......................................................09
DON’T KNOW .................................................................d
REFUSED .................................................................r

F17b. Was this an increase, a decrease, or no change in total expenses for [NAME BUSINESS] in 2005 compared to 2004?

INCREASE ........................................................................01
DECREASE ........................................................................02
NO CHANGE ..................................................................03 ➔ GO TO F18
DON’T KNOW .................................................................d
REFUSED .................................................................r

F17c. And what was the percentage change in total expenses in 2005 compared to 2004? Your best estimate is fine.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th>% CHANGE IN EXPENSES</th>
</tr>
</thead>
</table>

DON’T KNOW .................................................................d
REFUSED .................................................................r
**F18.** IF BUSINESS REPORTED “0” EMPLOYEES AT C5, GO TO F19.

How much, if any, did [NAME BUSINESS] pay in wages, salaries, and benefits to full-and part-time employees in calendar year 2005? Please do not include wages, salaries, and benefits to contract workers who work for the business but are not on the business’ official payroll.

<table>
<thead>
<tr>
<th>$</th>
<th>$</th>
<th>$</th>
<th>$</th>
<th>TOTAL PAYROLL EXPENSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>IN CALENDAR YEAR 2005</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

DON’T KNOW .................................................d
REFUSED ......................................................r

**IF DON’T KNOW OR REFUSED, PROBE WITH RANGES:** Would you say it was . . .

- $500 or less, .................................................01
- $501 to $1,000, .............................................02
- $1,001 to $3,000, ...........................................03
- $3,001 to $5,000, ..........................................04
- $5,001 to $10,000, .........................................05
- $10,001 to $25,000, .......................................06
- $25,001 to $100,000, .....................................07
- $100,001 to $1,000,000, .................................08
- $1,000,001 or more? ......................................09
DON’T KNOW .................................................d
REFUSED ......................................................r

**F19.** Did [NAME BUSINESS] spend any money on research and development of new products and services during calendar year 2005?

- YES ............................................................01
- NO ...............................................................00
DON’T KNOW ................................................d
REFUSED ......................................................r

**F20.** Did [NAME BUSINESS] spend any money on the purchase of new or used machinery or equipment during calendar year 2005?

- YES ............................................................01
- NO ...............................................................00
DON’T KNOW ................................................d
REFUSED ......................................................r
F21. Did [NAME BUSINESS] spend any money on rental or lease payments for buildings or other structures during calendar year 2005?

YES .................................................................01
NO ........................................................................00
DON'T KNOW ......................................................d
REFUSED ..................................................................r

F22. Did [NAME BUSINESS] spend any money on rental or lease payments for machinery or equipment during calendar year 2005?

YES .................................................................01
NO ........................................................................00
DON'T KNOW ......................................................d
REFUSED ..................................................................r

F23. Profit is the business’ income after all expenses and taxes have been deducted. What was [NAME BUSINESS]’s total profit or loss for calendar year 2005?

PROFIT ............................................................................01  ➔ GO TO F24
LOSS ...............................................................................02  ➔ GO TO F26
DON'T KNOW .................................................................d
REFUSED ........................................................................r

F24. ENTER PROFIT AMOUNT

$ |____|____|____|____|____|____|____|____|____| TOTAL PROFIT IN CALENDAR YEAR 2005

DON'T KNOW ................................................................d
REFUSED ........................................................................r
F25. **IF DON'T KNOW OR REFUSED, PROBE WITH RANGES:** Would you say it was . . .

<table>
<thead>
<tr>
<th>Amount</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>$500 or less</td>
<td>01</td>
</tr>
<tr>
<td>$501 to $1,000</td>
<td>02</td>
</tr>
<tr>
<td>$1,001 to $3,000</td>
<td>03</td>
</tr>
<tr>
<td>$3,001 to $5,000</td>
<td>04</td>
</tr>
<tr>
<td>$5,001 to $10,000</td>
<td>05</td>
</tr>
<tr>
<td>$10,001 to $25,000</td>
<td>06</td>
</tr>
<tr>
<td>$25,001 to $100,000</td>
<td>07</td>
</tr>
<tr>
<td>$100,001 to $1,000,000</td>
<td>08</td>
</tr>
<tr>
<td>$1,000,001 or more?</td>
<td>09</td>
</tr>
<tr>
<td>DON'T KNOW</td>
<td>d</td>
</tr>
<tr>
<td>REFUSED</td>
<td>r</td>
</tr>
</tbody>
</table>

F26. **ENTER LOSS AMOUNT**

$ | | | | | | | | | | | TOTAL LOSS IN CALENDAR YEAR 2005

<table>
<thead>
<tr>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>d</td>
</tr>
<tr>
<td>r</td>
</tr>
</tbody>
</table>

F27. **IF DON'T KNOW OR REFUSED, PROBE WITH RANGES:** Would you say it was . . .

<table>
<thead>
<tr>
<th>Amount</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>$500 or less</td>
<td>01</td>
</tr>
<tr>
<td>$501 to $1,000</td>
<td>02</td>
</tr>
<tr>
<td>$1,001 to $3,000</td>
<td>03</td>
</tr>
<tr>
<td>$3,001 to $5,000</td>
<td>04</td>
</tr>
<tr>
<td>$5,001 to $10,000</td>
<td>05</td>
</tr>
<tr>
<td>$10,001 to $25,000</td>
<td>06</td>
</tr>
<tr>
<td>$25,001 to $100,000</td>
<td>07</td>
</tr>
<tr>
<td>$100,001 to $1,000,000</td>
<td>08</td>
</tr>
<tr>
<td>$1,000,001 or more?</td>
<td>09</td>
</tr>
<tr>
<td>DON'T KNOW</td>
<td>d</td>
</tr>
<tr>
<td>REFUSED</td>
<td>r</td>
</tr>
</tbody>
</table>
F28. Assets are what the business owns. As of December 31, 2005, did [NAME BUSINESS]'s assets include [NAME ASSET FROM LIST]?

<table>
<thead>
<tr>
<th>ASSET</th>
<th>YES</th>
<th>NO</th>
<th>DON'T KNOW</th>
<th>REFUSED</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Cash on hand in checking, savings, money market accounts, certificates of deposit and other time deposits</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>b. Accounts receivable</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>c. Product inventory</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>d. Equipment or machinery</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>e. Land, buildings, and other structures</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>f. Vehicles</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>g. Any other business owned property (SPECIFY)...</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>h. Any other assets? (SPECIFY)...</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
</tbody>
</table>

F29. FOR EACH ASSET BUSINESS REPORTED, ASK:
As of December 31, 2005, what was the estimated value of the [NAME OF ASSET] owned by [NAME BUSINESS]?

<table>
<thead>
<tr>
<th>ASSET VALUE AS OF DECEMBER 31, 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
</tr>
</tbody>
</table>

| ASSET VALUE AS OF DECEMBER 31, 2005 | 01  | 00 | d   | r   |

DON'T KNOW .........................................................d
REFUSED .................................................................r

IF DON'T KNOW OR REFUSED, PROBE WITH RANGES: Would you say it was . . .

$500 or less, .................................................................01
$501 to $1,000, .................................................................02
$1,001 to $3,000, .................................................................03
$3,001 to $5,000, .................................................................04
$5,001 to $10,000, .................................................................05
$10,001 to $25,000, .................................................................06
$25,001 to $100,000, .................................................................07
$100,001 to $1,000,000, .........................................................08
$1,000,001 or more? ..............................................................09
DON'T KNOW .................................................................d
REFUSED .................................................................r
F30. Liabilities are what the business owes. Other than the loans and the financial debt we’ve already talked about, did [NAME BUSINESS]’s liabilities as of December 31, 2005 include [NAME LIABILITY FROM LIST]?

<table>
<thead>
<tr>
<th></th>
<th>YES</th>
<th>NO</th>
<th>DON'T KNOW</th>
<th>REFUSED</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Accounts Payable</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>b. Pension and post retirement benefits</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>c. Any other liabilities? (SPECIFY)</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
</tbody>
</table>

F31. **FOR EACH LIABILITY BUSINESS HAS, ASK:** As of December 31, 2005, what was the estimated value of [NAME BUSINESS]’s [NAME OF LIABILITY]?

$\text{__|__|__|__,|__|__|,|__|__|}\text{ LIABILITY VALUE AS OF DECEMBER 31, 2005}$

DON'T KNOW .................................................................d

REFUSED .................................................................r
G. WORK BEHAVIORS AND DEMOGRAPHICS OF OWNER/OPERATOR(S)

The last section contains questions for classification purposes only.

C4 LISTING OF OWNER/OPERATORS SHOULD BE ASKED THIS SERIES IN THE FOLLOWING ORDER:

RESPONDENT FIRST, THEN OTHER BASELINE OWNER/OPERATORS, THEN NEW OWNER/OPERATORS. NO QUESTIONS WILL BE ASKED ABOUT OWNER/OPERATORS WHO HAVE LEFT.

FOR ALL BASELINE OWNER/OPERATORS IN C4, ASK BLOCK bSectionG1

FOR ALL NEW OWNER/OPERATORS, ASK BLOCK bSectionG2

BLOCK bSectionG1—

G1a. (Are/Is) (you/[OWNER B-J]) also a paid employee at [NAME BUSINESS]?

YES ................................................................................01

NO ..................................................................................00

DON'T KNOW .................................................................d

REFUSED ........................................................................r

G1b. During the time [NAME BUSINESS] was in business during 2005, how many hours in an average week did (you/[OWNER B-J]) spend working at [NAME BUSINESS]?

| | | | HOURS WORKED IN AVERAGE WEEK

DON'T KNOW .................................................................d

REFUSED ........................................................................r

IF DON'T KNOW OR REFUSED PROBE: Would you say it was . . .

Less than 20 hours, ..........................................................01

20 hours to 35 hours, .....................................................02

36 hours to 45 hours, .....................................................03

46 hours to 55 hours, .....................................................04

56 hours to 65 hours, .....................................................05

66 hours or more? .........................................................06

DON'T KNOW .................................................................d

REFUSED ........................................................................r
BASELINE OWNERS/OPERATORS: ANY DEMOGRAPHIC QUESTION G1d-G10a NOT ANSWERED IN BASELINE WILL BE ASKED AGAIN.

ENDBLOCK bSectionG1

BLOCK bSectionG2—for all NEW OWNERS

G1a. (Are/Is) (you/[OWNER B-J]) also a paid employee at [NAME BUSINESS]?

YES ................................................................................01
NO ..................................................................................00
DON’T KNOW ................................................................d
REFUSED ......................................................................r

G1b. During the time [NAME BUSINESS] was in business during 2005, how many hours in an average week did (you [OWNER B-J] spend working at [NAME BUSINESS]?

|_____|_____| HOURS WORKED IN AVERAGE WEEK

DON’T KNOW ................................................................d
REFUSED ......................................................................r

G1b1. IF DON’T KNOW OR REFUSED, PROBE: Would you say it was . . .

Less than 20 hours, ........................................................01
20 hours to 35 hours, .....................................................02
36 hours to 45 hours, .....................................................03
46 hours to 55 hours, .....................................................04
56 hours to 65 hours, .....................................................05
66 hours or more? .........................................................06
DON’T KNOW .................................................................d
REFUSED .................................................................r
G2. How many years of work experience (have/has) (you/[OWNER B-J]) had in this industry—the one in which [NAME BUSINESS] competes?

|_______| YEARS

DON'T KNOW ...............................................................d

REFUSED .................................................................r

G3a. How many other new businesses (have/has) (you/[OWNER B-J]) started besides [NAME BUSINESS]?

|_______| NUMBER OF BUSINESSES
(ENTER “0” FOR NONE)

DON'T KNOW ...............................................................d

REFUSED .................................................................r

IF ZERO NEW BUSINESSES AT G3a, GO TO G4.

G3b. (Was this/Were any of the) business(es) in the same industry as [NAME BUSINESS]?

YES ................................................................................01

NO ................................................................................00

DON'T KNOW ...............................................................d

REFUSED .................................................................r

G4. How old will (you/[OWNER B-J]) be on (your/his/her) next birthday?

OWNER A ............................................................|_______|

DON'T KNOW ...............................................................d

REFUSED .................................................................r

IF DON'T KNOW OR REFUSED, PROBE WITH RANGES: Would you say . . .

18-24, .................................................................01
25-34, .................................................................02
35-44, .................................................................03
45-54, .................................................................04
55-64, .................................................................05
65-74, .................................................................06
75 or older? ..........................................................07

DON'T KNOW ...............................................................d

REFUSED .................................................................r
Now I have a few questions about race and ethnicity.

G5. (Are/Is) (you/[OWNER B-J]) of Hispanic or Latino origin?
   YES .................................................................01
   NO .................................................................00
   DON'T KNOW ................................................d
   REFUSED .........................................................r

G6. I am going to read a list of race categories. Please choose one or more that best describes (your/[OWNER B-J]'s) race. Are (you [OWNER B-J]) American Indian or Alaska Native, Native Hawaiian or other Pacific Islander, Asian, Black or African American, or White?
   AMERICAN INDIAN OR ALASKA NATIVE .............01
   NATIVE HAWAIIAN OR OTHER PACIFIC ISLANDER ........................................02
   ASIAN ............................................................................03
   BLACK OR AFRICAN AMERICAN.................................04
   WHITE ............................................................................05
   OTHER (SPECIFY) ........................................................06
   DON'T KNOW .........................................................d
   REFUSED .................................................................r

G7. (Were/Was) (you/[OWNER B-J]) born in the United States?
   YES .................................................................01 ➔ GO TO G9
   NO .................................................................00
   DON'T KNOW .........................................................d
   REFUSED .................................................................r

G8. (Are/Is) (you/[OWNER B-J]) a U.S. citizen?
   YES .................................................................01
   NO .................................................................00
   DON'T KNOW .........................................................d
   REFUSED .................................................................r
G9. What is the highest level of education (you/[OWNER B-J]) (have/has) completed so far? Would you say . . .

- Less than 9th grade, .................................................................01
- Some high school, but no diploma, .................................02
- High school graduate (diploma or equivalent diploma [GED]), .........................................................03
- Technical, trade or vocational degree, ............................04
- Some college, but no degree, .............................................05
- Associate’s degree, ..............................................................06
- Bachelor’s degree, ..............................................................07
- Some graduate school but no degree, ............................08
- Master’s degree, or .............................................................09
- Professional school or doctorate? .................................10
- DON’T KNOW .................................................................d
- REFUSED ..........................................................................r

BY OBSERVATION:
G10a. (Are/Is) (you/[OWNER B-J]) male or female?

- MALE ...............................................................................01
- FEMALE ...........................................................................02
- DON’T KNOW .................................................................d
- REFUSED ..........................................................................r

ENDBLOCK bSectionG2
SECTION G ARRAYED UP TO 10 TIMES, ONCE FOR EACH NEW OWNER.

G11. IF EMAIL ADDRESS COLLECTED AT BASELINE:
Can we confirm your email address?

INTERVIEWER: READ E-MAIL ADDRESS AND CORRECT AS NECESSARY.

IF EMAIL ADDRESS FIELD BLANK FROM BASELINE:
Can you give us an email address where you can be reached?

EMAIL: ___________________ @ ___________________

- DON’T KNOW .................................................................d
- REFUSED ..........................................................................r
G12. IF WEBSITE ADDRESS COLLECTED AT BASELINE:
May we confirm your web site address as:

Web Address:_____________________________ • ____________

INTERVIEWER: CORRECT AS NECESSARY ➔ GO TO G14

IF WEBSITE ADDRESS BLANK FROM BASELINE:
Does [NAME BUSINESS] have its own website?

YES .................................................................01
NO .................................................................00
DON'T KNOW ..............................................d
REFUSED .......................................................r

GO TO G14

G13. Can you give me the web address?

WEB ADDRESS:_____________________________ • ____________

DON'T KNOW ..............................................d
REFUSED .......................................................r

G14. Is the business likely to move to another location in the next 12 months?

YES .................................................................01
NO .................................................................00
DON'T KNOW ..............................................d
REFUSED .......................................................r

GO TO G16

G15. What city and state is the business likely to move to?

CITY:________________________________________

STATE:_____________________________________

DON'T KNOW ..............................................d
REFUSED .......................................................r
G16. **IF CONTACT INFORMATION COLLECTED AT BASELINE:**
Here is the information we have for a contact person. This information will be held in the strictest confidence, and will only be used if we cannot contact you or someone else associated with the business at the current business phone number or address.

**INTERVIEWER: PLEASE ASK FOR ANY INFORMATION THAT IS NOT FILLED IN.**

NAME:__________________________________________
ADDRESS:_____________________________________
CITY:__________________________________________
STATE:__________________________________________
PHONE:_________________________________________
EMAIL:___________________@_____________________

DON'T KNOW .................................................d
REFUSED ..........................................................r

**IF CONTACT INFORMATION IS BLANK FROM BASELINE:**
In case we are unable to contact you, can you provide a name and contact information for a person besides yourself who would know how to reach you or someone else associated with [NAME BUSINESS]? All information collected will be held in the strictest confidence, and will only be used if we cannot contact you or someone else associated with the business at the current business phone number or address.

NAME:__________________________________________
ADDRESS:_____________________________________
CITY:__________________________________________
STATE:__________________________________________
PHONE:_________________________________________
EMAIL:___________________@_____________________

DON'T KNOW .................................................d
REFUSED ..........................................................r

[THANK AND TERMINATE]
APPENDIX C

RESPONDENT MATERIALS
Subject: Round 2 -- Kauffman Firm Survey

Dear [BASELINE RESPONDENT NAME]:

We are currently conducting the second round of the Kauffman Firm Survey. As one of only 5,000 businesses across the country that participated in the first round, your continued participation is vital to the success of the study. We cannot replace your business with any other business.

You may wonder why we are doing this follow-up to the first round of the study. By studying firms over the crucial early years of their growth and development, we can begin to understand what factors help businesses succeed in becoming established. No other study has examined as many new businesses in as much detail. Once again, you will receive $50 as a “thank you” for completing the interview. All information you provide will be kept confidential, and you will not be asked to buy anything or make a contribution. Below is the link to the Kauffman Survey website which will take you directly into the study.

Link Address  www.kauffmansurvey.org

You can also access the survey by visiting kauffmansurvey.org and entering the Login Identification Number and Password listed below.

Login Identification Number:  
Password:  

If you have any questions, please contact us at KFS@mathematica-mpr.com or call Pat Jones toll-free at 1-877-542-6725. Thanks for your participation.
KFS FIRST FOLLOW-UP ADVANCE LETTER

September 14, 2006

Dear «FirstName» «LastName»:

Welcome to the second round of the Kauffman Firm Survey. This study, sponsored by the Ewing Marion Kauffman Foundation of Kansas City, is designed to help us better understand how new businesses like yours develop over time. We greatly appreciate your participation in the first round of the study. As one of only 5,000 study participants nationwide, your continued participation is vital to the success of the study.

We encourage you to complete the study online at www.kauffmansurvey.org. If you received an email and have already logged on and completed the survey, please accept our thanks once again. If not, please log on to www.kauffmansurvey.org to do so. You will be asked for your Login Identification Number and Password, which are indicated below:

Login Identification Number: «username»
Password: «password»

You will receive $50 as a “thank you” for completing the interview. All information you provide will be kept confidential. You will not be asked to buy anything or make a contribution.

Mathematica Policy Research, Inc., an independent research firm based in Princeton, New Jersey, is conducting the study. If you have any questions about the study, please contact Pat Jones toll-free at 877-542-6725 or email us at KFS@mathematica-mpr.com. Enclosed is a fact sheet with more information about the study and an instruction sheet to assist you in completing the online survey. Thank you in advance for your continuing participation.

Sincerely,

Survey Director
What is the purpose of the Kauffman Firm Survey?

The Kauffman Firm Survey is a research study sponsored by the Ewing Marion Kauffman Foundation of Kansas City. The study’s purpose is to learn more about the challenges involved in owning and operating a new business. Because so many research studies focus on established companies, we know very little about what makes a business successful in its early years of existence.

Didn’t our business complete this already?

Your business participated in round 1 of the study, which asked about your business’ first year of operations. We would now like to ask you about your second year in business. As one of a group of businesses scientifically selected for this study, your continued participation is vital to the success of the study. We cannot replace your business with another business.

Why are you asking about Year 2 of my business?

By studying businesses over the crucial early years of their growth and development, we can begin to understand what factors help businesses succeed in becoming established. No other study has examined as many new businesses in as much detail.

Will I be paid for participating?

You will again receive $50 as a “thank you” for completing the interview. All information you provide will be kept confidential, and you will not be asked to buy anything or make a contribution.

What if my company is no longer in business or I have sold my business?

This information is important to us. We would greatly appreciate it if you used the Web survey or called Pat Jones at 1-877-542-6725 to answer a few short questions, which will enable us to document what happened to your business.

Will I get to see the results of the study?

The Kauffman Foundation is committed to providing information from the study on its public website. Once the study has been completed, you can obtain the results by checking the Kauffman Foundation’s website:

www.kauffman.org
Frequently Asked Questions

Will the information I provide be kept confidential?

Yes. All information you provide will be treated as confidential. The information you provide will be used for research and statistical purposes only by the Kauffman Foundation, its contractors, and collaborating researchers for the purpose of analyzing data and preparing scientific reports and articles. Any information publicly released (such as statistical summaries) will appear in a form that does not personally identify your business or any individuals involved with the business.

Will I be asked to make a donation to the Kauffman Foundation?

No. This research study is not a disguised sales pitch or an attempt to solicit money. It is solely a research study. At no time will you be asked to buy anything or contribute money to any foundation. Your name and your business name will not be sold or provided to anyone—it will be kept strictly confidential.

What is the Kauffman Foundation?

The Ewing Marion Kauffman Foundation is a private foundation dedicated to studying and promoting entrepreneurship in the United States. The Foundation has hired Mathematica Policy Research, Inc., an independent research firm, to conduct the study. For additional information about the Kauffman Foundation, please visit its website:

www.kauffman.org

Who is Mathematica Policy Research?

Mathematica Policy Research is an independent research firm based in Princeton, New Jersey known for its high-quality, objective research designed to support decision making on the nation’s most pressing issues. For additional information about Mathematica, please visit the company’s website:

www.mathematica-mpr.com

How can I contact you with further questions?

If you have further questions about this study, please call Pat Jones at Mathematica toll-free at 1-877-542-6725, or you can email us at KFS@mathematica-mpr.com. You can also reach us by mail:

Kauffman Firm Survey
Mathematica Policy Research, Inc.
P.O. Box 2393
Princeton, NJ 08543-2393
The Kauffman Firm Survey

We still need your help! We recently sent you information about the second round of the Kauffman Firm Survey, and we urge you to participate again. The experiences you shared during the first round of the study were important contributions to the Kauffman Foundation’s mission to understand and promote new business development.

Please log on to www.kauffmansurvey.org to complete the interview. (If you have already done so, please accept our thanks.) Because we know your time is valuable, you will receive $50 as a “thank you” for completing the questionnaire.

If you have forgotten or lost your login identification number and password, or if you have any questions or comments, please contact Pat Jones toll-free at 1-877-542-6725 or at KFS@mathematica-mpr.com.

Thank you for your time and continuing participation!

Kauffman Firm Survey (6091-240)
Mathematica Policy Research, Inc.
P.O. Box 2393
Princeton, NJ 08543-9809

Return Service Requested
August 3, 2006

Dear «firstname» «LastName»: [NOTE: USE «FirstName» IF «firstname» IS MISSING]

We would like to thank you again for participating in the first round of the Kauffman Firm Survey, sponsored by the Ewing Marion Kauffman Foundation. Recently, we contacted you about participating in the second round of the study, but at that time you were unable to speak with us. I wanted to contact you to explain how important your continued cooperation is to the success of this study.

New businesses are vital to the economic future of the United States, and yet little is known about the challenges of running a business in the early years of development. Your participation in round two of the study will provide the Kauffman Foundation with a greater understanding about the challenges involved in owning and operating a new business. Participating will also help the Foundation’s mission to support entrepreneurship.

Please help us by completing this brief interview. **We will send you $50 after you complete the interview as a token of our appreciation for your continuing participation in this study.** All information you provide will be treated as confidential.

Mathematica Policy Research (MPR), an independent research firm based in Princeton, NJ, is conducting the study. If you have any questions about the study, please contact Pat Jones at 1-877-542-6725 or email us at KFS@mathematica-mpr.com.

Sincerely,

[Signature]

Survey Director
This memo provides information about the longitudinal KFS data file, which includes data collected during the Baseline and First Follow-Up Surveys. This includes information on how item non-response was handled within variables in the data file, as well as a description of variables not documented in the KFS questionnaire. It also documents variables used in constructing the survey weights and all constructed variables. Several of the variables included here were provided with the Dun & Bradstreet (D&B) listings of sampled businesses that may provide additional context during the analysis. For variables derived directly from the KFS Baseline or First Follow-Up questionnaires, the annotated versions of these questionnaires serves as the codebook.

I. NON-RESPONSE CLEANING STEPS

All values for “Don’t Know” and “Refusal” responses were recoded to blanks (“.”) in all variables.

II. VARIABLE-SPECIFIC INFORMATION

Variable names in the longitudinal dataset are similar between the Baseline and First Follow-Up. First Follow-Up variables for items appearing in both surveys include the Baseline variable name with an “_F” suffix. Unless specified that the variable uses data from only one survey, this memo lists only the Baseline variable name.
A. Variables related to weighting and non-response adjustments - Baseline

<table>
<thead>
<tr>
<th>VARIABLE</th>
<th>DEFINITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>sampleinfo_samplestrata</td>
<td>The technology and gender ownership sampling strata MPR used to select the KFS sample.</td>
</tr>
<tr>
<td></td>
<td>101 = high tech, woman owned</td>
</tr>
<tr>
<td></td>
<td>102 = high tech, not woman owned</td>
</tr>
<tr>
<td></td>
<td>201 = medium tech, woman owned</td>
</tr>
<tr>
<td></td>
<td>202 = medium tech, not woman owned</td>
</tr>
<tr>
<td></td>
<td>301 = non tech, woman owned</td>
</tr>
<tr>
<td></td>
<td>302 = non tech, not woman owned</td>
</tr>
<tr>
<td>FLAG_TYPE</td>
<td>Indicates technology group – high/low/medium</td>
</tr>
<tr>
<td>FSTATUS</td>
<td>The response status of Baseline Survey cases:</td>
</tr>
<tr>
<td></td>
<td>1 = Complete</td>
</tr>
<tr>
<td></td>
<td>21 = Ineligible, out of business</td>
</tr>
<tr>
<td></td>
<td>22 = Ineligible, does not meet project expectations</td>
</tr>
<tr>
<td></td>
<td>3 = Refusal</td>
</tr>
<tr>
<td></td>
<td>4 = Unlocatable</td>
</tr>
<tr>
<td>RESP</td>
<td>Response Indicator – All completes and ineligibles are considered respondents under this measure.</td>
</tr>
<tr>
<td></td>
<td>1 = Respondent</td>
</tr>
<tr>
<td></td>
<td>0 = Non-respondent</td>
</tr>
<tr>
<td>SamplingWeight</td>
<td>Initial sampling weight when the sample was drawn.</td>
</tr>
<tr>
<td>WGT_INI</td>
<td>Weight after release adjustment.</td>
</tr>
<tr>
<td>WGT_PLOCT</td>
<td>Weight after location model.</td>
</tr>
<tr>
<td>WGT_FINAL</td>
<td>Final weight after non-response model.</td>
</tr>
<tr>
<td>LOCT</td>
<td>Location indicator - Indicates whether business was located</td>
</tr>
<tr>
<td></td>
<td>1 = Located</td>
</tr>
<tr>
<td></td>
<td>0 = Unlocated</td>
</tr>
</tbody>
</table>
B. Variables related to weighting and non-response adjustments – First Follow-Up

<table>
<thead>
<tr>
<th>VARIABLE</th>
<th>DEFINITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>fstatus_f</td>
<td>The response status of First Follow-Up cases:</td>
</tr>
<tr>
<td></td>
<td>1 = Complete</td>
</tr>
<tr>
<td></td>
<td>21 = Ineligible, out of business</td>
</tr>
<tr>
<td></td>
<td>22 = Ineligible, does not meet project expectations</td>
</tr>
<tr>
<td></td>
<td>3 = Refusal</td>
</tr>
<tr>
<td></td>
<td>4 = Unlocatable</td>
</tr>
<tr>
<td>resp_f</td>
<td>Response Indicator – All completes and ineligibles are considered respondents under this measure.</td>
</tr>
<tr>
<td></td>
<td>1 = respondents</td>
</tr>
<tr>
<td></td>
<td>0 = non-respondents</td>
</tr>
<tr>
<td>wgt_final_f</td>
<td>Final weight after non-response model.</td>
</tr>
</tbody>
</table>

C. Survey Management Variables

<table>
<thead>
<tr>
<th>VARIABLE</th>
<th>DEFINITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>MPRID</td>
<td>The identification number provided by MPR to each sampled business.</td>
</tr>
<tr>
<td>Final_Status_Code</td>
<td>Final Disposition Code for sampled businesses in the Baseline Survey.</td>
</tr>
<tr>
<td></td>
<td>10 = Telephone Complete</td>
</tr>
<tr>
<td></td>
<td>30 = Web Complete</td>
</tr>
</tbody>
</table>
C. Survey Management Variables (Continued)

Final_Status_Code_F

Final Disposition Code for sampled businesses in the First Follow-Up Survey.

10 = Telephone Complete
30 = Web Complete
200 = Refusal
210 = Refusal by gatekeeper
220 = Refusal by other
330 = Effort ended/Case retired
401 = Language Barrier (Spanish)
450 = Business moved out of country
463 = No Longer in Business
465 = Started Previous to 2004 – The business was engaged in new business activity prior to calendar year 2004. New business activity is defined as applying for an EIN, submitting a Schedule C or C-EZ, paying state
590 = Unlocatable

TotalCalls

Total number of calls made to interviews completed via Computer Assisted Telephone Interviewing (CATI).

SampleInfo_Wave

The sample wave number the sample business was included in.
C. Survey Management Variables (continued)

<table>
<thead>
<tr>
<th>VARIABLE</th>
<th>DEFINITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>SampleInfo_Strata</td>
<td>The high-tech strata of businesses in the D&amp;B sample frame were defined by using the SIC codes of businesses listed below.</td>
</tr>
<tr>
<td>1 = High Tech</td>
<td>28 Chemicals and allied products</td>
</tr>
<tr>
<td></td>
<td>35 Industrial machinery and equipment</td>
</tr>
<tr>
<td></td>
<td>36 Electrical and electronic equipment</td>
</tr>
<tr>
<td></td>
<td>38 Instruments and related products</td>
</tr>
<tr>
<td>2 = Medium Tech</td>
<td>131 Crude Petroleum and natural gas operations</td>
</tr>
<tr>
<td></td>
<td>211 Cigarettes</td>
</tr>
<tr>
<td></td>
<td>229 Miscellaneous textile goods</td>
</tr>
<tr>
<td></td>
<td>261 Pulp mills</td>
</tr>
<tr>
<td></td>
<td>267 Miscellaneous converted paper products</td>
</tr>
<tr>
<td></td>
<td>291 Petroleum refining</td>
</tr>
<tr>
<td></td>
<td>299 Miscellaneous petroleum and coal products</td>
</tr>
<tr>
<td></td>
<td>335 Nonferrous rolling and drawing</td>
</tr>
<tr>
<td></td>
<td>348 Ordnance and accessories, not elsewhere classified</td>
</tr>
<tr>
<td></td>
<td>371 Motor vehicles and equipment</td>
</tr>
<tr>
<td></td>
<td>372 Aircraft and parts</td>
</tr>
<tr>
<td></td>
<td>376 Guided missiles, space vehicles, parts</td>
</tr>
<tr>
<td></td>
<td>379 Miscellaneous transportation equipment</td>
</tr>
<tr>
<td></td>
<td>737 Computer and data processing services</td>
</tr>
<tr>
<td></td>
<td>871 Engineering and architectural services</td>
</tr>
<tr>
<td></td>
<td>873 Research and testing services</td>
</tr>
<tr>
<td></td>
<td>874 Management and public relations</td>
</tr>
<tr>
<td></td>
<td>899 Services, not elsewhere classified</td>
</tr>
<tr>
<td>3 = Not High Tech</td>
<td>Includes all other industries not listed above.</td>
</tr>
</tbody>
</table>
MEMO TO:  E. J. Reedy, Ewing Marion Kauffman Foundation  
FROM:  David DesRoches  
DATE:  10/18/2007  
PAGE:  6

C. Survey Management Variables (continued)

<table>
<thead>
<tr>
<th>VARIABLE</th>
<th>DEFINITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>SampleInfo_Release</td>
<td>The Baseline Survey sample was released in six batches:</td>
</tr>
<tr>
<td></td>
<td>1 = 1st release sent 7/29/05</td>
</tr>
<tr>
<td></td>
<td>2 = 2nd release sent 9/23/05</td>
</tr>
<tr>
<td></td>
<td>3 = 3rd release sent 11/4/05</td>
</tr>
<tr>
<td></td>
<td>4 = 4th release sent 12/1/05</td>
</tr>
<tr>
<td></td>
<td>5 = 5th release sent 1/11/06</td>
</tr>
<tr>
<td></td>
<td>6 = 6th release sent 2/28/06</td>
</tr>
<tr>
<td>SampleInfo_Release_F</td>
<td>The First Follow-Up Survey sample was released in four batches:</td>
</tr>
<tr>
<td></td>
<td>1 = 1st release sent 6/14/06</td>
</tr>
<tr>
<td></td>
<td>2 = 2nd release sent 7/6/06</td>
</tr>
<tr>
<td></td>
<td>3 = 3rd release sent 08/07/06</td>
</tr>
<tr>
<td></td>
<td>4 = 4th release sent 08/31/06</td>
</tr>
<tr>
<td>InterviewDate</td>
<td>The date the interview was completed</td>
</tr>
<tr>
<td>TimeZone</td>
<td>The time zone the business is located in:</td>
</tr>
<tr>
<td></td>
<td>2 = Hawaiian/Aleutian Time Zone</td>
</tr>
<tr>
<td></td>
<td>3 = Alaska Time Zone</td>
</tr>
<tr>
<td></td>
<td>4 = Pacific Time Zone</td>
</tr>
<tr>
<td></td>
<td>5 = Mountain Time Zone</td>
</tr>
<tr>
<td></td>
<td>6 = Central Time Zone</td>
</tr>
<tr>
<td></td>
<td>7 = Eastern Time Zone</td>
</tr>
</tbody>
</table>
D. Variables provided with D&B sampling frame

These variables appear once in the combined dataset, as they were included in the original D&B listing and were not updated during the surveys.

<table>
<thead>
<tr>
<th>VARIABLE</th>
<th>DEFINITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>SampleInfo_Sex</td>
<td>This is the gender variable for the business principal provided with the D&amp;B listing.</td>
</tr>
<tr>
<td></td>
<td>1 = Male</td>
</tr>
<tr>
<td></td>
<td>2 = Female</td>
</tr>
<tr>
<td>SampleInfo_Sales_Volume</td>
<td>Sales volume provided by D&amp;B for the sampled business.</td>
</tr>
<tr>
<td>SampleInfo_Sales_Volume_Code</td>
<td>Code provided by D&amp;B that helps define the SampleInfo_Sales_Volume variable.</td>
</tr>
<tr>
<td></td>
<td>0 = SampleInfo_Sales_Volume contains a real value</td>
</tr>
<tr>
<td></td>
<td>1 = SampleInfo_Sales_Volume contains the low end of a real range</td>
</tr>
<tr>
<td></td>
<td>2 (with an all zero SampleInfo_Sales_Volume) = SampleInfo_Sales_Volume is unknown</td>
</tr>
<tr>
<td></td>
<td>2 (with a non-zero SampleInfo_Sales_Volume) = SampleInfo_Sales_Volume is an estimate based on defined norms for this industry and size of business</td>
</tr>
<tr>
<td>SampleInfo_Employees_Total</td>
<td>Total employees provided by D&amp;B for the sampled business.</td>
</tr>
<tr>
<td>SampleInfo_Manufacturing_Indica</td>
<td>Code provided by D&amp;B indicating whether manufacturing operations occur at this location.</td>
</tr>
<tr>
<td></td>
<td>0 = Manufacturing is done here</td>
</tr>
<tr>
<td></td>
<td>1 = No manufacturing done here</td>
</tr>
<tr>
<td>SampleInfo_Legal_Status</td>
<td>Code provided by D&amp;B indicating the legal status of the establishment.</td>
</tr>
<tr>
<td></td>
<td>000 = not available</td>
</tr>
<tr>
<td></td>
<td>003 = corporation</td>
</tr>
<tr>
<td></td>
<td>012 = partnership of unknown type</td>
</tr>
<tr>
<td></td>
<td>013 = proprietorship type</td>
</tr>
</tbody>
</table>
D. Variables provided with D&B sampling frame (continued)

<table>
<thead>
<tr>
<th>VARIABLE</th>
<th>DEFINITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>SampleInfo_Major_Industry</td>
<td>Code provided by D&amp;B that denotes the major industry category under which a sampled business falls.</td>
</tr>
</tbody>
</table>
| Category                  | 1 = agriculture  
|                           | 2 = mining  
|                           | 3 = construction  
|                           | 4 = manufacturing  
|                           | 5 = transportation, communications, utilities  
|                           | 6 = wholesale trade  
|                           | 7 = retail trade  
|                           | 8 = finance, insurance, real estate  
|                           | 9 = services                                                                                                                                 |
| SampleInfo_line_business  | A brief description of the line of business provided by D&B for the sampled business based on the SIC code.                                   |
| SampleInfo_SIC_1          | The first Standard Industrial Classification (SIC) code provided by D&B for the sampled business. The SIC code taxonomy assigns a code to businesses and other organizations, classifying and subdividing the activity performed by the establishment at that location. |
| SampleInfo_SIC_2          | The second SIC code provided by D&B for the sampled business.                                                                             |
| SampleInfo_SIC_3          | The third SIC code provided by D&B for the sampled business.                                                                             |
| SampleInfo_SIC_4          | The fourth SIC code provided by D&B for the sampled business.                                                                             |
| Subsidiary_Indicator      | Indicating if this business is a corporation that is more than 50% owned by another company according to D&B:                             |
|                           | 0 = Non subsidiary  
|                           | 3=Subsidiary                                                                                                                           |
| SampleInfo_SIC_5          | The fifth SIC code provided by D&B for the sampled business.                                                                             |
D. Variables provided with D&B sampling frame (continued)

<table>
<thead>
<tr>
<th>VARIABLE</th>
<th>DEFINITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>SampleInfo_SIC_6</td>
<td>The sixth SIC code provided by D&amp;B for the sampled business.</td>
</tr>
<tr>
<td>SampleInfo_NAICS_Code</td>
<td>The NAICS code provided by D&amp;B for the sampled business. Refer to <a href="#">NAICS—North American Industry Classification System</a> for additional documentation of this variable.</td>
</tr>
<tr>
<td>SampleInfo_NAICS_Desp</td>
<td>Descriptions of the NAICS code provided by D&amp;B for the sampled business. Refer to <a href="#">NAICS—North American Industry Classification System</a> for additional documentation of this variable.</td>
</tr>
<tr>
<td>SampleInfo_Woman_owned</td>
<td>Code provided by D&amp;B indicating if the majority of the establishment is owned by a woman.</td>
</tr>
<tr>
<td></td>
<td>Y = Yes, woman owned</td>
</tr>
<tr>
<td></td>
<td>N = Not woman owned</td>
</tr>
<tr>
<td>FIPS_MSA_Code</td>
<td>The Federal Information Processing System (FIPS) Metropolitan Statistical Area (MSA) code provided by D&amp;B for the sampled business. Refer to <a href="#">Current Lists of Metropolitan and Micropolitan Statistical Areas and Definitions</a> for additional documentation of this variable.</td>
</tr>
<tr>
<td>TotalOwners</td>
<td>The total number of owners of the business, including owner-operators collected at question C4, and non-operating equity owners collected at question F3.</td>
</tr>
<tr>
<td>F6Check</td>
<td>The total percentage of ownership accounted for prior to reconciliation. This includes the percentages collected among owner-operators at the question F2 series and among non-operating equity owners at question F5.</td>
</tr>
</tbody>
</table>
E. Other Variables

<table>
<thead>
<tr>
<th>VARIABLE</th>
<th>DEFINITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>NAICS_Code</td>
<td>Primary industry of the business. Refer to NAICS—North American Industry Classification System for additional documentation of this variable.</td>
</tr>
<tr>
<td>State_final</td>
<td>The state abbreviation for the sampled business.</td>
</tr>
<tr>
<td>Zip_Final</td>
<td>The zip code for the sampled business</td>
</tr>
</tbody>
</table>

III. CONSTRUCTED VARIABLES

For the final data file, additional variables were constructed for ease of analysis. The constructed variables fall into several categories, each of which is explained below. Variables using First Follow-Up data have the same name as the Baseline variable with the “_F” suffix.

A. Total Intellectual Property Variables

These variables create a total number of patents, copyrights, or trademarks the businesses possessed at the time of each interview. For each type of intellectual property, the variables were constructed using data from the following questions:

- “Indicator” questions, such as Question D3a (“Does the business have any patents?”)
- “Continuous” measures, such as Question D3b (“How many patents does the business have?”)

The construction was specified by the rules provided in the table below.

<table>
<thead>
<tr>
<th>Intellectual Property Variable Specifications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Condition</td>
</tr>
<tr>
<td>“Indicator” variable = 0</td>
</tr>
<tr>
<td>“Continuous” variable &gt; 0</td>
</tr>
<tr>
<td>“Indicator” variable = BLANK</td>
</tr>
<tr>
<td>“Indicator” variable = 1 and “Continuous” variable = BLANK</td>
</tr>
</tbody>
</table>

The following variables were created using these specifications:
- Total_Patents
- Total_Copyrights
- Total_Trademarks
B. Amount Variables

These variables were constructed for the specific types of equity, debt, revenue, assets, and liabilities the businesses possessed at the time of each interview. For each type, variables were constructed using data from the following survey questions:

- “Indicator” questions, such as Question F1 (“First, in calendar year 2004, did you put any of your own money into the business in return for an ownership share of the business?”)
- “Exact value” measures such as Question F2a (“How much of your own money did you put into the business during calendar year 2004?”)
- “Range” questions asked of respondents who could or would not provide an exact figure

The construction was specified by the rules provided in the table below.

<table>
<thead>
<tr>
<th>Amount Variable Specifications</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Condition</strong></td>
</tr>
<tr>
<td>“Indicator” variable = 0</td>
</tr>
<tr>
<td>“Continuous” variable &gt; 0</td>
</tr>
<tr>
<td>“Indicator” variable = 1 and “Continuous” variable = BLANK</td>
</tr>
<tr>
<td>“Indicator” variable = BLANK</td>
</tr>
<tr>
<td>“Indicator” variable = 1 and “Continuous” and “Range” variables = BLANK</td>
</tr>
</tbody>
</table>

The range values for these amount variables are listed in the table below:

<table>
<thead>
<tr>
<th>Range definition - Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Value</strong></td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>2</td>
</tr>
<tr>
<td>3</td>
</tr>
<tr>
<td>4</td>
</tr>
<tr>
<td>5</td>
</tr>
<tr>
<td>6</td>
</tr>
<tr>
<td>7</td>
</tr>
<tr>
<td>8</td>
</tr>
<tr>
<td>9</td>
</tr>
</tbody>
</table>
B. Amount Variables (continued)

This process was used to construct the following variables:

- Tot_Equity_Owner_1_R
- Tot_Equity_Owner_2_R
- Tot_Equity_Owner_3_R
- Tot_Equity_Owner_4_R
- Tot_Equity_Owner_5_R
- Tot_Equity_Owner_6_R
- Tot_Equity_Owner_7_R
- Tot_Equity_Owner_8_R
- Tot_Equity_Owner_9_R
- Tot_Equity_Owner_10_R
- Tot_Equity_Spouse_R
- Tot_Equity_Parents_R
- Tot_Equity_Angels_R
- Tot_Equity_Companies_R
- Tot_Equity_Govt_R
- Tot_Equity_Vent_Cap_R
- Tot_Equity_Other_R
- Tot_Pers_CredCard_Line_Resp_R
- Tot_Pers_CredCard_Bal_Resp_R
- Tot_Pers_Loan_Bank_Resp_R
- Tot_Bus_CredCard_Line_Resp_R
- Tot_Bus_CredCard_Bal_Resp_R
- Tot_Pers_Loan_Fam_Resp_R
- Tot_Pers_Loan_Other_Resp_R
- Tot_Pers_Other_Resp_R
- Tot_Pers_CredCard_Line_Others_R
- Tot_Pers_CredCard_Bal_Others_R
- Tot_Pers_Loan_Bank_Others_R
- Tot_Bus_CredCard_Line_Others_R
- Tot_Bus_CredCard_Bal_Others_R
- Tot_Pers_Loan_Fam_Other_Owners_R
- Tot_Pers_Loan_Other_Owners_R
- Tot_Pers_Other_Other_Owners_R
- Tot_CredCard_Line_Bus_R
- Tot_CredCard_Bal_Bus_R
- Tot_Loan_Bank_Bus_R
- Tot_Cred_Line_Bus_Line_R
- Tot_Cred_Line_Bus_Bal_R
- Tot_Loan_NonBank_Bus_R
B. Amount Variables (continued)

Tot_Loan_Fam_Bus_R
Tot_Loan_Owner_Bus_R
Tot_Loan_Emp_Bus_R
Tot_Loan_Govt_Bus_R
Tot_Loan_Other_Bus_R
Tot_Loan_Other_Ind_R
Tot_Bus_Debt_Other_R
Tot_Trade_Finan_R
Tot_Asset_Cash_R
Tot_Asset_Acct_Rec_R
Tot_Asset_Inv_R
Tot_Asset_Equip_R
Tot_Asset_LandBuild_R
Tot_Asset_Veh_R
Tot_Asset_Other_Bus_Prop_R
Tot_Asset_Other_R
Tot_Liab_Acct_Pay_R
Tot_Liab_Pension_R
Tot_Liab_Other_R

The following constructed variables are specific the First Follow-Up only:

Tot_Equity_AllYrs_Owner_01_R_F
Tot_Equity_AllYrs_Owner_02_R_F
Tot_Equity_AllYrs_Owner_03_R_F
Tot_Equity_AllYrs_Owner_04_R_F
Tot_Equity_AllYrs_Owner_05_R_F
Tot_Equity_AllYrs_Owner_06_R_F
Tot_Equity_AllYrs_Owner_07_R_F
Tot_Equity_AllYrs_Owner_08_R_F
Tot_Equity_AllYrs_Owner_09_R_F
Tot_Equity_AllYrs_Owner_10_R_F
Tot_Equity_Spouse_AllYrs_R_F
Tot_Equity_Parents_AllYrs_R_F
Tot_Equity_Angels_AllYrs_R_F
Tot_Equity_Comp_AllYrs_R_F
Tot_Equity_Govt_AllYrs_R_F
Tot_Equity_Vent_Cap_AllYrs_R_F
Tot_Equity_Other_AllYrs_R_F
Tot_Pers_Loan_Bank_Owed_Resp_R_F
Tot_Pers_Loan_Fam_Owed_Resp_R_F
Tot_PersLoan_Other_Owed_Resp_R_F
B. Amount Variables (continued)

Tot_Pers_Other_Owed_Resp_R_F
Tot_PersLoan_Bank_Owed_Othrs_R_F
Tot_PersLoan_Fam_Owed_Othrs_R_F
Tot_PersLoan_Othr_Owed_Othrs_R_F
Tot_Pers_Other_Owed_Others_R_F
Tot_Bus_Loans_Bank_Owed_R_F
Tot_Bus_Loans_Nonbank_Owed_R_F
Tot_Bus_Loans_Fam_Owed_R_F
Tot_Bus_Loans_Owner_Owed_R_F
Tot_Bus_Loans_Emp_Owed_R_F
Tot_Bus_Loans_Govt_Owed_R_F
Tot_Bus_Loans_OtherBus_Owed_R_F
Tot_Bus_Loans_OtherInd_Owed_R_F
Tot_Bus_Loans_Other_Owed_R_F
Tot_Personal_Use_2004_R_F
Tot_Personal_Use_2005_R_F

C. Expense Variables

The variables created for both total expenses and wage expenses are similar to those detailed in Section III.B above, but at these questions there was no “Indicator” question. The variables were constructed using data from the following types of survey questions:

- “Exact value” measures such as Question F17 (“How much, if any, did the business pay in expenses during calendar year 2004?”),
- “Range” questions asked of respondents who could or would not provide an exact figure at the “Exact value” variable.

The construction was specified by the rules provided in the table below using the series of equity questions as an example.

<table>
<thead>
<tr>
<th>Amount Variable Specifications</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Condition</strong></td>
</tr>
<tr>
<td>“Continuous” variable = 0</td>
</tr>
<tr>
<td>“Continuous” variable &gt; 0</td>
</tr>
<tr>
<td>“Continuous” variable = BLANK</td>
</tr>
<tr>
<td>“Continuous” and “Range” variables = BLANK</td>
</tr>
</tbody>
</table>
C. Expense Variables (continued)

These variables used the same amount range values as those described above in III.B. The following variables were created using these specifications:

Tot_Expenses_R
Tot_Wages_R

D. Total Amount Variables

These variables create total amounts of equity, debt, revenue, assets, and liabilities the businesses possessed at the time of each interview, combining the values reported for each individual type. For example, the variable “Tot_Equity_Owner_Operators_R” sums all values in the owner-operator variables (Tot_Equity_Owner_1_R through Tot_Equity_Owner_10_R), which is then translated into the using the amount range values described above in III.B and III.C. The variables created in this way are listed below along with the component variables.

<table>
<thead>
<tr>
<th>Total Amount Variables</th>
<th>Variables used to create</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tot_Equity_Owner_Operators_R</td>
<td>Tot_Equity_Owner_1_R, Tot_Equity_Owner_2_R, Tot_Equity_Owner_3_R, Tot_Equity_Owner_4_R, Tot_Equity_Owner_5_R, Tot_Equity_Owner_6_R, Tot_Equity_Owner_7_R, Tot_Equity_Owner_8_R, Tot_Equity_Owner_9_R, Tot_Equity_Owner_10_R</td>
</tr>
<tr>
<td>Tot_Equity_OwnerOper_AllYrs_R_F*</td>
<td>Tot_Equity_AllYrs_Owner_01_R_F, Tot_Equity_AllYrs_Owner_02_R_F, Tot_Equity_AllYrs_Owner_03_R_F, Tot_Equity_AllYrs_Owner_04_R_F, Tot_Equity_AllYrs_Owner_05_R_F, Tot_Equity_AllYrs_Owner_06_R_F, Tot_Equity_AllYrs_Owner_07_R_F, Tot_Equity_AllYrs_Owner_08_R_F, Tot_Equity_AllYrs_Owner_09_R_F, Tot_Equity_AllYrs_Owner_10_R_F</td>
</tr>
<tr>
<td>Tot_Equity_Non_Owner_Operators_R</td>
<td>Tot_Equity_Spouse_R, Tot_Equity_Parents_R, Tot_Equity_Angels_R, Tot_Equity_Companies_R, Tot_Equity_Govt_R, Tot_Equity_Vent_Cap_R, Tot_Equity_Other_R</td>
</tr>
<tr>
<td>Tot_Equity_NonOwnerOp_AllYrs_R_F*</td>
<td>Tot_Equity_Spouse_AllYrs_R_F, Tot_Equity_Parents_AllYrs_R_F, Tot_Equity_Angels_AllYrs_R_F, Tot_Equity_Companies_AllYrs_R_F, Tot_Equity_Govt_AllYrs_R_F, Tot_Equity_Vent_Cap_AllYrs_R_F, Tot_Equity_Other_AllYrs_R_F</td>
</tr>
<tr>
<td>Tot_Equity_R</td>
<td>Tot_Equity_Owner_Operators_R, Tot_Equity_Non_Owner_Operators_R</td>
</tr>
</tbody>
</table>

* First Follow-Up data only
D. Total Amount Variables (continued)

<table>
<thead>
<tr>
<th>Variable Name</th>
<th>Variables used to create</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tot_Pers_Debt_Owed_RESP_R_F*</td>
<td>Tot_Pers_CredCard_Bal_RESP_R</td>
</tr>
<tr>
<td></td>
<td>Tot_Bus_CredCard_Bal_RESP_R</td>
</tr>
<tr>
<td></td>
<td>Tot_Pers_Loan_Bank_Owed_RESP_R_F</td>
</tr>
<tr>
<td></td>
<td>Tot_Pers_Loan_Fam_Owed_RESP_R_F</td>
</tr>
<tr>
<td></td>
<td>Tot_PersLoan_Other_Owed_RESP_R_F</td>
</tr>
<tr>
<td></td>
<td>Tot_Pers_Other_Owed_RESP_R_F</td>
</tr>
<tr>
<td>Tot_Pers_Debt_Other_Owners_R</td>
<td>Tot_Pers_CredCard_Bal_Others_R,</td>
</tr>
<tr>
<td></td>
<td>Tot_Pers_Loan_Bank_Others_R,</td>
</tr>
<tr>
<td></td>
<td>Tot_Bus_CredCard_Bal_Others_R,</td>
</tr>
<tr>
<td></td>
<td>Tot_Pers_Loan_Fam_Other_Owners_R,</td>
</tr>
<tr>
<td></td>
<td>Tot_PersLoan_Other_Other_Owners_R,</td>
</tr>
<tr>
<td></td>
<td>Tot_Pers_Other_Other_Owners_R</td>
</tr>
<tr>
<td>Tot_Pers_Debt_Owed_OthrsOwrs_R_F*</td>
<td>Tot_Pers_CredCard_Bal_Others_R_F</td>
</tr>
<tr>
<td></td>
<td>Tot_Bus_CredCard_Bal_Others_R_F</td>
</tr>
<tr>
<td></td>
<td>Tot_PersLoan_Bank_Owed_Others_R_F</td>
</tr>
<tr>
<td></td>
<td>Tot_PersLoan_Fam_Owed_Others_R_F</td>
</tr>
<tr>
<td></td>
<td>Tot_PersLoan_Othr_Owed_Others_R_F</td>
</tr>
<tr>
<td></td>
<td>Tot_Pers_Other_Owed_Others_R_F</td>
</tr>
<tr>
<td>Tot_Debt_Owner_Operators_R</td>
<td>Tot_Pers_Debt_RESP_R, Tot_Debt_Other_Owners_R</td>
</tr>
<tr>
<td>Tot_Debt_Bus_R</td>
<td>Tot_CredCard_Bal_Bus_R, Tot_Loan_Bank_Bus_R,</td>
</tr>
<tr>
<td></td>
<td>Tot_CredLine_Bus_Bal_R, Tot_Loan_NonBank_Bus_R,</td>
</tr>
<tr>
<td></td>
<td>Tot_Loan_Fam_Bus_R, Tot_Loan_Owner_Bus_R,</td>
</tr>
<tr>
<td></td>
<td>Tot_Loan_Emp_Bus_R, Tot_Loan_Govt_Bus_R,</td>
</tr>
<tr>
<td></td>
<td>Tot_Loan_Other_Bus_R, Tot_Loan_Other_Ind_R,</td>
</tr>
<tr>
<td></td>
<td>Tot_Bus_Debt_Other_R</td>
</tr>
<tr>
<td>Tot_Bus_Debt_Owed_R_F*</td>
<td>Tot_Bus_Loans_Bank_Owed_R_F</td>
</tr>
<tr>
<td></td>
<td>Tot_Bus_Loans_Nonbank_Owed_R_F</td>
</tr>
<tr>
<td></td>
<td>Tot_Bus_Loans_Fam_Owed_R_F</td>
</tr>
<tr>
<td></td>
<td>Tot_Bus_Loans_Owner_Owed_R_F</td>
</tr>
<tr>
<td></td>
<td>Tot_Bus_Loans_Emp_Owed_R_F</td>
</tr>
<tr>
<td></td>
<td>Tot_Bus_Loans_Govt_Owed_R_F</td>
</tr>
<tr>
<td></td>
<td>Tot_Bus_Loans_OtherBus_Owed_R_F</td>
</tr>
<tr>
<td></td>
<td>Tot_Bus_Loans_OtherInd_Owed_R_F</td>
</tr>
<tr>
<td></td>
<td>Tot_Bus_Loans_Other_Owed_R_F</td>
</tr>
<tr>
<td>Tot_Debt_R</td>
<td>Tot_Debt_Owner_Operators_R, Tot_Debt_Bus_R</td>
</tr>
<tr>
<td>Tot_Assets_R</td>
<td>Tot_Asset_Cash_R, Tot_Asset_Acct_Rec_R, Tot_Asset_Inv_R,</td>
</tr>
<tr>
<td></td>
<td>Tot_Asset_Equip_R, Tot_Asset_LandBuild_R,</td>
</tr>
<tr>
<td></td>
<td>Tot_Asset_Veh_R, Tot_Asset_Other_Bus_Prop_R,</td>
</tr>
<tr>
<td></td>
<td>Tot_Asset_Other_R</td>
</tr>
<tr>
<td>Tot_Liab_R</td>
<td>Tot_Liab_Acct_Pay_R, Tot_Liab_Pension_R, Tot_Liab_Other_R</td>
</tr>
</tbody>
</table>

* First Follow-Up data only
E. Variables constructed using the “Quarter” range

These variables were constructed for questions collecting the month in 2004 businesses first paid unemployment insurance or FICA taxes. The components of the constructed variables include:

- Exact values such as Question B9 (“For what month in 2004 were the first unemployment taxes paid”),
- “Range” questions asked of respondents who could or would not provide an exact figure value – the response choices were “The 1st quarter of 2004 (January to March),” “The 2nd quarter of 2004 (April to June),” etc.

<table>
<thead>
<tr>
<th>Range definition - Quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Value</strong></td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>2</td>
</tr>
<tr>
<td>3</td>
</tr>
<tr>
<td>4</td>
</tr>
</tbody>
</table>

This process was used to construct the following variables:
UI_Month_R
FICA_Month_R
F. Variables constructed using the “Hours” range

These variables were constructed for the question collecting the average number of hours per week owner-operators worked at the business. The components of the constructed variables include:

- Exact values collected at Question G1b (“During the time [NAME BUSINESS] was in business during 2004, how many hours in an average week did (you/[owner B-J]) spend working at [NAME BUSINESS]?”)

- “Range” questions asked of respondents who could or would not provide an exact value. The range definitions are provided below.

<table>
<thead>
<tr>
<th>Value</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1-19</td>
</tr>
<tr>
<td>2</td>
<td>20-35</td>
</tr>
<tr>
<td>3</td>
<td>36-45</td>
</tr>
<tr>
<td>4</td>
<td>46-55</td>
</tr>
<tr>
<td>5</td>
<td>56-65</td>
</tr>
<tr>
<td>6</td>
<td>66+</td>
</tr>
</tbody>
</table>

This process was used to construct the following variables:

- Total_Hours_Owner_01_R
- Total_Hours_Owner_02_R
- Total_Hours_Owner_03_R
- Total_Hours_Owner_04_R
- Total_Hours_Owner_05_R
- Total_Hours_Owner_06_R
- Total_Hours_Owner_07_R
- Total_Hours_Owner_08_R
- Total_Hours_Owner_09_R
- Total_Hours_Owner_10_R
G. Variables constructed using the “Age” range

These variables were constructed for the question collecting the ages of owner-operators of the business. The components of the constructed variables include:

- Exact values collected at Question G4 (“How old will (you/[OWNER B-J]) be on (your/his/her) next birthday?”)
- “Range” questions asked of respondents who could or would not provide an exact value. The range definitions are provided below.

<table>
<thead>
<tr>
<th>Value</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>18-24</td>
</tr>
<tr>
<td>2</td>
<td>25-34</td>
</tr>
<tr>
<td>3</td>
<td>35-44</td>
</tr>
<tr>
<td>4</td>
<td>45-54</td>
</tr>
<tr>
<td>5</td>
<td>55-64</td>
</tr>
<tr>
<td>6</td>
<td>65-74</td>
</tr>
<tr>
<td>7</td>
<td>75+</td>
</tr>
</tbody>
</table>

This process was used to construct the following variables:

- Age_Owner_01_R
- Age_Owner_02_R
- Age_Owner_03_R
- Age_Owner_04_R
- Age_Owner_05_R
- Age_Owner_06_R
- Age_Owner_07_R
- Age_Owner_08_R
- Age_Owner_09_R
- Age_Owner_10_R
Kauffman Firm Survey
First Follow-Up

Annotated Questionnaire

September 7, 2007
A. INTRODUCTION

INTRO: Hello, my name is ______________. I’m calling on behalf of the Kauffman Foundation.

A1. May I speak with ([CEO/OWNER]/the OWNER or CEO of [NAME BUSINESS])?

   OWNER/CEO—PROCEED WITH INTERVIEW ............01
   OWNER/CEO—BAD TIME/CALL BACK.........................02 → GO TO A2a
   OWNER/CEO NOT AVAILABLE ..................................03 → GO TO A3
   OWNER/CEO NOT AVAILABLE, OTHER OWNER AVAILABLE ........................................05
   BUSINESS NO LONGER IN OPERATION .....................06 → GO TO A10
   DON’T KNOW ......................................................d
   REFUSED ..........................................................r → THANK AND TERMINATE

A1a. We’d like to confirm that the name of the business is [NAME BUSINESS] and that [NAME BUSINESS] is still operating.

   [NAME BUSINESS] IS THE CURRENT NAME AND [NAME BUSINESS] IS STILL OPERATING ........01 → GO TO A1b
   THE BUSINESS NAME IS INCORRECT ........................00 → GO TO A2Web
   [NAME BUSINESS] IS OUT OF BUSINESS ..................03 → GO TO A10
   DON’T KNOW ......................................................d
   REFUSED ..........................................................r

A1a1. We need to know the answer to this question to see if your business is eligible for the study.

   INTERVIEWER: IF THE RESPONDENT CANNOT ANSWER THIS QUESTION, USE THE ARROW KEY TO GO BACK TO THE INTRO SCREEN AND CODE.
A2a. I’m sorry. When would be a better time to reach (you/[OWNER])?

INTERVIEWER: ENTER CALLBACK DATE AND TIME.

READ: Is this the best number to reach you?

INTERVIEWER: UPDATE CONTACT INFORMATION AS NEEDED.

Thank you very much. Good-bye.

A2Web. What is the correct business name?

INTERVIEWER: TYPE IN BUSINESS NAME.

A3Web. Is this a corrected spelling, a name change but the same business, or a different business?

- SPELLING CORRECTION .......................... 01 \[GO TO BOX A4\]
- NAME CHANGE/SAME COMPANY ............ 02
- DIFFERENT COMPANY .............................. 03

A3Webz. We are trying to find out what happened to [NAME BUSINESS]. Is [NAME BUSINESS] still in operation?

- YES .............................................................. 01 \[GO TO A1b\]
- NO ................................................................. 00 \[GO TO A10\]

A3. Please tell me when [OWNER/CEO] will be available and I’ll call back later.

INTERVIEWER: ENTER CALLBACK DATE AND TIME.

READ: Is this the best number to reach (him/her)?

INTERVIEWER: UPDATE CONTACT INFORMATION AS NEEDED.

Thank you very much. Good-bye.
A4. Your business participated in the first year of the Kauffman Firm Study, which asked some questions about [NAME BUSINESS] for calendar year 2004. Now we’d like to ask about the year 2005. We’d like to confirm that the name of the business is [NAME BUSINESS] and that [NAME BUSINESS] is still operating.

- [NAME BUSINESS] IS THE CURRENT NAME AND [NAME BUSINESS] IS STILL OPERATING.........01 ➔ GO TO A1b
- THE BUSINESS NAME IS INCORRECT.................................00 ➔ GO TO A2Web
- [NAME BUSINESS] IS OUT OF BUSINESS..........................03 ➔ GO TO A10
- DON’T KNOW ........................................................................d
- REFUSED ..............................................................................r

IF NEEDED: We need to know the answer to this question to see if your business is eligible for the study.

INTERVIEWER: IF THE RESPONDENT CANNOT ANSWER THIS QUESTION, USE THE ARROW KEY TO GO BACK TO THE INTRO SCREEN AND CODE.

A1b. We’d like to confirm that you are [OWNER NAME] and you are still an owner of [NAME BUSINESS]?

- [OWNER NAME] IS THE RESPONDENT AND IS STILL AN OWNER OF [NAME BUSINESS].........................01 ➔ GO TO A5
- [OWNER NAME] IS THE RESPONDENT AND IS STILL AN OWNER OF [NAME BUSINESS], BUT CORRECT [OWNER NAME]’s NAME............................................02 ➔ GO TO A1bn
- RESPONDENT IS NOT [OWNER NAME].................................03 ➔ GO TO A4Webz
- THE RESPONDENT [OWNER NAME] IS NO LONGER AN OWNER OF [NAME BUSINESS].........................................................04 ➔ GO TO A4new
- DON’T KNOW ........................................................................d
- REFUSED ..............................................................................r

A4 confirm. May I confirm that you are still an owner of [NAME BUSINESS]?

- YES .................................................................................01
- NO .................................................................................00 ➔ GO TO A4new
A1c. We’d like to confirm that the title of your position is [OWNER TITLE] Is that correct?

YES .............................................................. 01 → GO TO A5
NO ................................................................. 00

A1d. What is your job title?

INTERVIEWER: ENTER JOB TITLE.

GO TO A5

A4Webz. Is [OWNER NAME] still an owner and actively involved in running [NAME BUSINESS]?

IF NEEDED: By actively involved, we mean providing regular assistance or advice with day-to-day operations of the business rather than providing only money or occasional operating assistance.

YES ................................................................. 01
NO ................................................................. 00 → GO TO A4new
DON’T KNOW ................................................. d
REFUSED ......................................................... r

A4Webz1. Would [OWNER NAME] be available to do the study at another time?

YES ................................................................. 01 → GO TO A3
NO ................................................................. 00
DON’T KNOW ................................................. d
REFUSED ......................................................... r

A1bn. What is your name?

INTERVIEWER: ENTER FIRST AND LAST NAME.
A5.  May I confirm that you are still actively involved in running [NAME BUSINESS]? By actively involved in running the business, we mean providing regular assistance or advice with day-to-day operations of the business rather than providing only money or occasional operating assistance.

YES ................................................................................01  ➤ GO TO A8
NO ..................................................................................00
DON'T KNOW ...............................................................d
REFUSED ..........................................................................r

[A5_Actively_involved_F]

A5a. During the last interview with your business, we recorded other owners of [NAME BUSINESS]. Please tell me the person who is an owner of the firm, is actively involved in running [NAME BUSINESS], and will answer this study. By actively involved, we mean providing regular assistance or advice with day-to-day operations of the business rather than providing only money or occasional operating assistance.

READ THE OWNER NAMES BELOW. SELECT ONLY ONE.

NEW OWNER-OPERATOR WILL ANSWER .................0
[NAME OWNER] ............................................................2-9

A5b. What is the title of [NAME OWNER]?

INTERVIEWER: ENTER JOB TITLE.

A5c.  INTERVIEWER: READ IF NECESSARY.

Are you [NAME OWNER]?

YES ................................................................................01
NO ..................................................................................00  ➤ GO TO A2a
Your business participated in the first year of the Kauffman Firm Study, answering a series of questions about [NAME BUSINESS]’s operation in 2004. Because the Kauffman Foundation is studying how new businesses develop and grow, we’d like to ask about the experiences of [NAME BUSINESS] in the year 2005. Your answers will be kept confidential, and you will receive a $50 payment as a token of our appreciation.

May I confirm that you are an owner of [NAME BUSINESS]?

YES ................................................................................01
NO ..................................................................................00
DON'T KNOW ...............................................................d
REFUSED ........................................................................r

And are you actively involved in running [NAME BUSINESS]? By actively involved in running the business, we mean providing regular assistance or advice with day-to-day operations of the business rather than providing only money or occasional operating assistance.

YES ................................................................................01 ➔ GO TO A8
NO ..................................................................................00
DON'T KNOW ...............................................................d
REFUSED ........................................................................r

Is there another owner of [NAME BUSINESS]?

YES ................................................................................01 ➔ GO BACK TO A2
NO ..................................................................................00
DON'T KNOW ...............................................................d
REFUSED ........................................................................r

I’d like to confirm your business’ mailing address. Is [NAME BUSINESS]’s mailing address (ADDRESS, CITY, STATE, ZIP)?

YES ................................................................................01 ➔ GO TO C1z
NO ..................................................................................00
DON'T KNOW ...............................................................d ➔ GO TO C1z
REFUSED ........................................................................r

[Back to top]
A9. What is [NAME BUSINESS]'s correct mailing address?

INTERVIEWER: UPDATE MAILING ADDRESS INFORMATION.

ADDRESS: ____________________________
CITY: ____________________________
STATE: ___________ ZIP: ____________
DON'T KNOW ...................................................d
REFUSED ..........................................................r

[GO TO C1z]

A10. What is the main reason [NAME BUSINESS] is out of business?

SOLD TO ANOTHER BUSINESS .........................01
MERGED WITH ANOTHER BUSINESS .................02
TEMPORARILY STOPPED OPERATIONS ..............03
PERMANENTLY STOPPED OPERATIONS ..........04 → GO TO A11a
OTHER (SPECIFY) ..............................................05

DON'T KNOW ...................................................d
REFUSED ..........................................................r

[A10_Out_Of_Business_F]
[A10_Other_Specify_F]

THANK AND TERMINATE

A11a. Did [NAME BUSINESS] file for bankruptcy?

YES .................................................................01
NO .................................................................00
DON'T KNOW ...................................................d
REFUSED ..........................................................r

[A11a_Bankruptcy_F]

THANK AND TERMINATE

NOTE: NO SECTION B
C. BUSINESS CHARACTERISTICS

All of the following questions I’m going to ask are about [NAME BUSINESS]. Some of the questions will ask to confirm information about your business which you provided to us previously. As we go through the interview, please tell me if any of the information about your business is incorrect and needs to be updated.

C1z. Our records show that [NAME BUSINESS] had a legal status of [OWNERModel]. As of December 31, 2005, is that still the legal status of [NAME BUSINESS]?

YES .................................................................01  ➔ GO TO C1a
NO .................................................................00
DON’T KNOW ..................................................d
REFUSED .........................................................r

[C1z Confirm Legal Status F]
I’m going to read you a list of some different forms of legal status a business can have. As of December 31, 2005, which form of legal status did [NAME BUSINESS] have? Was it a . . .

READ LIST AND READ DESCRIPTIONS AS NEEDED:

Sole Proprietorship: A type of business ownership in which a business is owned and managed by one individual and no subchapter S-corporation or C-corporation has been established.

Limited Liability Company: A cross between a corporation and a partnership, and offering some of the benefits of both. Similar to S corporations, income produced by a limited liability company flows through to owners (known as “members”) who pay their own taxes as individuals. Unlike S-corporations, however, limited liability companies are not subject to as many government restrictions.

Subchapter S-Corporation: Corporations in which all profits and losses are passed through to shareholders, just as they are passed through to partners in a partnership.

C-Corporation: Legal entities separate from their owners that may engage in business, make contracts, own property, pay taxes, and sue and be sued by others.

General Partnership: An association of two or more people who co-own a business for the purpose of making a profit and no subchapter S-corporation or C-corporation has been established.

Limited Partnership: A partnership in which one or more partners are general partners who manage the business and others are limited partners who invest in the business but forego any right to manage the company.

Sole Proprietorship, ........................................................01
Limited Liability Company, .............................................02
Subchapter S-Corporation, .............................................03
C-Corporation, .............................................................04
General Partnership, ......................................................05
Limited Partnership, or .................................................06
Something else? (SPECIFY) ............................................07

Don't know .................................................................d
Refused .......................................................................r

[C1z2_Legal_Status_F]
C1a. As of December 31, 2004, our records indicate the principal activity of the business was [D&B NAICS CODE DESCRIPTION OR LAST YEAR’S OTHER SPECIFY TO THIS QUESTION]. Was that still the principal activity of the business as of December 31, 2005?

YES ................................................................................01 ➔ GO TO C2
NO ..................................................................................00
DON’T KNOW ......................................................................d
REFUSED .........................................................................r

[C1a_NAICS_verification_F]

C1b. As of December 31, 2005, what was the principal activity of the business?

_________________________________________________________________

_________________________________________________________________

IF SOLE PROPRIETORSHIP IN [OWNERshipModel] [or C1z2], GO TO C5.

C2. As of December 31, 2005, how many individuals or entities owned [NAME BUSINESS]? Please include all individuals or entities who owned shares in the business.

|____|____|____| NUMBER OF OWNERS

DON’T KNOW ......................................................................d
REFUSED .........................................................................r

[C2_Owners_F]

C3. Of the [NUMBER OF OWNERS FROM C2] owners as of December 31, 2005, how many owners actively helped to run [NAME BUSINESS]? By helped to run the business we mean that they provided regular assistance or advice with day-to-day operations of the business, rather than providing only money or occasional operating assistance.

|____|____|____| NUMBER OF OWNER/OPERATORS

DON’T KNOW ......................................................................d
REFUSED .........................................................................r

[C3a_Owner_Operators_F]
IF ONE OWNER/OPERATOR REPORTED AT C3, GO TO C5. IF MORE THAN ONE OWNER/OPERATOR REPORTED AT C3, ASK:

C4.

FOR EACH BASELINE OWNER/OPERATOR WHO IS NOT THE RESPONDENT, ASK:

Was [OWNER NAME] still an owner who actively helped run [NAME BUSINESS]—as of December 31, 2005?

YES ................................................................................01
NO ..................................................................................00
YES BUT THE NAME IS MISSPELLED............................02
DON’T KNOW .................................................................d
REFUSED .................................................................................r

FOR ALL MISSPELLED NAMES, ASK:

How do you spell (your/his/her) name?

INTERVIEWER: ENTER NAME

THEN ASK:

How many other people, not previously listed, were owners actively helping to run [NAME BUSINESS] as of December 31, 2005?

INTERVIEWER: PREVIOUSLY LISTED PEOPLE ARE STATED BELOW.
NUMBER OF OWNERS STATED IN C3: [FILL FROM C3]

I want to record with you the first and last names of these owners. These are people who joined the firm between December 31, 2004 and December 31, 2005. I’m going to be asking some questions about each of the owners who actively helped run [NAME BUSINESS]. Can you tell me the first and last name of the other owner(s) of [NAME BUSINESS]?

INTERVIEWER: ENTER FIRST AND LAST NAMES.
C4Confirm.

I have listed:

<table>
<thead>
<tr>
<th>FIRST NAME</th>
<th>LAST NAME</th>
</tr>
</thead>
<tbody>
<tr>
<td>OWNER A (RESPONDENT)</td>
<td></td>
</tr>
<tr>
<td>OWNER B</td>
<td></td>
</tr>
<tr>
<td>OWNER C</td>
<td></td>
</tr>
<tr>
<td>OWNER D</td>
<td></td>
</tr>
</tbody>
</table>

Are there any other owner-operators as of December 31, 2005 of [NAME BUSINESS] that I have not mentioned?

INTERVIEWER: CONFIRM SPELLING OF NAMES. TO CORRECT NAMES, ARROW BACK TO TABLE.

ADD ANOTHER NAME OR CORRECT A MISSPELLING .........................................01
NO CHANGES .......................................................................................02

NOTE: UP TO 10 OWNER/OPERATORS WILL BE INCLUDED.

C5. Not counting owner(s), on December 31, 2005, how many people worked for [NAME BUSINESS]? Please include all full- and part-time employees, but exclude contract workers who work for the business either full- or part-time but are not on the business' official payroll.

<table>
<thead>
<tr>
<th>NUMBER OF EMPLOYEES ON DECEMBER 31, 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>DON'T KNOW .................................................d</td>
</tr>
<tr>
<td>REFUSED .............................................................r</td>
</tr>
</tbody>
</table>

C5b. Was this change an increase, a decrease, or no change in the number of people who worked for [NAME BUSINESS] on December 31, 2005 compared to December 31, 2004?

INCREASE ............................................................01
DECREASE .............................................................02
NO CHANGE .............................................................03
DON'T KNOW .............................................................d
REFUSED .................................................................r
C5c. And what was the (increase/decrease) in the number of people who worked for [NAME BUSINESS] on December 31, 2005 compared to December 31, 2004? Your best estimate is fine.

| | CHANGE IN NUMBER OF EMPLOYEES |
|--------------------------------|
| | DON'T KNOW                      |
| | REFUSED                         |

[C5c_Num_Employees_Change_Amt_F]

**IF BUSINESS REPORTED “0” EMPLOYEES AT C5, GO TO C8.**

C6. . . . And of those [NUMBER FROM C5], how many were full-time? (IF NEEDED: Full-time is considered 35 hours or more per week)

| | NUMBER OF DECEMBER 31, 2005 FULL-TIME EMPLOYEES |
|---------------------------------|
| | DON'T KNOW                      |
| | REFUSED                         |

[C6_Num_FT_Employees_F]

C7. . . . And how many were part-time? (IF NEEDED: Part-time is considered less than 35 hours per week)

| | NUMBER OF DECEMBER 31, 2005 PART-TIME EMPLOYEES |
|---------------------------------|
| | DON'T KNOW                      |
| | REFUSED                         |

[C7_Num_PT_Employees_F]

C8z. Our records show that the primary location where [NAME BUSINESS] operates is [tPrimaryLocation]. Is that correct?

**YES .................................................................01 ➔ GO TO D1**

**NO .................................................................00**

| | DON'T KNOW                      |
| | REFUSED                         |

[GO TO D1]

[C8z_Primary_Loc_Confirm_F]
C8. How would you describe the primary location where [NAME BUSINESS] operates?
Is it . . .

A residence such as a home or garage, .........................01
A rented or leased space, ..............................................02
Space the business purchased, .....................................03
A site where a client is located, or .................................04
Some other location? (SPECIFY) .................................05

_____________________________________________________

DON'T KNOW .........................................................d
REFUSED .................................................................r

[C8_Primary_Loc_New_F]
[C8_Primary_Loc_Specify_F]

C9. What was the main reason for the change of location?

Previous location too expensive .................................01
Needed more space due to growth of business .................02
Moved closer to customers ........................................03
Moved business and residence to new location .................04
OTHER (SPECIFY) ..................................................05

_____________________________________________________

DON'T KNOW .........................................................d
REFUSED .................................................................r

[C9_Loc_Change_Reason_F]
[C9OtherSpecify_F]
D. STRATEGY AND INNOVATION

D1. Does [NAME BUSINESS] provide (READ ITEM)?

<table>
<thead>
<tr>
<th>YES</th>
<th>NO</th>
<th>DON'T KNOW</th>
<th>REFUSED</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
</tbody>
</table>

a. A service............................................................... 01 00 d r 
[D1a_Provide_Service_F]
b. A product............................................................. 01 00 d r 
[D1a_Provide_Product_F]

D2. Businesses often have to compete with other businesses. A competitive advantage is something unique or distinctive a business provides that gives it an advantage compared to competitors. In calendar year 2005, did [NAME BUSINESS] have a competitive advantage over its competitors?

YES ................................................................................01
NO ...............................................................................00
DON'T KNOW .................................................................d
REFUSED ........................................................................r

[D2_Comp_Advantage_F]
D3. Whether assigned by an owner or obtained in some other way, does [NAME BUSINESS] have any of the following? *(READ LIST)*

FOR EACH “YES,” ASK: How many (READ ITEM) does [NAME BUSINESS] have?

INTERVIEWERS IF NEEDED:

**Patent:** A patent is a right given by the government to preclude others from making and selling an invention for 20 years from the date of application in return for disclosure of how the invention operates.

**Copyright:** The legal right granted to authors, composers, artists and publishers to protect their thoughts and ideas for exclusive publication, reproduction, sale and distribution of their works.

**Trademark:** Words, names, symbols or devices, or any combination of these used to identify the goods of a business and to distinguish these goods from the goods of others.

<table>
<thead>
<tr>
<th>YES</th>
<th>NO</th>
<th>DON’T KNOW</th>
<th>REFUSED</th>
<th>NUMBER BUSINESS HAS</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Patents ...........................................</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>b. Copyrights .......................................</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>c. Trademarks ......................................</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
</tbody>
</table>

D4. “Licensing out” is licensing patents, copyrights, or trademarks owned by the business to other parties under a licensing agreement. In calendar year 2005, did [NAME BUSINESS] **license out** any (READ ITEM)?

<table>
<thead>
<tr>
<th>YES</th>
<th>NO</th>
<th>DON’T KNOW</th>
<th>REFUSED</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Patents ...........................................</td>
<td>01</td>
<td>00</td>
<td>d</td>
</tr>
<tr>
<td>b. Copyrights .......................................</td>
<td>01</td>
<td>00</td>
<td>d</td>
</tr>
<tr>
<td>c. Trademarks ......................................</td>
<td>01</td>
<td>00</td>
<td>d</td>
</tr>
</tbody>
</table>
D5. “Licensing in” is acquiring the right to use intellectual property such as patents, copyrights, or trademarks created by someone outside the business through a licensing agreement. In calendar year 2005, did [NAME BUSINESS] license in any (READ ITEM)?

<table>
<thead>
<tr>
<th></th>
<th>YES</th>
<th>NO</th>
<th>DON’T KNOW</th>
<th>REFUSED</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Patents</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>b. Copyrights</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>c. Trademarks</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
</tbody>
</table>

D6. Did [NAME BUSINESS] have any customers or sales in calendar year 2005?

[YES .................................................................01]
[NO ...............................................................00]
[DON’T KNOW ................................................d]
[REFUSED .........................................................r]

GO TO E1
D7. I’d like to learn more about the type of customers that [NAME BUSINESS] had during calendar year 2005. I am going to ask you to estimate the percent of the business’ sales that were made to individuals, businesses, and government agencies. The total should equal 100%.

a. During calendar year 2005, what percentage of the business’ sales were to private individuals?

|_______|____|
DON'T KNOW .........................................................d
REFUSED ...............................................................r

[D7_Perc_Sales_Indiv_F]

b. What percentage of the business’ sales were to other businesses? [IF NEEDED: Please include sales to for-profit and not-for-profit business.]

|_______|____|
DON'T KNOW .........................................................d
REFUSED ...............................................................r

[D7_Perc_Sales_Bus_F]

c. What percentage of the business’ sales were to government agencies?

|_______|____|
DON'T KNOW .........................................................d
REFUSED ...............................................................r

[D7_Perc_Sales_Govt_F]
E. BUSINESS ORGANIZATION AND HR BENEFITS

IF ONE OWNER REPORTED AT C2 AND BUSINESS REPORTED “0” EMPLOYEES AT C5, 
GO TO F1.

Next, I’d like to ask about how [NAME BUSINESS] is organized and about the benefits that are 
offered to employees.

E1. On December 31, 2005, how many employees or owners, if any, did [NAME 
BUSINESS] have who were primarily responsible for (READ ITEM)? Please include 
only full- and part-time employees, but not contract workers who work for the business 
but are not on the business’ official payroll.

<table>
<thead>
<tr>
<th>NUMBER EMPLOYEES OR OWNERS</th>
<th>DON'T KNOW</th>
<th>REFUSED</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Human resources such as employee benefits, recruitment, or hiring</td>
<td>___</td>
<td>d</td>
</tr>
<tr>
<td>b. Sales or Marketing such as sales, market research, customer analysis, or promotional activities</td>
<td>____</td>
<td>d</td>
</tr>
<tr>
<td>c. Executive administration functions such as strategic planning, competitive analysis, shareholder relations, or general management</td>
<td>____</td>
<td>d</td>
</tr>
<tr>
<td>d. Research and development on new products or services</td>
<td>____</td>
<td>d</td>
</tr>
<tr>
<td>e. Production or manufacturing such as producing materials or products, production planning, production control, quality control, or storage</td>
<td>____</td>
<td>d</td>
</tr>
<tr>
<td>f. General administration such as office management, responding to maintenance requests, purchase supplies, or training employees in office procedures</td>
<td>____</td>
<td>d</td>
</tr>
<tr>
<td>g. Financial administration such as accounting procedures, budgeting, financial analysis, or investment activities</td>
<td>____</td>
<td>d</td>
</tr>
<tr>
<td>h. Does [NAME BUSINESS] have employees with any other key responsibilities? (SPECIFY)</td>
<td>____</td>
<td>d</td>
</tr>
</tbody>
</table>


(9/7/07)
E2a. As of December 31, 2005, did [NAME BUSINESS] offer full-time employees or owners (READ ITEM):

<table>
<thead>
<tr>
<th></th>
<th>YES</th>
<th>NO</th>
<th>DON'T KNOW</th>
<th>REFUSED</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. A health insurance plan either through the business or an association</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td></td>
<td>[E2a_FT_Emp_Hlth_Plan_F]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. A retirement plan such as profit sharing, pension, including 401K, annuity, Keogh, etc.</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td></td>
<td>[E2a_FT_Emp_Retire_Plan_F]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c. Stock options or other stock ownership</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td></td>
<td>[E2a_FT_Emp_Stock_Own_F]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d. A bonus plan</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td></td>
<td>[E2a_FT_Emp_Bonus_Plan_F]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e. Tuition reimbursement</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td></td>
<td>[E2a_FT_Emp_Tuit_Reim_F]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f. Paid vacation</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td></td>
<td>[E2a_FT_Emp_Paid_Vaca_F]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>g. Paid sick days</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td></td>
<td>[E2a_FT_Emp_Paid_Sick_F]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>h. Alternative work schedules such as flex time or job sharing</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td></td>
<td>[E2a_FT_Emp_Flex_Time_F]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i. Any other benefits? (SPECIFY)</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td></td>
<td>[E2a_FT_Emp_Other_F]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>[E2a_Other_Specify_F]</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
IF ZERO PART-TIME EMPLOYEES AT C7, GO TO F1.

E2b. As of December 31, 2005, did [NAME BUSINESS] offer part-time employees (READ ITEM):

<table>
<thead>
<tr>
<th>Benefit Description</th>
<th>YES</th>
<th>NO</th>
<th>DON'T KNOW</th>
<th>REFUSED</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. A health insurance plan either through the business or an association</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>[E2b_PT_Emp_Hlth_Plan_F]</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. A retirement plan such as profit sharing, pension, including 401K, annuity, Keogh, etc.</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>[E2b_PT_Emp_Retire_Plan_F]</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c. Stock options or other stock ownership</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>[E2b_PT_Emp_Stock_Own_F]</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d. A bonus plan</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>[E2b_PT_Emp_Bonus_Plan_F]</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e. Tuition reimbursement</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>[E2b_PT_Emp_Tuit_Reim_F]</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f. Paid vacation</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>[E2b_PT_Emp_Paid_Vaca_F]</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>g. Paid sick days</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>[E2b_PT_Emp_Paid_Sick_F]</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>h. Alternative work schedules such as flex time or job sharing</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>[E2b_PT_Emp_Flex_Time_F]</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i. Any other benefits? (SPECIFY)</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>[E2b_PT_Emp_Other_F]</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
F. BUSINESS FINANCES

F1. Now I’d like to ask about [NAME BUSINESS]'s financing. Businesses can get money from the savings or investments of the owner(s), money from spouses, family or other individuals, from companies, borrowing in an owner’s name, venture funds, or by borrowing in the name of the business. Some of the funds must be paid back and other funds represent an equity stake or share of the business. We will ask some questions about what happened during calendar year 2005, some questions about what has happened since the business began, and other questions about balances as of December 31, 2005.

F1a. First, in calendar year 2005, did you put any of your own money into [NAME BUSINESS] in return for an ownership share of the business? Please do not include any money borrowed from others or from credit cards.

IF NEEDED: This would include all additional money invested by [you/OWNER NAME] in the business during calendar year 2005.

YES ................................................................................01
NO ..................................................................................00
DON’T KNOW ...............................................................d
REFUSED ...................................................................r

[F2_Owner_Eq_Invest_01_F]


OWNER A ..................................................$ |__|__|__|__|__|__|__|__|__|__|__|
DON’T KNOW ...............................................................d
REFUSED ...................................................................r

[F2_Owner_Amt_Eq_Invest_01_F]

IF DON’T KNOW OR REFUSED, PROBE WITH RANGES: Would you say it was . . .

$500 or less, ........................................................................01
$501 to $1,000, ...............................................................02
$1,001 to $3,000, ...........................................................03
$3,001 to $5,000, .........................................................04
$5,001 to $10,000, .........................................................05
$10,001 to $25,000, .......................................................06
$25,001 to $100,000, .....................................................07
$100,001 to $1,000,000, ................................................08
$1,000,001 or more? ......................................................09
DON’T KNOW ...............................................................d
REFUSED ...................................................................r

[F2_Owner_Amt_EqInvest_Range_01_F]
F2a1. Counting all years, how much of [your/OWNER B-J] own money did [you/she/he] put into [NAME BUSINESS] as of December 31, 2005?

IF NEEDED: This includes all money [you/she/he] invested in the business as of December 31, 2005.

$ | | | | | TOTAL EQUITY

DON'T KNOW .........................................................d
REFUSED .................................................................r

[F2_Ownr_Amt_EqInvt_AllYrs_01_F]

PROBE: IF DON'T KNOW OR REFUSED, PROBE WITH RANGES:
Would you say it was . . .

$500 or less, ...............................................................01
$501 to $1,000, ............................................................02
$1,001 to $3,000, .........................................................03
$3,001 to $5,000, .........................................................04
$5,001 to $10,000, ......................................................05
$10,001 to $25,000, .....................................................06
$25,001 to $100,000, .................................................07
$100,001 to $1,000,000, ..........................................08
$1,000,001 or more? ................................................09
DON'T KNOW .........................................................d
REFUSED .................................................................r

[F2_Ownr_EqInvst_AllYrs_Range01_F]

IF F2a IS GREATER THAN F2a1:
I may have made a mistake. The amount invested in 2005 is greater than the amount invested in all years combined. Is there an error?

F2b. What percentage of the business did [you/OWNER B-J] own on December 31, 2005?

| | | | PERCENTAGE OF BUSINESS

DON'T KNOW .........................................................d
REFUSED .................................................................r

[F2_Owner_Perc_Own_01_F]

IF MORE THAN ONE OWNER/OPERATOR AT C4, ASK F1a-F2b FOR EACH OWNER/OPERATOR. OTHERWISE, GO TO F3.
F2 series asked of up to 10 owner-operators.

[F2_Owner_Eq_Invest_02_F]
[F2_Owner_Amt_Eq_Invest_02_F]
[F2_Ownr_Amt_EqInvest_Range_02_F]
[F2_Ownr_Amt_EqInvest_AllYrs_02_F]
[F2_Owner_Eqlnvst_AllYrs_Range02_F]
[F2_Owner_Perc_Own_02_F]
[F2_Owner_Eq_Invest_03_F]
[F2_Owner_Amt_Eq_Invest_03_F]
[F2_Ownr_Amt_EqInvest_Range_03_F]
[F2_Ownr_Amt_EqInvest_AllYrs_03_F]
[F2_Owner_Eqlnvst_AllYrs_Range03_F]
[F2_Owner_Perc_Own_03_F]
[F2_Owner_Eq_Invest_04_F]
[F2_Owner_Amt_Eq_Invest_04_F]
[F2_Ownr_Amt_EqInvest_Range_04_F]
[F2_Ownr_Amt_EqInvest_AllYrs_04_F]
[F2_Owner_Eqlnvst_AllYrs_Range04_F]
[F2_Owner_Perc_Own_04_F]
[F2_Owner_Eq_Invest_05_F]
[F2_Owner_Amt_Eq_Invest_05_F]
[F2_Ownr_Amt_EqInvest_Range_05_F]
[F2_Ownr_Amt_EqInvest_AllYrs_05_F]
[F2_Owner_Eqlnvst_AllYrs_Range05_F]
[F2_Owner_Perc_Own_05_F]
[F2_Owner_Eq_Invest_06_F]
[F2_Owner_Amt_Eq_Invest_06_F]
[F2_Ownr_Amt_EqInvest_Range_06_F]
[F2_Ownr_Amt_EqInvest_AllYrs_06_F]
[F2_Owner_Eqlnvst_AllYrs_Range06_F]
[F2_Owner_Perc_Own_06_F]
[F2_Owner_Eq_Invest_07_F]
[F2_Owner_Amt_Eq_Invest_07_F]
[F2_Ownr_Amt_EqInvest_Range_07_F]
[F2_Ownr_Amt_EqInvest_AllYrs_07_F]
[F2_Owner_Eqlnvst_AllYrs_Range07_F]
[F2_Owner_Perc_Own_07_F]
[F2_Owner_Eq_Invest_08_F]
[F2_Owner_Amt_Eq_Invest_08_F]
[F2_Ownr_Amt_EqInvest_Range_08_F]
[F2_Ownr_Amt_EqInvest_AllYrs_08_F]
[F2_Owner_Eqlnvst_AllYrs_Range08_F]
[F2_Owner_Perc_Own_08_F]
[F2_Owner_Eq_Invest_09_F]
[F2_Owner_Amt_Eq_Invest_09_F]
[F2_Ownr_Amt_EqInvest_Range_09_F]
[F2_Ownr_Amt_EqInvest_AllYrs_09_F]
[F2_Owner_Eqlnvst_AllYrs_Range09_F]
[F2_Owner_Perc_Own_09_F]
[F2_Owner_Eq_Invest_10_F]
[F2_Owner_Amt_Eq_Invest_10_F]
[F2_Ownr_Amt_EqInvest_Range_10_F]
[F2_Ownr_Amt_EqInvest_AllYrs_10_F]
[F2_Owner_Eqlnvst_AllYrs_Range10_F]
[F2_Owner_Perc_Own_10_F]
IF SOLE PROPRIETORSHIP AT QUESTION C1z OR C1z2, GO TO F6b.

F3. Equity investment is money received in return for some portion of ownership, and it is another way to fund business expenses. During calendar year 2005, did the business obtain equity financing from any of the following sources?

<table>
<thead>
<tr>
<th>YES</th>
<th>NO</th>
<th>DON'T KNOW</th>
<th>REFUSED</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| a. Spouses or life partners of owners of the business. This does not include spouses or life partners already named as owners. | 01 | 00 | d | r |
| [F3a_Eq_Invest_Spouse_F] |
| b. Parents, in-laws or children of owners of the business | 01 | 00 | d | r |
| [F3b_Eq_Invest_Parents_F] |
| c. Individuals who are not spouses or life partners, parents, in-laws or children of the owners, excluding venture capitalists | 01 | 00 | d | r |
| [F3c_Eq_Invest_Angels_F] |
| d. Other companies | 01 | 00 | d | r |
| [F3d_Eq_Invest_Companies_F] |
| e. Government agencies | 01 | 00 | d | r |
| [F3e_Eq_Invest_Govt_F] |
| f. Venture capitalists | 01 | 00 | d | r |
| [F3f_Eq_Invest_Vent_Cap_F] |
| g. Any other sources? (SPECIFY) | 01 | 00 | d | r |
| [F3g_Eq_Invest_Other_F] |
| F4. FOR EACH EQUITY FINANCING OPTION REPORTED AS “YES” ABOVE, ASK: |
| In calendar year 2005, how much money did [NAME BUSINESS] receive from [EQUITY OPTION]? |
| $ | | | | | CALENDAR YEAR 2005 AMOUNT FROM EQUITY OPTION |
| DON'T KNOW | d |
| REFUSED | r |
| [F4_Eq_Amt_Spouse_F] |
| [F4_Eq_Amt_Parents_F] |
| [F4_Eq_Amt_Angels_F] |
| [F4_Eq_Amt_Companies_F] |
| [F4_Eq_Amt_Govt_F] |
| [F4_Eq_Amt_Vent_Cap_F] |
| [F4_Eq_Amt_Other_F] |
IF DON'T KNOW OR REFUSED, PROBE WITH RANGES: Would you say it was . . .

$500 or less, .................................................................01
$501 to $1,000, .................................................................02
$1,001 to $3,000, ..............................................................03
$3,001 to $5,000, ..............................................................04
$5,001 to $10,000, ............................................................05
$10,001 to $25,000, ..........................................................06
$25,001 to $100,000, .......................................................07
$100,001 to $1,000,000, ...............................................08
$1,000,001 or more? ....................................................09
DON'T KNOW ..............................................................d
REFUSED ........................................................................r
F4a. Counting all years, how much did [EQUITY OPTION] put into [NAME BUSINESS] as of December 31, 2005?

**PROBE:** This includes all money invested by [EQUITY OPTION] in all years.

\[ \$|____|____|____|____|____|____|____| TOTAL EQUITY \]

DON'T KNOW .................................................d

REFUSED .......................................................r

[F4_Eq_Amt_Spouse_AllYrs_F]
[F4_Eq_Amt_Parents_AllYrs_F]
[F4_Eq_Amt_Angels_AllYrs_F]
[F4_Eq_Amt_Companies_AllYrs_F]
[F4_Eq_Amt_Govt_AllYrs_F]
[F4_Eq_Amt_Vent_Cap_AllYrs_F]
[F4_Eq_Amt_Other_AllYrs_F]

**PROBE: IF DON'T KNOW OR REFUSED, PROBE WITH RANGES:** Would you say it was . . .

$500 or less, .................................................................01
$501 to $1,000, ..............................................................02
$1,001 to $3,000, ...........................................................03
$3,001 to $5,000, ...........................................................04
$5,001 to $10,000, .........................................................05
$10,001 to $25,000, .......................................................06
$25,001 to $100,000, .....................................................07
$100,001 to $1,000,000, ................................................08
$1,000,001 or more? ......................................................09
DON'T KNOW .................................................d

REFUSED .......................................................r

[F4_Eq_Amt_Spouse_AllYrs_Ranges_F]
[F4_Eq_Amt_Parents_AllYrs_Range_F]
[F4_Eq_Amt_Angels_AllYrs_Ranges_F]
[F4_Eq_Amt_Comp_AllYrs_Range_F]
[F4_Eq_Amt_Govt_AllYrs_Ranges_F]
[F4_Eq_Amt_VentCap_AllYrs_Range_F]
[F4_Eq_Amt_Other_AllYrs_Ranges_F]

**IF F4 IS GREATER THAN F4a:**
I may have made a mistake. The amount invested in 2005 is greater than the amount invested in all years combined. Is there an error?
F5. FOR EACH EQUITY FINANCING OPTION REPORTED AS “YES” ABOVE, ASK:
What was the total percentage of the business owned by the [EQUITY OPTION] who
invested money in the business as of December 31, 2005?

|   | PERCENT

DON’T KNOW .........................................................d

REFUSED ..........................................................r

[F5_Perc-Owned_Spouse_F]
[F5_Perc-Owned_Parents_F]
[F5_Perc-Owned_Angels_F]
[F5_Perc-Owned_Companies_F]
[F5_Perc-Owned_Govt_F]
[F5_Perc-Owned_Vent_Cap_F]
[F5_Perc-Owned_Other_F]

INTERVIEWER CHECK BOX: CHECK ANSWER FROM F2b AND F5 FOR TOTAL
PERCENTAGE OF BUSINESS ACCOUNTED FOR.

[F6Check]

IF TOTAL PERCENTAGE EQUALS 100%, GO TO F6a
IF TOTAL EQUALS LESS OR MORE THAN 100%

F6. So far, you’ve given me the following information on who owns [NAME BUSINESS]:
[List EQUITY INVESTORS FROM F2b AND F5]. Can we review this list?

REVIEW LIST OF OWNERS AND PERCENTAGES WITH RESPONDENT. MAKE
CHANGES AS NEEDED, ADDING NEW OWNERS AND/OR PERCENTAGES AS
NECESSARY.

DON’T KNOW .........................................................d

REFUSED ..........................................................r

[F6_Owner1_PercentOwned_F]
[F6_Owner2_PercentOwned_F]
[F6_Owner3_PercentOwned_F]
[F6_Owner4_PercentOwned_F]
[F6_Owner5_PercentOwned_F]
[F6_Owner6_PercentOwned_F]
[F6_Owner7_PercentOwned_F]
[F6_Owner8_PercentOwned_F]
[F6_Owner9_PercentOwned_F]
[F6_Owner10_PercentOwned_F]
[F6_Owner11_PercentOwned_F]
F6a. Have you or other owners withdrawn money from the business for personal use in either 2004 or 2005?

INTERVIEWER: IF NEEDED—

This does not include owner salaries.

- YES ................................................................................01
- NO ................................................................................00
- DON'T KNOW .........................................................d
- REFUSED .................................................................r

[ F6a_Personal_Use_F ]

F6b. IF YES: Thinking of calendar year 2004, how much money, if any, did you and other owners withdraw from the business for personal use? This includes any dividends paid.

- TOTAL DRAWINGS 2004

- DON'T KNOW .........................................................d
- REFUSED .................................................................r

[ F6b_Personal_Use_Amt_2004_F ]

IF DON'T KNOW OR REFUSED, PROBE WITH RANGES: Would you say it was . . .

- $500 or less, .................................................................01
- $501 to $1,000, ............................................................02
- $1,001 to $3,000, .........................................................03
- $3,001 to $5,000, .........................................................04
- $5,001 to $10,000, .......................................................05
- $10,001 to $25,000, ......................................................06
- $25,001 to $100,000, ...................................................07
- $100,001 to $1,000,000, .............................................08
- $1,000,001 or more? ...............................................09
- DON'T KNOW .........................................................d
- REFUSED .................................................................r

[ F6b_PersonalUse_Amt_2004_Range_F ]
F6c. Now, thinking about calendar year 2005, how much money, if any, did you and other owners withdraw from the business for personal use? This includes any dividends paid.

$ |___|___|___|___|___|___|___|___| TOTAL DRAWINGS 2005

DON’T KNOW ........................................................................d

REFUSED .................................................................................r

[F6b_PersonalUse_Amt_2005_F]

IF DON’T KNOW OR REFUSED, PROBE WITH RANGES: Would you say it was . . .

$500 or less, .................................................................01

$501 to $1,000, .............................................................02

$1,001 to $3,000, .........................................................03

$3,001 to $5,000, .........................................................04

$5,001 to $10,000, .......................................................05

$10,001 to $25,000, .....................................................06

$25,001 to $100,000, .................................................07

$100,001 to $1,000,000, ..............................................08

$1,000,001 or more? .....................................................09

DON’T KNOW .................................................................d

REFUSED .................................................................................r

[F6b_PersonalUse_Amt_2005_Range_F]
F7a. Another way to finance a business is debt financing. Debt is money borrowed that has to be paid back with or without interest.

We will be talking about categories of debt based on who is responsible for paying it back. For each category, I’ll ask you about several sources of debt business owners or businesses can use to fund operations. We want to make sure that any business-related debt is reported in the right category, and is reported only once. I will identify each category and remind you when I change categories. Here is the first category.

I’m going to ask you about some different types of debt financing you may have borrowed in your name on behalf of [NAME BUSINESS]. For each, please tell me if you used this type at any time during calendar year 2005. Did you use [NAME FINANCING OPTION FROM LIST]?

F7b. IN BELOW LIST, FOR EACH DEBT FINANCING OPTION BUSINESS REPORTED, ASK: How many [NAME DEBT FINANCING OPTION] did you use to finance the operation of the business during calendar year 2005?

<table>
<thead>
<tr>
<th></th>
<th>YES</th>
<th>NO</th>
<th>DON’T KNOW</th>
<th>REFUSED</th>
<th>NUMBER USED</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Personal credit cards for business-related purposes</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>[F7b_Pers_CredCard_NumUsed_F]</td>
</tr>
<tr>
<td>b. Personal loans from a bank or other financial institution, such as a mortgage or home equity loan used for the business</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>[F7b_Pers_Loan_Bank_NumUsed_F]</td>
</tr>
<tr>
<td>c. Business or corporate credit cards issued in your name</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>[F7b_Bus_CredCard_NumUsed_F]</td>
</tr>
<tr>
<td>d. Personal loans from any family or friends</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>[F7b_Pers_Loan_Fam_NumUsed_F]</td>
</tr>
<tr>
<td>e. Personal loans from any other individuals not associated with the management of the business</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>[F7b_Pers_Loan_Other_NumUsed_F]</td>
</tr>
<tr>
<td>f. Any other sources? (SPECIFY)</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>[F7b_Pers_Other_NumUsed_F]</td>
</tr>
</tbody>
</table>

[31] Prepared by Mathematica Policy Research, Inc. (9/7/07)
F8a. **IF ANSWERED “YES” TO F7a ITEMS a, c, ASK:** As of December 31, 2005, what was the maximum credit line on the [NAME DEBT FINANCING OPTION]?

$ | ⎕ | ⎕ | ⎕ | ⎕ | ⎕ | ⎕ | ⎕ | ⎕ | ⎕ | ⎕ | ⎕ | ⎕ | ⎕ | ⎕ | ⎕ | DECEMBER 31, 2005 CREDIT LINE

DON’T KNOW ........................................................................d

REFUSED ...........................................................................r

[F8a_Pers_CredCard_Line_F]
[F8a_Bus_CredCard_Line_F]

**IF DON’T KNOW OR REFUSED, PROBE WITH RANGES:** Would you say it was . . .

$500 or less, .................................................................01

$501 to $1,000, ...............................................................02

$1,001 to $3,000, ............................................................03

$3,001 to $5,000, ............................................................04

$5,001 to $10,000, .........................................................05

$10,001 to $25,000, .......................................................06

$25,001 to $100,000, .....................................................07

$100,001 to $1,000,000, ...............................................08

$1,000,001 or more? ......................................................09

DON’T KNOW ....................................................................d

REFUSED ...........................................................................r

[F8a_Pers_CredCard_Line_Ranges_F]
[F8a_Bus_CredCard_Line_Ranges_F]
F8b. **IF ANSWERED “YES” TO F7a ITEMS a, c, ASK:** As of December 31, 2005, what was the outstanding balance on the [NAME DEBT FINANCING OPTION]?

$ |_____|___|,|_____|__|,|_____| | DECEMBER 31, 2005 OUTSTANDING CREDIT CARD BALANCE

DON'T KNOW .........................................................................................d

REFUSED .................................................................................................r

[F8b_Pers_CredCard_Bal_F]
[F8b_Bus_CredCard_Bal_F]

**IF DON'T KNOW OR REFUSED, PROBE WITH RANGES:** Would you say it was . . .

$500 or less, .........................................................................................01

$501 to $1,000, .......................................................................................02

$1,001 to $3,000, .....................................................................................03

$3,001 to $5,000, .....................................................................................04

$5,001 to $10,000, ....................................................................................05

$10,001 to $25,000, ..................................................................................06

$25,001 to $100,000, ................................................................................07

$100,001 to $1,000,000, ..........................................................................08

$1,000,001 or more? ...............................................................................09

DON'T KNOW .........................................................................................d

REFUSED .................................................................................................r

[F8b_Pers_CredCard_Bal_Ranges_F]
[F8b_Bus_CredCard_Bal_Ranges_F]

**IF F8b IS GREATER THAN F8a:**
Perhaps I made a mistake. The amount I recorded as the balance outstanding is greater than the amount reported as the maximum credit limit.
F8c. IF ANSWERED “YES” TO F7a ITEMS b, d, e, f, ASK: In calendar year 2005, how much was obtained from the [NAME DEBT FINANCING OPTION]?

| $ | ______|____|____|____|____| CALENDAR YEAR 2005 DEBT AMOUNT |
|---|---|---|---|---|---|
| DON’T KNOW .................................................................d |
| REFUSED .........................................................................r |

[F8c_Pers_Loan_Bank_Amt_F]  
[F8c_Pers_Loan_Fam_Amt_F]  
[F8c_Pers_Loan_Other_Amt_F]  
[F8c_Pers_Other_Amt_F]

IF DON’T KNOW OR REFUSED, PROBE WITH RANGES: Would you say it was . . .

$500 or less, .................................................................01  
$501 to $1,000, ..............................................................02  
$1,001 to $3,000, ...........................................................03  
$3,001 to $5,000, ...........................................................04  
$5,001 to $10,000, .........................................................05  
$10,001 to $25,000, .......................................................06  
$25,001 to $100,000, .....................................................07  
$100,001 to $1,000,000, ................................................08  
$1,000,001 or more? ......................................................09  
| DON’T KNOW .................................................................d |
| REFUSED .........................................................................r |

[F8c_Pers_Loan_Bank_Amt_Ranges_F]  
[F8c_Pers_Loan_Fam_Amt_Ranges_F]  
[F8c_Pers_Loan_Other_Amt_Ranges_F]  
[F8c_Pers_Other_Amt_Ranges_F]
As of December 31, 2005, what was the estimated amount of the [NAME DEBT FINANCING OPTION] owed by you on behalf of [NAME BUSINESS]?

| $ | _____ | | | | | | DEBT FINANCING VALUE AS OF DECEMBER 31, 2005 |

DON'T KNOW .................................................................d

REFUSED .................................................................r

IF DON'T KNOW OR REFUSED, PROBE WITH RANGES: Would you say it was . . .

$500 or less, .................................................................01
$501 to $1,000, ..............................................................02
$1,001 to $3,000, ...........................................................03
$3,001 to $5,000, ...........................................................04
$5,001 to $10,000, .........................................................05
$10,001 to $25,000, .......................................................06
$25,001 to $100,000, .....................................................07
$100,001 to $1,000,000, ................................................08
$1,000,001 or more? ......................................................09

DON'T KNOW .................................................................d

REFUSED .................................................................r
IF MORE THAN ONE OWNER/OPERATOR AT C4, ASK F9a. OTHERWISE, GO TO F11a.

F9a. Here is the next debt category. I’m going to ask you about some different types of debt financing that other owners may have borrowed on behalf of [NAME BUSINESS]. This debt does not include amounts already reported in the previous section about your debt. For each, please tell me if other owners used this type at any time during calendar year 2005. Did other owners use [NAME DEBT FINANCING OPTION FROM LIST]?

F9b. IN BELOW LIST, FOR EACH DEBT FINANCING OPTION BUSINESS REPORTED, ASK: How many [NAME DEBT FINANCING OPTION] did other owners use to finance the operation of the business during calendar year 2005?

<table>
<thead>
<tr>
<th>YES</th>
<th>NO</th>
<th>DON'T KNOW</th>
<th>REFUSED</th>
<th>NUMBER USED</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Personal credit cards for business-related purposes</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>[F9a_Pers_CredCard_F]</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. Personal loans from a bank or other financial institution, such as a mortgage or home equity loan used for the business</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>[F9a_Pers_Loan_Bank_F]</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c. Business or corporate credit cards issued in the other owner’s name(s)</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>[F9a_Bus_CredCard_F]</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d. Personal loans from any family or friends</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>[F9a_Pers_Loan_Fam_F]</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e. Personal loans from any other individuals not associated with the management of the business</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>[F9a_Pers_Loan_Other_F]</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f. Any other sources? (SPECIFY)</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>[F9a_Pers_Other_F]</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| [F9b_Pers_CredCard_NumUsed_F] | [F9b_Pers_Loan_Bank_NumUsed_F] | [F9b_Bus_CredCard_NumUsed_F] | [F9b_Pers_Loan_Fam_NumUsed_F] | [F9b_Pers_Loan_Other_NumUsed_F] | [F9b_Pers_Other_Specify_F] |
F10a. IF ANSWERED “YES” TO F9a ITEMS a, c, ASK: As of December 31, 2005, what was the maximum credit line on the [NAME DEBT FINANCING OPTION] of (one of) the other owner(s)?

\[ $|\_\_\_\_\_\_|,|\_\_\_\_\_\_|,|\_\_\_\_\_\_| \] DECEMBER 31, 2005 CREDIT LINE

DON’T KNOW ..................................................................d

REFUSED .........................................................................r

[F10a_Pers_CredCard_Line_F]
[F10a_Bus_CredCard_Line_F]

IF DON’T KNOW OR REFUSED, PROBE WITH RANGES: Would you say it was . . .

$500 or less, .................................................................01

$501 to $1,000, ..............................................................02

$1,001 to $3,000, .........................................................03

$3,001 to $5,000, .........................................................04

$5,001 to $10,000, .........................................................05

$10,001 to $25,000, .....................................................06

$25,001 to $100,000, ...................................................07

$100,001 to $1,000,000, .............................................08

$1,000,001 or more? ..................................................09

DON’T KNOW ..........................................................d

REFUSED .........................................................................r

[F10a_Pers_CredCard_Line_Ranges_F]
[F10a_Bus_CredCard_Line_Ranges_F]
F10b. **IF ANSWERED “YES” TO F9a ITEMS a, c, ASK:** As of December 31, 2005, what was the outstanding balance on the [NAME DEBT FINANCING OPTION] used by (one of) the other owner(s)?

$|____|____|____|____|____|____|____|____|____|____|

DECEMBER 31, 2005 OUTSTANDING CREDIT CARD BALANCE

DON’T KNOW .................................................................d

REFUSED .................................................................r

[F10b_Pers_CredCard_Bal_F]
[F10b_Bus_CredCard_Bal_F]

**IF DON’T KNOW OR REFUSED, PROBE WITH RANGES:** Would you say it was . . .

$500 or less, .....................................................................01

$501 to $1,000, .....................................................................02

$1,001 to $3,000, .....................................................................03

$3,001 to $5,000, .....................................................................04

$5,001 to $10,000, .................................................................05

$10,001 to $25,000, .................................................................06

$25,001 to $100,000, .................................................................07

$100,001 to $1,000,000, .........................................................08

$1,000,001 or more? .................................................................09

DON’T KNOW .................................................................d

REFUSED .................................................................r

[F10b_Pers_CredCard_BalRanges_F]
[F10b_Bus_CredCard_BalRanges_F]

**IF F10b IS GREATER THAN F10a:**
Perhaps I made a mistake. The amount I recorded as the balance outstanding is greater than the amount reported as the maximum credit limit.
F10c. IF ANSWERED “YES” TO F9a, ITEMS b, d, e, f, ASK: In calendar year 2005, how much was obtained from the [NAME DEBT FINANCING OPTION] other owners used?

$ | | | | | | | | CALENDAR YEAR 2005
DEBT AMOUNT

DON'T KNOW ........................................................................d

REFUSED .............................................................................r

[F10c_Pers_Loan_Bank_Amt_F]
[F10c_Pers_Loan_Fam_Amt_F]
[F10c_Pers_Loan_Other_Amt_F]
[F10c_Pers_Other_Amt_F]

IF DON'T KNOW OR REFUSED, PROBE WITH RANGES: Would you say it was . . .

$500 or less, .................................................................01
$501 to $1,000, ............................................................02
$1,001 to $3,000, ..........................................................03
$3,001 to $5,000, .........................................................04
$5,001 to $10,000, .......................................................05
$10,001 to $25,000, .....................................................06
$25,001 to $100,000, ....................................................07
$100,001 to $1,000,000, .............................................08
$1,000,001 or more? ..................................................09

DON'T KNOW ........................................................................d

REFUSED .............................................................................r

[F10c_Pers_Loan_Bank_Amt_Ranges_F]
[F10c_Pers_Loan_Fam_Amt_Ranges_F]
[F10c_Pers_Loan_Other_Amt_Ranges_F]
[F10c_Pers_Other_Amt_Ranges_F]
F10d. As of December 31, 2005, what was the estimated amount of the [NAME DEBT FINANCING OPTION] owed by other owners on behalf of [NAME BUSINESS]?

$ |_____|_____|_____|_____| DEBT AMOUNT AS OF DECEMBER 31, 2005

DON'T KNOW .................................................................d
REFUSED .................................................................r

[F10d_Pers_Loan_Bank_Owed_F]
[F10d_Pers_Loan_Fam_Owed_F]
[F10d_Pers_Loan_Other_Owed_F]
[F10d_Pers_Other_Owed_F]

IF DON'T KNOW OR REFUSED, PROBE WITH RANGES: Would you say it was . . .

$500 or less, .................................................................01
$501 to $1,000, ..............................................................02
$1,001 to $3,000, ...........................................................03
$3,001 to $5,000, ...........................................................04
$5,001 to $10,000, ..........................................................05
$10,001 to $25,000, .......................................................06
$25,001 to $100,000, .....................................................07
$100,001 to $1,000,000, ...............................................08
$1,000,001 or more? ......................................................09
DON'T KNOW .................................................................d
REFUSED .................................................................r

[F10d_PersLoan_Bank_Owed_Range_F]
[F10d_Pers_Loan_Fam_Owed_Ranges_F]
[F10d_PersLoan_Other_Owed_Range_F]
[F10d_Pers_Other_Owed_Ranges_F]
F11a. We are once again switching to another debt category. Now I’m going to ask you about some different types of debt financing that may have been obtained in the name of the business during calendar year 2005. This debt does not include amounts already reported in the previous sections about your debt or the debt of other owners. During calendar year 2005, did [NAME BUSINESS] use [NAME DEBT FINANCING OPTION FROM LIST]?

F11b. IN BELOW LIST, FOR EACH DEBT FINANCING OPTION BUSINESS REPORTED, ASK: How many [NAME DEBT FINANCING OPTION] did the business use to finance the operation or the business during calendar year 2005?

<table>
<thead>
<tr>
<th>YES</th>
<th>NO</th>
<th>DON'T KNOW</th>
<th>REFUSED</th>
<th>NUMBER USED</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| a. Business or corporate credit cards issued in the name of the business | 01 | 00 | d | r | [F11b.Bus_Cred_Card_NumUsed_F] |
| b. Business loans from a commercial bank | 01 | 00 | D | r | [F11b.Bus_Loans_Bank_NumUsed_F] |
| c. Business line of credit (READ IF NEEDED: a business line of credit is when a business has an agreement with a bank or other financial institution to borrow up to a certain amount of funds) | 01 | 00 | d | r | [F11b.Bus_Cred_Line_NumUsed_F] |
| d. Business loans from a non-bank financial institution | 01 | 00 | d | r | [F11b.Bus_Loans_Nonbank_NumUsed_F] |
| e. Business loans from any family or friends of the owners | 01 | 00 | d | r | [F11b.Bus_Loans_Fam_NumUsed_F] |
| f. Business loans from another owner of the business or a partner | 01 | 00 | d | r | [F11b.Bus_Loans_Owner_NumUsed_F] |
| g. [IF HAVE EMPLOYEES AT C5] Loans to the business from employees that are not owners of the business | 01 | 00 | d | r | [F11b.Bus_Loans_Emp_NumUsed_F] |
| h. Loans from government agencies | 01 | 00 | d | r | [F11b.Bus_Loans_Govt_NumUsed_F] |
| i. Loans from other businesses | 01 | 00 | d | r | [F11b.BusLoans_OtherBus_NumUsed_F] |
j. Business loans from any other individuals not associated with the management of the business

[F11a_Bus_Loans_Other_Ind_F] 01 00 d r

[F11b_BusLoans_OtherInd_NumUsed_F]

k. Any other sources? (SPECIFY)

[F11a_Bus_Other_F] 01 00 d r

[F11b_Bus_Other_NumUsed_F]

[F11.Bus_Other_Specify_F]

F12a. IF ANSWERED "YES" TO F11a ITEMS a, c, ASK: As of December 31, 2005, what was the maximum credit line on the [NAME DEBT FINANCING OPTION]?

$ |___|___|___|___|___|___|___|___|_________

DECEMBER 31, 2005

CREDIT LINE

DON'T KNOW ..............................................................d

REFUSED .....................................................................r

[F12a_Bus_CredCard_Line_F]

[F12a_Bus_Cred_Line_F]

IF DON'T KNOW OR REFUSED, PROBE WITH RANGES: Would you say it was . . .

$500 or less, ...............................................................01

$501 to $1,000, ............................................................02

$1,001 to $3,000, .........................................................03

$3,001 to $5,000, .........................................................04

$5,001 to $10,000, .......................................................05

$10,001 to $25,000, .....................................................06

$25,001 to $100,000, ....................................................07

$100,001 to $1,000,000, ............................................08

$1,000,001 or more? ..................................................09

DON'T KNOW ..............................................................d

REFUSED .....................................................................r

[F12a_Bus_CredCard_Line_Ranges_F]

[F12a_Bus_CredLine_Ranges_F]
F12b. **IF ANSWERED “YES” TO F11a ITEMS a, c, ASK:** As of December 31, 2005, what was the outstanding balance on the [NAME DEBT FINANCING OPTION]?

$ |____|____|____|____|____|____| DECEMBER 31, 2005 OUTSTANDING CREDIT BALANCE

DON'T KNOW .........................................................d

REFUSED .................................................................r

[F12b_Bus_CredCard_Bal_F]
[F12b_Bus_Cred_Line_Bal_F]

**IF DON'T KNOW OR REFUSED, PROBE WITH RANGES:** Would you say it was . . .

$500 or less, .........................................................01

$501 to $1,000, .........................................................02

$1,001 to $3,000, .........................................................03

$3,001 to $5,000, .........................................................04

$5,001 to $10,000, .........................................................05

$10,001 to $25,000, .........................................................06

$25,001 to $100,000, .........................................................07

$100,001 to $1,000,000, .........................................................08

$1,000,001 or more? .........................................................09

DON'T KNOW .........................................................d

REFUSED .................................................................r

[F12b_Bus_CredCard_Bal_Ranges_F]
[F12b_Bus_Cred_Line_Bal_Ranges_F]

**IF F12a IS GREATER THAN F12b:** Perhaps I made a mistake. The amount I recorded as the balance outstanding is greater than the amount reported as the maximum credit limit.
F12c. **IF ANSWERED “YES” TO F11a ITEMS b, d-k, ASK:** In calendar year 2005, how much was the amount obtained from [NAME DEBT FINANCING OPTION] used by [NAME BUSINESS]?

<table>
<thead>
<tr>
<th></th>
<th>CALENDAR YEAR 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>____</td>
<td>____</td>
</tr>
</tbody>
</table>

**DEBT AMOUNT**

DON’T KNOW ..............................................d

REFUSED ..................................................r

- [F12c_Bus_Loans_Bank_Amt_F]
- [F12c_Bus_Loans_Nonbank_Amt_F]
- [F12c_Bus_Loans_Fam_Amt_F]
- [F12c_Bus_Loans_Openr_Amt_F]
- [F12c_Bus_Loans_Emp_Amt_F]
- [F12c_Bus_Loans_Govt_Amt_F]
- [F12c_Bus_Loans_Bus_Amt_F]
- [F12c_BusLoans_OtherInd_Amt_F]
- [F12c_Bus_Other_Amt_F]

**IF DON’T KNOW OR REFUSED, PROBE WITH RANGES:** Would you say it was . . .

- $500 or less, ..............................................01
- $501 to $1,000, ............................................02
- $1,001 to $3,000, .........................................03
- $3,001 to $5,000, .........................................04
- $5,001 to $10,000, .......................................05
- $10,001 to $25,000, .....................................06
- $25,001 to $100,000, ....................................07
- $100,001 to $1,000,000, ..............................08
- $1,000,001 or more? ....................................09

DON’T KNOW ..............................................d

REFUSED ..................................................r

- [F12c_Bus_Loans_Bank_Amt_Ranges_F]
- [F12c_BusLoans_Nonbnk_Amt_Ranges_F]
- [F12c_Bus_Loans_Fam_Amt_Ranges_F]
- [F12c_BusLoans_Openr_Amt_Ranges_F]
- [F12c_Bus_Loans_Emp_Amt_Ranges_F]
- [F12c_Bus_Loans_Govt_Amt_Ranges_F]
- [F12c_Bus_Loans_Bus_Amt_Ranges_F]
- [F12c_BusLoans_OtherInd_Amt_Ranges_F]
- [F12c_Bus_Other_Amt_Ranges_F]
F12d. As of December 31, 2005, what was the estimated amount of the [NAME DEBT FINANCING OPTION] owed by [NAME BUSINESS]?

$ |________||________||________||________| DEBT AMOUNT AS OF DECEMBER 31, 2005

DON’T KNOW .................................................................................d

REFUSED ..................................................................................r

[ F12d_Bus_Loans_Bank_Owed_F ]
[ F12d_Bus_Loans_Nonbank_Owed_F ]
[ F12d_Bus_Loans_Fam_Owed_F ]
[ F12d_Bus_Loans_Owner_Owed_F ]
[ F12d_Bus_Loans_Emp_Owed_F ]
[ F12d_Bus_Loans_Govt_Owed_F ]
[ F12d_Bus_Loans_Bus_Owed_F ]
[ F12d_Bus_Loans_Other_Ind_Owed_F ]
[ F12d_Bus_Other_Owed_F ]

IF DON’T KNOW OR REFUSED, PROBE WITH RANGES: Would you say it was . . .

$500 or less, ..................................................................................01

$501 to $1,000, .................................................................02

$1,001 to $3,000, .............................................................03

$3,001 to $5,000, ............................................................04

$5,001 to $10,000, ............................................................05

$10,001 to $25,000, .........................................................06

$25,001 to $100,000, .....................................................07

$100,001 to $1,000,000, ..............................................08

$1,000,001 or more? .........................................................09

DON’T KNOW .................................................................................d

REFUSED ..................................................................................r

[ F12d_BusLoans_Bank_Owed_Range_F ]
[ F12d_BusLoan_Nonbnk_Owed_Range_F ]
[ F12d_Bus_Loans_Fam_Owed_Ranges_F ]
[ F12d_BusLoans_Owner_Owed_Ranges_F ]
[ F12d_BusLoans_Emp_Owed_Ranges_F ]
[ F12d_BusLoans_Govt_Owed_Range_F ]
[ F12d_Bus_Loans_Bus_Owed_Ranges_F ]
[ F12d_BusLoan_OtherInd_Owed_Range_F ]
[ F12d_Bus_Other_Owed_Ranges_F ]
F13. Trade financing is where a business has an arrangement with a supplier to make purchases on account. In calendar year 2005, did [NAME BUSINESS] make any purchases through trade financing?

YES ..................................................................................01
NO ..................................................................................00
DON'T KNOW ..................................................................d
REFUSED ........................................................................r

[F13_Trade_Fin_F]

F14. IF YES: In calendar year 2005, what was the amount of purchases made through trade financing?

$ |__________,|__________,|__________,|__________,| CALENDAR YEAR 2005 AMOUNT OF TRADE PURCHASES

DON'T KNOW ..................................................................d
REFUSED ........................................................................r

[F14a_Trade_Fin_Amt_F]

IF DON'T KNOW OR REFUSED, PROBE WITH RANGES: Would you say it was . . .

$500 or less, .................................................................01
$501 to $1,000, ..............................................................02
$1,001 to $3,000, .........................................................03
$3,001 to $5,000, .........................................................04
$5,001 to $10,000, ......................................................05
$10,001 to $25,000, ....................................................06
$25,001 to $100,000, ...................................................07
$100,001 to $1,000,000, ..............................................08
$1,000,001 or more? ...................................................09
DON'T KNOW ..................................................................d
REFUSED ........................................................................r

[F14a_Trade_Fin_Amt_Ranges_F]
F15. In calendar year 2005, did [NAME BUSINESS] receive any revenue (money), from the sales of goods, services, or intellectual property? [IF SOLE PROPRIETORSHIP, ADD: This would be gross receipts reported on a Schedule C or C-EZ with your personal income tax return.]

- YES ................................................................................01
- NO ..................................................................................00
- DON'T KNOW .................................................................d
- REFUSED ........................................................................r

> GO TO F17

F16. What was [NAME BUSINESS]'s total revenue for calendar year 2005? [IF SOLE PROPRIETORSHIP, ADD: This would be gross receipts reported on a Schedule C or C-EZ with your personal income tax return.]

- TOTAL REVENUE 2005

$ |____|____|____|____|____|____|____|________| TOTAL REVENUE 2005

- DON'T KNOW .................................................................d
- REFUSED ........................................................................r

IF DON'T KNOW OR REFUSED, PROBE WITH RANGES: Would you say it was . . .

- $500 or less, .................................................................01
- $501 to $1,000, ..............................................................02
- $1,001 to $3,000, .........................................................03
- $3,001 to $5,000, .........................................................04
- $5,001 to $10,000, ........................................................05
- $10,001 to $25,000, ......................................................06
- $25,001 to $100,000, ...................................................07
- $100,001 to $1,000,000, ..............................................08
- $1,000,001 or more? ....................................................09
- DON'T KNOW .................................................................d
- REFUSED ........................................................................r

- [F15_Revenue_2005_F]
- [F16a_Rev_2005_Amt_F]
- [F16a_Rev_2005_Amt_Ranges_F]
F16b. Was this an increase, a decrease, or no change in the amount of revenue for [NAME BUSINESS] in 2005 compared to 2004?

INCREASE .................................................................01
DECREASE ..............................................................02
NO CHANGE ............................................................03 → GO TO F17
DON'T KNOW ......................................................d
REFUSED ...............................................................r

F16c. And what was the percentage change in revenue in 2005 compared 2004? Your best estimate is fine.

____% CHANGE IN REVENUE

DON'T KNOW ......................................................d
REFUSED ...............................................................r
F17. Now I’m going to ask about the expenses the business paid. Expenses are the costs paid for the operation of the business, including wages, salaries, interest on loans, capital leases, materials, etc. How much, if any, did [NAME BUSINESS] pay in expenses during calendar year 2005?

$ |   |   |   |   |   |   |   |   |   | TOTAL EXPENSES IN CALENDAR YEAR 2005

DON’T KNOW ...............................................................d
REFUSED .................................................................r

[F17a_Total_Exp_2005_Amt_F]

IF DON’T KNOW OR REFUSED, PROBE WITH RANGES: Would you say it was . . .

$500 or less, .................................................................01
$501 to $1,000, ............................................................02
$1,001 to $3,000, ..........................................................03
$3,001 to $5,000, ..........................................................04
$5,001 to $10,000, ........................................................05
$10,001 to $25,000, .....................................................06
$25,001 to $100,000, ....................................................07
$100,001 to $1,000,000, ..............................................08
$1,000,001 or more? ..................................................09
DON’T KNOW ..............................................................d
REFUSED .................................................................r

[F17a_Total_Exp_2005_Amt_Ranges_F]

F17b. Was this an increase, a decrease, or no change in total expenses for [NAME BUSINESS] in 2005 compared to 2004?

INCREASE .................................................................01
DECREASE ...............................................................02
NO CHANGE .............................................................03 → GO TO F18
DON’T KNOW ..............................................................d
REFUSED .................................................................r

[F17b_Total_Exp_2005_Change_F]
F17c. And what was the percentage change in total expenses in 2005 compared to 2004? 
Your best estimate is fine.

|____|____|____|____| % CHANGE IN EXPENSES

DON'T KNOW ...........................................................................d

REFUSED ..................................................................................r

[F17c_Perc_Change_F]

F18. IF BUSINESS REPORTED “0” EMPLOYEES AT C5, GO TO F19.
How much, if any, did [NAME BUSINESS] pay in wages, salaries, and benefits to full-and part-time employees in calendar year 2005? Please do not include wages, salaries, and benefits to contract workers who work for the business but are not on the business’ official payroll.

$ |____|____|____|____| TOTAL PAYROLL EXPENSES

IN CALENDAR YEAR 2005

DON'T KNOW ...........................................................................d

REFUSED ..................................................................................r

[F18a_Wage_Exp_2005_Amt_F]

IF DON'T KNOW OR REFUSED, PROBE WITH RANGES: Would you say it was . . .

$500 or less, ..............................................................................01

$501 to $1,000, ..........................................................................02

$1,001 to $3,000, ......................................................................03

$3,001 to $5,000, ......................................................................04

$5,001 to $10,000, .................................................................05

$10,001 to $25,000, ...............................................................06

$25,001 to $100,000, ...............................................................07

$100,001 to $1,000,000, .........................................................08

$1,000,001 or more? ..............................................................09

DON'T KNOW ...........................................................................d

REFUSED ..................................................................................r

[F18b_Wage_Exp_2005_Amt_Ranges_F]
F19. Did [NAME BUSINESS] spend any money on research and development of new products and services during calendar year 2005?

YES .................................................................01
NO .................................................................00
DON'T KNOW .................................................d
REFUSED ..........................................................r

[F19_Res_Dev_F]

F20. Did [NAME BUSINESS] spend any money on the purchase of new or used machinery or equipment during calendar year 2005?

YES .................................................................01
NO .................................................................00
DON'T KNOW .................................................d
REFUSED ..........................................................r

[F20_Mach_F]

F21. Did [NAME BUSINESS] spend any money on rental or lease payments for buildings or other structures during calendar year 2005?

YES .................................................................01
NO .................................................................00
DON'T KNOW .................................................d
REFUSED ..........................................................r

[F21_Land_Rent_F]

F22. Did [NAME BUSINESS] spend any money on rental or lease payments for machinery or equipment during calendar year 2005?

YES .................................................................01
NO .................................................................00
DON'T KNOW .................................................d
REFUSED ..........................................................r

[F22_Mach_Rent_F]

F23. Profit is the business’ income after all expenses and taxes have been deducted. What was [NAME BUSINESS]'s total profit or loss for calendar year 2005?

PROFIT ..........................................................01 ➔ GO TO F24
LOSS .............................................................02 ➔ GO TO F26
DON'T KNOW .................................................d
REFUSED ..........................................................r

[F23_Profit_Or_Loss_F]
F24. ENTER PROFIT AMOUNT

$ |____|____|____|____|____|____|____| TOTAL PROFIT IN CALENDAR YEAR 2005

DON'T KNOW ......................................................... d
REFUSED ................................................................. r

[F24_Profit_Amt_F]

F25. IF DON'T KNOW OR REFUSED, PROBE WITH RANGES: Would you say it was . . .

$500 or less, ................................................................. 01
$501 to $1,000, .............................................................. 02
$1,001 to $3,000, ........................................................... 03
$3,001 to $5,000, ......................................................... 04
$5,001 to $10,000, ......................................................... 05
$10,001 to $25,000, ....................................................... 06
$25,001 to $100,000, ..................................................... 07
$100,001 to $1,000,000, ............................................... 08
$1,000,001 or more? .................................................... 09
DON'T KNOW .......................................................... d
REFUSED ................................................................. r

[F25_Profit_Amt_Ranges_F]

F26. ENTER LOSS AMOUNT

$ |____|____|____|____|____|____|____| TOTAL LOSS IN CALENDAR YEAR 2005

DON'T KNOW ......................................................... d
REFUSED ................................................................. r

[F26_Loss_Amt_F]
F27. **IF DON'T KNOW OR REFUSED, PROBE WITH RANGES:**Would you say it was . . .

<table>
<thead>
<tr>
<th>Amount Range</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>$500 or less</td>
<td>01</td>
</tr>
<tr>
<td>$501 to $1,000</td>
<td>02</td>
</tr>
<tr>
<td>$1,001 to $3,000</td>
<td>03</td>
</tr>
<tr>
<td>$3,001 to $5,000</td>
<td>04</td>
</tr>
<tr>
<td>$5,001 to $10,000</td>
<td>05</td>
</tr>
<tr>
<td>$10,001 to $25,000</td>
<td>06</td>
</tr>
<tr>
<td>$25,001 to $100,000</td>
<td>07</td>
</tr>
<tr>
<td>$100,001 to $1,000,000</td>
<td>08</td>
</tr>
<tr>
<td>$1,000,001 or more?</td>
<td>09</td>
</tr>
<tr>
<td>DON'T KNOW</td>
<td>d</td>
</tr>
<tr>
<td>REFUSED</td>
<td>r</td>
</tr>
</tbody>
</table>

[F27_Loss_Amt_Ranges_F]
F28. Assets are what the business owns. As of December 31, 2005, did [NAME BUSINESS]'s assets include [NAME ASSET FROM LIST]?

<table>
<thead>
<tr>
<th>YES</th>
<th>NO</th>
<th>DON'T KNOW</th>
<th>REFUSED</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
</tbody>
</table>

a. Cash on hand in checking, savings, money market accounts, certificates of deposit and other time deposits ..............................................................................
[F28a_Asset_Cash_F]

b. Accounts receivable ..............................................
[F28b_Asset_Acct_Rec_F]

c. Product inventory ..................................................
[F28c_Asset_Inv_F]

d. Equipment or machinery .......................................  
[F28d_Asset_Equip_F]

e. Land, buildings, and other structures ....................
[F28e_Asset_LandBuild_F]

f. Vehicles .................................................................
[F28f_Asset_Veh_F]

g. Any other business owned property (SPECIFY)......  
[F28g_Other_Bus_Prop_F]

h. Any other assets? (SPECIFY)..............................
[F28h_Other_Assets_F]

F29. FOR EACH ASSET BUSINESS REPORTED, ASK:  
As of December 31, 2005, what was the estimated value of the [NAME OF ASSET] owned by [NAME BUSINESS]?

$ |____|____|____|____|____|____|____|____| ASSET VALUE AS OF DECEMBER 31, 2005

DON'T KNOW .........................................................d

REFUSED ..............................................................r

[F29_AssetVal_Cash_F]  
[F29_AssetVal_AcctRec_F]  
[F29_AssetVal_Inv_F]  
[F29_AssetVal_Equip_F]  
[F29_AssetVal_LandBuild_F]  
[F29_AssetVal_Veh_F]  
[F29_AssetVal_OthBusProp_F]  
[F29_AssetVal_Other_F]
IF DON'T KNOW OR REFUSED, PROBE WITH RANGES: Would you say it was . . .

$500 or less, .................................................................01
$501 to $1,000, ..............................................................02
$1,001 to $3,000, ...........................................................03
$3,001 to $5,000, ...........................................................04
$5,001 to $10,000, ..........................................................05
$10,001 to $25,000, .........................................................06
$25,001 to $100,000, .......................................................07
$100,001 to $1,000,000, ..................................................08
$1,000,001 or more? ......................................................09
DON'T KNOW .............................................................d
REFUSED ................................................................r

[F29_AssetVal_Cash_Ranges_F]
[F29_AssetVal_AcctRec_Ranges_F]
[F29_AssetVal_Inv_Ranges_F]
[F29_AssetVal_LandBuild_Ranges_F]
[F29_AssetVal_Veh_Ranges_F]
[F29_AssetVal_OthBusProp_Ranges_F]
[F29_AssetVal_Other_Ranges_F]

F30. Liabilities are what the business owes. Other than the loans and the financial debt we've already talked about, did [NAME BUSINESS]'s liabilities as of December 31, 2005 include [NAME LIABILITY FROM LIST]?

<table>
<thead>
<tr>
<th></th>
<th>YES</th>
<th>NO</th>
<th>DON'T KNOW</th>
<th>REFUSED</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Accounts Payable</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>[F30a_Liab_AcctPay_F]</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. Pension and post retirement benefits</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>[F30b_Liab_Pension_F]</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c. Any other liabilities? (SPECIFY)</td>
<td>01</td>
<td>00</td>
<td>d</td>
<td>r</td>
</tr>
<tr>
<td>[F30c_Liab_Other_F]</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>[F30_Other_Specify_F]</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
FOR EACH LIABILITY BUSINESS HAS, ASK: As of December 31, 2005, what was the estimated value of [NAME BUSINESS]'s [NAME OF LIABILITY]?

<table>
<thead>
<tr>
<th>$</th>
<th>_____</th>
<th>____</th>
<th>,</th>
<th>____</th>
<th>____</th>
<th>,</th>
<th>____</th>
<th>____</th>
<th>LIABILITY VALUE AS OF DECEMBER 31, 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>DON'T KNOW</td>
<td>REFUSED</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>[F31_Value_AcctPay_F]</td>
<td>[F31_Value_Pension_F]</td>
<td>[F31_Value_Other_F]</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

IF DON'T KNOW OR REFUSED, PROBE WITH RANGES: Would you say it was . . .

$500 or less, .................................................................01
$501 to $1,000, ...............................................................02
$1,001 to $3,000, ............................................................03
$3,001 to $5,000, ............................................................04
$5,001 to $10,000, .........................................................05
$10,001 to $25,000, .......................................................06
$25,001 to $100,000, .....................................................07
$100,001 to $1,000,000, ...............................................08
$1,000,001 or more? ....................................................09
DON'T KNOW .........................................................d
REFUSED ...............................................................r

[F31_Value_AcctPay_Ranges_F]  
[F31_Value_Pension_Ranges_F]  
[F31_Value_Other_Ranges_F]
G. WORK BEHAVIORS AND DEMOGRAPHICS OF OWNER/OPERATOR(S)

The last section contains questions for classification purposes only.

C4 LISTING OF OWNER/OPERATORS SHOULD BE ASKED THIS SERIES IN THE FOLLOWING ORDER:

RESPONDENT FIRST, THEN OTHER BASELINE OWNER/OPERATORS, THEN NEW OWNER/OPERATORS. NO QUESTIONS WILL BE ASKED ABOUT OWNER/OPERATORS WHO HAVE LEFT.

FOR ALL BASELINE OWNER/OPERATORS IN C4, ASK BLOCK bSectionG1

FOR ALL NEW OWNER/OPERATORS, ASK BLOCK bSectionG2

BLOCK bSectionG1—

G1a. (Are/Is) (you/[OWNER B-J]) also a paid employee at [NAME BUSINESS]?

YES ................................................................................01

NO ..................................................................................00

DON'T KNOW .................................................................d

REFUSED ........................................................................r

[G1a_Emp_Owner_01_F] THROUGH [G1a_Emp_Owner_10_F]

G1b. During the time [NAME BUSINESS] was in business during 2005, how many hours in an average week did (you/[OWNER B-J]) spend working at [NAME BUSINESS]?

<table>
<thead>
<tr>
<th></th>
<th>HOURS WORKED IN AVERAGE WEEK</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>DON'T KNOW .................................................................d</td>
</tr>
<tr>
<td></td>
<td>REFUSED ........................................................................r</td>
</tr>
</tbody>
</table>

[G1b1_Hours_Owner_01_F] THROUGH [G1b1_Hours_Owner_10_F]

IF DON'T KNOW OR REFUSED PROBE: Would you say it was . . .

Less than 20 hours, .................................................................01

20 hours to 35 hours, ..............................................................02

36 hours to 45 hours, ..............................................................03

46 hours to 55 hours, ..............................................................04

56 hours to 65 hours, ..............................................................05

66 hours or more? .................................................................06

DON'T KNOW .................................................................d

REFUSED ........................................................................r

[G1b2_Hours_Ranges_Owner_01_F] THROUGH [G1b2_Hours_Ranges_Owner_10_F]
BASELINE OWNERS/OPERATORS: ANY DEMOGRAPHIC QUESTION G1d-G10a NOT ANSWERED IN BASELINE WILL BE ASKED AGAIN.

ENDBLOCK bSectionG1

BLOCK bSectionG2—for all NEW OWNERS

G1a. (Are/Is) (you/[OWNER B-J]) also a paid employee at [NAME BUSINESS]?

  YES ................................................................................01
  NO ..................................................................................00
  DON'T KNOW ................................................................d
  REFUSED ......................................................................r

G1b. During the time [NAME BUSINESS] was in business during 2005, how many hours in an average week did (you [OWNER B-J] spend working at [NAME BUSINESS]?

[___|___|___] HOURS WORKED IN AVERAGE WEEK

  DON'T KNOW ................................................................d
  REFUSED ......................................................................r

G1b1. IF DON'T KNOW OR REFUSED, PROBE: Would you say it was . . .

  Less than 20 hours,.........................................................01
  20 hours to 35 hours, ......................................................02
  36 hours to 45 hours, ......................................................03
  46 hours to 55 hours, ......................................................04
  56 hours to 65 hours, ......................................................05
  66 hours or more? ..........................................................06
  DON'T KNOW ................................................................d
  REFUSED ......................................................................r

G2. How many years of work experience (have/has) (you/[OWNER B-J]) had in this industry—the one in which [NAME BUSINESS] competes?

[___|___|___] YEARS

  DON'T KNOW ................................................................d
  REFUSED ......................................................................r

G3a. How many other new businesses (have/has) (you/[OWNER B-J]) started besides [NAME BUSINESS]?

|___|___| NUMBER OF BUSINESSES
(ENTER “0” FOR NONE)

DON’T KNOW .................................................................d
REFUSED .................................................................................r

[G3a_Oth_Bus_Owner_01_F] THROUGH [G3a_Oth_Bus_Owner_10_F]

IF ZERO NEW BUSINESSES AT G3a, GO TO G4.

G3b. (Was this/Were any of the) business(es) in the same industry as [NAME BUSINESS]?

YES .................................................................01
NO .................................................................00
DON’T KNOW ...............................................................d
REFUSED .................................................................................r

[G3b_Bus_Same_Ind_Owner_01_F] THROUGH [G3b_Bus_Same_Ind_Owner_10_F]

G4. How old will (you/[OWNER B-J]) be on (your/his/her) next birthday?

OWNER A ................................................................|___|___|

DON’T KNOW .................................................................d
REFUSED .................................................................................r

[G4_Age_Owner_01_F] THROUGH [G4_Age_Owner_10_F]

IF DON’T KNOW OR REFUSED, PROBE WITH RANGES: Would you say . . .

18-24, .................................................................01
25-34, .................................................................02
35-44, .................................................................03
45-54, .................................................................04
55-64, .................................................................05
65-74, .................................................................06
75 or older? ............................................................07
DON’T KNOW ...............................................................d
REFUSED .................................................................................r

[G4a_Age_Ranges_Owner_01_F] THROUGH [G4a_Age_Ranges_Owner_10_F]
Now I have a few questions about race and ethnicity.

G5. (Are/Is) (you/[OWNER B-J]) of Hispanic or Latino origin?

YES ................................................................................01
NO ..................................................................................00
DON'T KNOW ........................................................................d
REFUSED ...............................................................................r

G6. I am going to read a list of race categories. Please choose one or more that best describes (your/[OWNER B-J]'s) race. Are (you [OWNER B-J]) American Indian or Alaska Native, Native Hawaiian or other Pacific Islander, Asian, Black or African American, or White?

AMERICAN INDIAN OR ALASKA NATIVE .................01
NATIVE HAWAIIAN OR OTHER PACIFIC ISLANDER .........................02
ASIAN .............................................................................03
BLACK OR AFRICAN AMERICAN.................................04
WHITE ............................................................................05
OTHER (SPECIFY) ........................................................06

DON'T KNOW ........................................................................d
REFUSED ...............................................................................r

G7. (Were/Was) (you/[OWNER B-J]) born in the United States?

YES ................................................................................01 → GO TO G9
NO ..................................................................................00
DON'T KNOW ........................................................................d
REFUSED ...............................................................................r

G8. (Are/Is) (you/[OWNER B-J]) a U.S. citizen?

YES .................................................................01
NO ........................................................................00
DON'T KNOW .........................................................d
REFUSED .............................................................r


G9. What is the highest level of education (you/[OWNER B-J]) (have/has) completed so far? Would you say . . .

Less than 9th grade,.......................................................01
Some high school, but no diploma, ..............................02
High school graduate (diploma or equivalent
diploma [GED]), ..............................................................03
Technical, trade or vocational degree, .........................04
Some college, but no degree, ........................................05
Associate’s degree, ......................................................06
Bachelor’s degree, .......................................................07
Some graduate school but no degree, ...........................08
Master’s degree, or .....................................................09
Professional school or doctorate? ..............................10
DON’T KNOW .........................................................d
REFUSED .............................................................r

[G9_Education_Owner_01_F] THROUGH [G9_Education_Owner_10_F]

BY OBSERVATION:

G10a. (Are/Is) (you/[OWNER B-J]) male or female?

MALE..............................................................................01
FEMALE .........................................................................02
DON'T KNOW .................................................................d
REFUSED ........................................................................r

[G10_Gender_Owner_01_F] THROUGH [G10_Gender_Owner_10_F]

ENDBLOCK bSectionG2
SECTION G ARRAYED UP TO 10 TIMES, ONCE FOR EACH NEW OWNER.
G11. IF EMAIL ADDRESS COLLECTED AT BASELINE:
Can we confirm your email address?

INTERVIEWER: READ E-MAIL ADDRESS AND CORRECT AS NECESSARY.

IF EMAIL ADDRESS FIELD BLANK FROM BASELINE:
Can you give us an email address where you can be reached?

EMAIL: ____________________________ @ ____________________________
DON’T KNOW ...........................................................................d
REFUSED ...................................................................................r

G12. IF WEBSITE ADDRESS COLLECTED AT BASELINE:
May we confirm your web site address as:

Web Address: ____________________________ . ______________

INTERVIEWER: CORRECT AS NECESSARY  ➔ GO TO G14

IF WEBSITE ADDRESS BLANK FROM BASELINE:
Does [NAME BUSINESS] have its own website?

YES .................................................................................01
NO .................................................................................00  ➔ GO TO G14
DON’T KNOW ...........................................................................d
REFUSED ...................................................................................r

G13. Can you give me the web address?

WEB ADDRESS: ____________________________ . ______________
DON’T KNOW ...........................................................................d
REFUSED ...................................................................................r

G14. Is the business likely to move to another location in the next 12 months?

YES .................................................................................01
NO .................................................................................00  ➔ GO TO G16
DON’T KNOW ...........................................................................d
REFUSED ...................................................................................r
G15. What city and state is the business likely to move to?

CITY:__________________________________________

STATE:________________________________________

DON'T KNOW ......................................................d

REFUSED ............................................................r

G16. IF CONTACT INFORMATION COLLECTED AT BASELINE:
Here is the information we have for a contact person. This information will be held in the strictest confidence, and will only be used if we cannot contact you or someone else associated with the business at the current business phone number or address.

INTERVIEWER: PLEASE ASK FOR ANY INFORMATION THAT IS NOT FILLED IN.

NAME:________________________________________

ADDRESS:____________________________________

CITY:________________________________________

STATE:_______________________________________

PHONE:_______________________________________

EMAIL:_________________@____________________

DON'T KNOW ......................................................d

REFUSED ............................................................r

IF CONTACT INFORMATION IS BLANK FROM BASELINE:
In case we are unable to contact you, can you provide a name and contact information for a person besides yourself who would know how to reach you or someone else associated with [NAME BUSINESS]? All information collected will be held in the strictest confidence, and will only be used if we cannot contact you or someone else associated with the business at the current business phone number or address.

NAME:________________________________________

ADDRESS:____________________________________

CITY:________________________________________

STATE:_______________________________________

PHONE:_______________________________________

EMAIL:_________________@____________________

DON'T KNOW ......................................................d

REFUSED ............................................................r

THANK AND TERMINATE