

# Small Business Index

## Q4 2024

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## The Voice of Small Business Owners

PRESENTED BY



U.S. Chamber of Commerce

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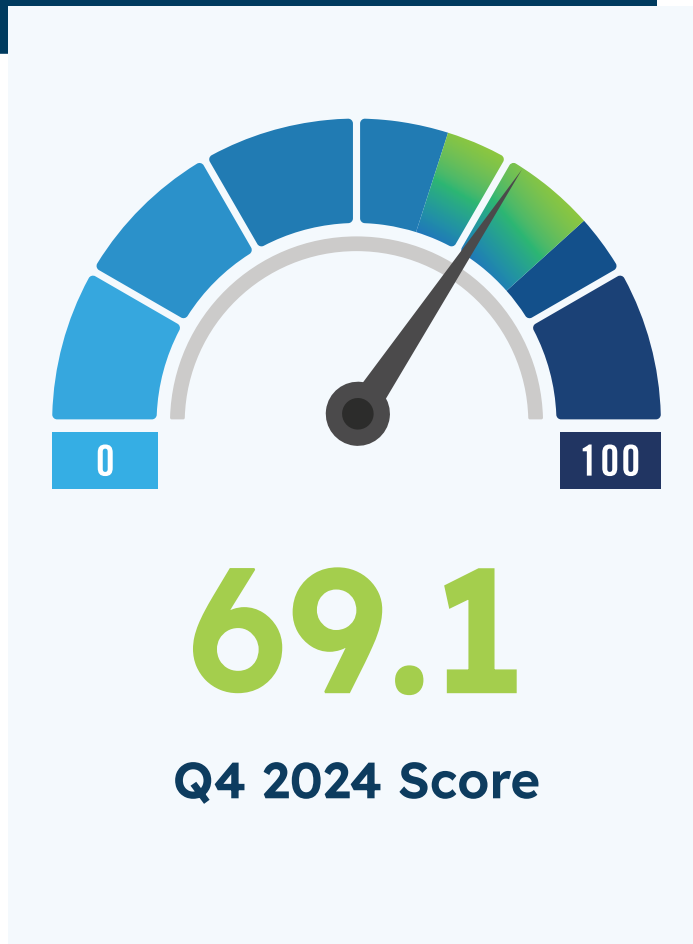
## INDEX SUMMARY

# Despite inflation concerns, small businesses remain optimistic

Half say that licensing, certifications, and permits make it harder to grow

This quarter, the MetLife & U.S. Chamber of Commerce Small Business Index is 69.1, slightly down from last quarter's Index Score of 71.2. However, according to the results of the survey (conducted between October 7 - 21), small business owners and decision makers are generally more positive about their business operations and the economy than they were at the end of 2023 (when the Index was 61.3).

Overall, the survey's findings show that despite continued concerns around inflation, small businesses remain optimistic about future revenue, investment, and hiring. Consistent for the past two years, more than half (55%) of small businesses say inflation is their biggest challenge this quarter. Conversely, seven in ten small businesses (72%) say they expect next year's revenue to increase, stable for the past two quarters and up significantly from Q4 2023 (65%). Meanwhile, 46% say they plan to increase investment, and 41% say they anticipate increasing staff in the next year. Both of these last measures increased significantly from the start of 2024, but are similar to those recorded last quarter.



Small businesses are also more positive about the national and local economy compared to Q4 2023. More small businesses now say the U.S. economy (32%) and their local economy (38%) are in good health compared to this time last year (25% and 30%, respectively).

When it comes to the issue of regulation, small businesses are slightly more likely than last quarter to report that there is an increase in the time or resources spent fulfilling compliance and regulatory requirements compared to six months ago. Small businesses also feel that complying with regulations is more expensive for them than it is for their larger competitors: About seven in ten (69%) small businesses say that small businesses spend more per employee to comply with regulations than larger competitors.

Dealing with regulatory requirements remains a pain point for many small businesses and a majority say it's affecting their growth. Fifty-one percent of small businesses say that licensing, certification, and permit requirements make it harder to grow their business and 47% say that their business spends too much time fulfilling regulatory compliance requirements.

When it comes to finding solutions for regulatory compliance, small businesses turn to a mix of experts and familiar, everyday tools. Small businesses are most likely to say they would turn to a general Google search (77%) when facing a complex compliance issue, followed by other business owners (67%), consultants (65%), and outside legal counsel (59%). Fewer, 43%, say they would turn to social media.

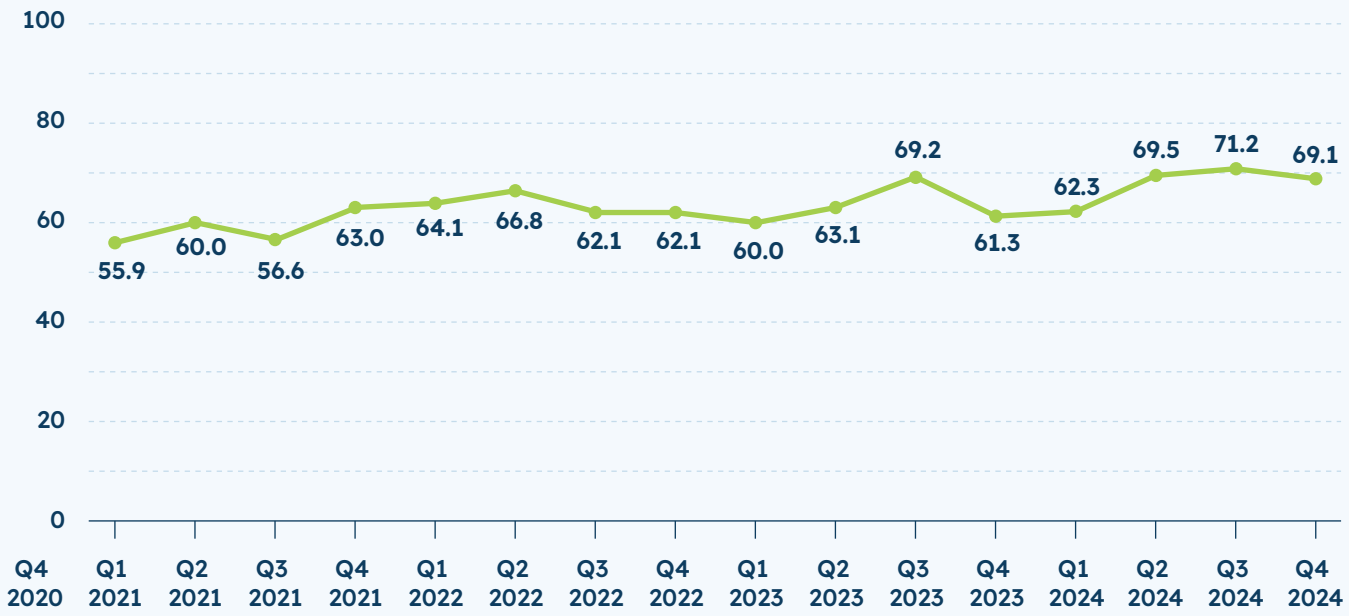
# 72%

of small businesses say they expect next year's revenue to increase





### Small Business Index Score Q1 2021 - Q4 2024



Finally, the survey finds that the Holiday season continues to loom large for small businesses—in terms of profits, hiring, and unique offers. Seven in ten small businesses (70%) say the holiday season is important for their overall profit for the year, levels that are slightly down compared to Q4 2022 (79%).

One in five small businesses (22%) say they plan to hire seasonal employees, down slightly from Q4 2022 (28%). Notably, small businesses who plan to hire seasonal employees are especially likely to say they also plan to offer seasonal discounts (84%) or extend regular business hours (77%). Over half (54%) of small businesses in general say they plan to donate to charitable organizations.

# 70%

**of small businesses say the holiday season is important for their overall profit for the year**





INDEX HIGHLIGHTS

# Small Business Index Q4 2024 – 69.1

The MetLife and U.S. Chamber of Commerce Small Business Index score for Q4 is 69.1. The Q3 2024 Index score was 71.2.



**Index score dips slightly.**

The Small Business Index is 69.1 this quarter, slightly lower than the 71.2 registered last quarter, but up from this time last year (61.3).

**Inflation remains the top challenge.**

55% say inflation is the top challenge facing their business this quarter. This is the tenth consecutive quarter in which 50% or more have cited inflation as their biggest challenge.

**Revenue optimism continues.**

Seven in ten small businesses (72%) say they expect next year's revenue to increase, stable for the past two quarters and up significantly from Q4 2023 (65%).

**Investment and hiring plans remain steady.**

46% say they plan to increase investment, and 41% say they anticipate increasing staff in the next year. Both of these measures increased significantly from the start of 2024, but are similar to those recorded last quarter.

**Small businesses are more positive about the economy than this time last year.**

More small businesses now say the U.S. economy (32%) and their local economy (38%) are in good health compared to this time last year (25% and 30%, respectively).



**Most say regulatory compliance negatively affects business growth.**

Fifty-one percent of small businesses say that licensing, certification, and permit requirements make it harder to grow their business.

**Most likely to turn to search engines, peers when facing regulatory compliance challenges.**

Small businesses are most likely to say they would turn to a Google search (77%), fellow business owners (67%), or consultants (65%) when facing a regulatory compliance issue they can't solve.

**Most say Holidays are vital for profits.**

Seven in ten small businesses (70%) say the holiday season is important for their overall profit for the year, levels that are slightly down compared to Q4 2022 (79%).

**Seasonal hiring, discounts, charity, and extended hours go together.**

Small businesses that plan to hire seasonal employees are especially likely to say they also plan to offer seasonal discounts (84%), extend regular business hours (77%), or volunteer for charitable organizations (54%).

**A majority of small businesses plan to give back during the holidays.**

Over half (54%) of small businesses say they plan to donate to charitable organizations and 40% say they plan to volunteer for charitable organizations this holiday season.



# Almost Three Years On, Inflation Still Dominates Small Business Concerns



## Other concerns don't come close to inflation unease

This quarter, 55% of small businesses cite inflation costs as the biggest challenge facing small business owners. In fact, for almost three years inflation has been the dominant concern of small business: Q4 2024 marks the 12th consecutive quarter that small businesses have cited inflation as their biggest challenge.

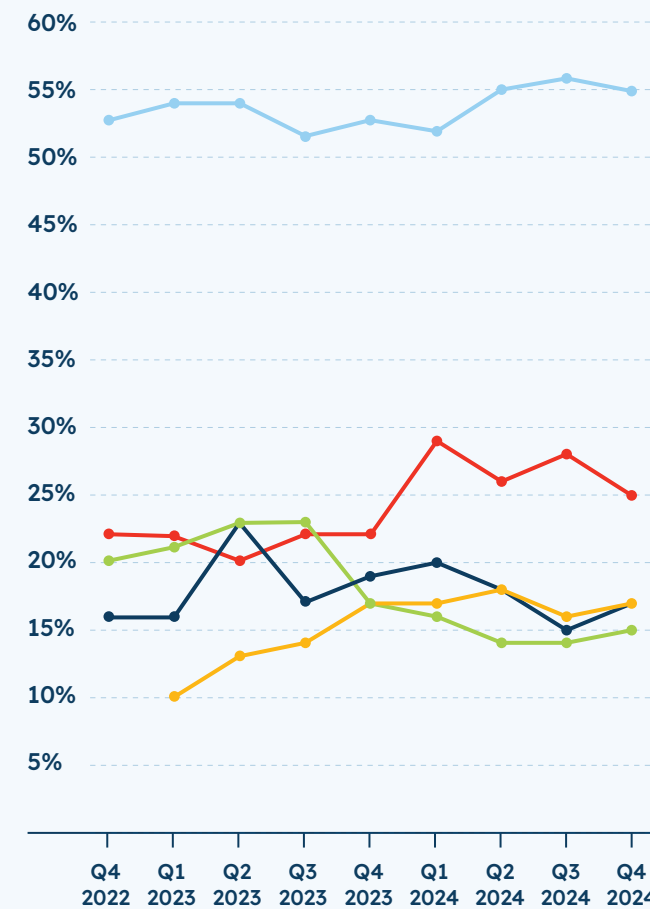
Other concerns don't come close to inflation in small business leaders' minds. Revenue continues to rank as small businesses' second biggest concern (25% selected as top concern) for the fifth consecutive quarter, levels that are similar to last quarter (28%). About one-fifth of small businesses say that affording employee benefits (17%) or rising interest rates (17%) are their biggest concern, levels that are in line with last quarter. Further down the list, one in ten (7%) small businesses say they are most concerned about employee well-being or morale, unchanged from last quarter (6%).

“I wouldn't say permitting and compliance with regulations have been harder. Just time consuming or leave us feeling exploited. For example, every year I have to pay a permit fee...because I roast coffee and must use 'pollution abatement devices.' It seems silly.”

Hrag Kalebjian, President, Henry's House of Coffee, San Francisco, CA

## Top 5 biggest challenges facing small business owners

- Inflation costs
- Supply chain issues
- Revenue
- Interest rates rising
- Affording employee benefits/healthcare



Note: "Interest rates rising" added in Q1 2022. "Affording employee benefits or healthcare" added in Q1 2023

Small businesses in manufacturing (69%) and services (57%) are more likely than those in professional services (44%) to cite inflation as a key problem facing small businesses. About half (52%) of those in retail say the same

Additionally, the smallest small businesses are more concerned about their revenue. Small businesses with 1-4 employees (29%) or 5-19 employees (20%) are more likely to cite revenue as the biggest challenge facing small businesses than those with 20-499 employees (9%).

# 55%

of small businesses cite inflation costs as the biggest challenge facing small business owners

# Regulatory Compliance Has an Outsized Impact on Small Businesses

## Small businesses say complying with regulations is harder for them

Day in and day out, small businesses must deal with a host of regulatory compliance issues. Whether it's paying taxes, filling out permits, or renewing licenses—there is a good deal of paperwork that goes along with running any small business. Dealing with regulatory requirements is a pain point for many small businesses and some of them feel the burden of meeting these requirements falls more heavily on them.

In fact, small businesses feel that complying with regulations is more arduous for them than it is for their larger competitors. About seven in ten (69%) small businesses say that small businesses spend more per employee to comply with regulations than larger competitors. About two in five (42%) say it is difficult to keep up with regulatory and compliance requirements.

When small businesses face a complex regulatory compliance issue, they are most likely to report turning to a general Google search (77%), followed by other business owners (67%), consultants (65%), and outside legal counsel (59%). Small businesses



in the professional services sector are more likely to report that they would likely turn to consultants (75%) or outside/contracted legal counsel (66%) than small businesses in the service sector (57% and 52%, respectively).

While just two in five small businesses say they are likely to turn to social media (43%), those in the retail sector (55%), those owned by Gen Zers or millennials (56%), and those in operation for ten years or less (50%) are more likely than their counterparts to say they would likely to turn to social media regarding a complex regulatory compliance issue.

## Most say regulatory compliance holds back growth

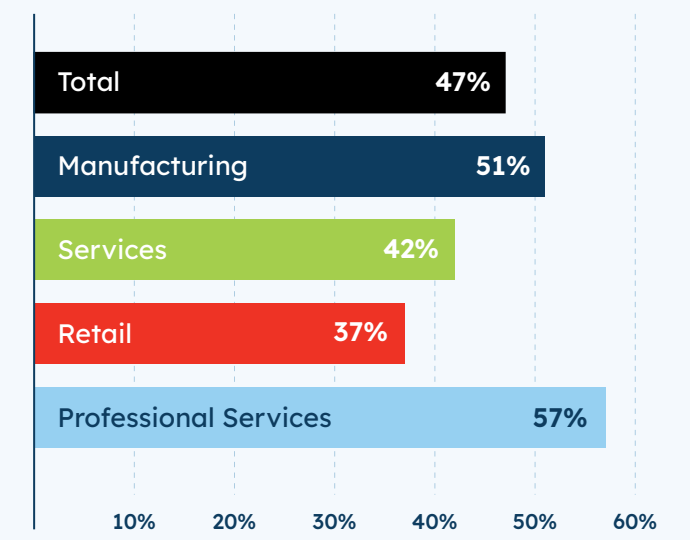
A bare majority (51%) of small businesses say that licensing, certification, and permit requirements make it harder to grow their business. While 47% say that their business spends too much time fulfilling regulatory compliance requirements.

The manufacturing and professional service sectors are more likely to report feeling regulatory burdens than those in retail. Small businesses in manufacturing (51%) and professional services (57%) are more likely than those in retail (37%) to say their business spends too much time fulfilling regulatory compliance requirements. Small businesses in the service sector fall in the middle (42%).

Furthermore, small businesses owned by men are more likely than those owned by women to say that they spend too much time fulfilling regulatory compliance requirements (56% and 36%, respectively).

Business size also informs what small businesses may be spending more time and effort on related to regulatory compliance. While there is no difference in time spent on taxes, small businesses with 20-499 employees are significantly more likely to report spending time on hiring and health insurance benefits compared to those with 1-4 or 5-19 employees. Small businesses with 20-499 employees, as well as those with 5-19 employees, are also more likely than those with 1-4 employees to say they spend time on payroll, cybersecurity, or benefits.

Percentage of small businesses that agree they spend too much time fulfilling compliance and regulatory requirements (by industry)



**“Building permit lead times have increased so much that we decided to cancel an extensive office expansion. The delays make the expansion no longer a good return on investment. While we saved money by canceling the construction, some contractors missed out on the construction project that would have been good for our local economy”**

**Philip Freeman, Founder & CEO  
Murphy's Naturals, Inc., Raleigh, NC**



## Taxes and record-keeping are most arduous, time-consuming tasks

Perhaps not surprisingly, completing taxes and record-keeping are the most time-consuming tasks for small businesses. Although a majority of small businesses say that payroll and licensing take a fair amount of time, they are still more likely to report spending time on taxes and recordkeeping.

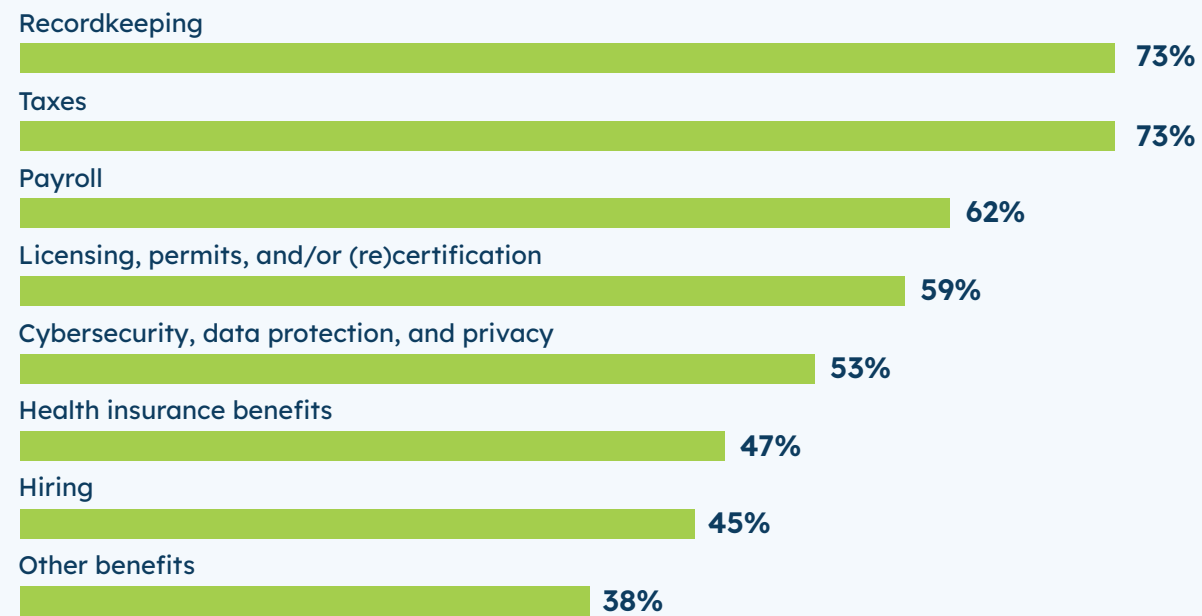
Taxes (73%) and recordkeeping (73%) rank as the top two areas of regulatory compliance that small businesses report spending a great deal or fair amount of time on each year. A majority also say they spend at least a fair amount of time on payroll (62%), licensing, permits, and/or (re)certification (59%), and cybersecurity, data protection, and privacy (53%).

There are some marked differences in reported time spent on various regulatory compliance issues by sector. Small businesses in manufacturing and professional services are more likely to report spending time on licensing, permits, and (re) certification than those in services. Meanwhile, small businesses in retail and professional services are more likely than those in services or manufacturing to report spending time on cybersecurity, data protection, and privacy.

Regulatory compliance is a year-round task, and small businesses generally do not report that a particular season is more time-consuming from a regulatory compliance point of view than others (although slightly more say Q1 is more time-consuming than other quarters). A plurality of small businesses says they spend time or resources evenly throughout the year (33%), 22% say they spend the most time in Q1, 12% in Q2, 15% in Q3, and 17% in Q4.



### Percentage of small businesses that spend either a great deal, or a fair amount of time, on compliance each year



## Most have confidence in their regulatory compliance knowledge

Most small business owners and decision makers have at least some confidence in their knowledge of regulatory requirements. Even so, many report that handling regulatory compliance takes them too long and is hindering their company's growth.

Nearly nine in ten (89%) small businesses agree they are confident in their knowledge about business compliance and regulation requirements. However, small businesses are slightly more likely to say they somewhat agree (47%) than strongly agree (42%) with that sentiment.

Additionally, while most small businesses (85%) agree they stay informed about changes to health care laws and regulations that would affect their business, significantly more say they somewhat agree (49%) than strongly agree (36%) with that statement.



# The Holidays Are Vital to Small Businesses—Especially Retailers

## Seven in ten say holidays are important for their annual profits

Most small businesses say the holiday season is important for their annual profits—but it’s more important for some sectors than others. It’s an especially vital time for small retailers.

Nine in ten small businesses (90%) in retail say that the holiday season is important to their annual profit, compared to 70% of those in services, 64% of those in manufacturing, and 60% of those in professional services. In particular, small businesses in retail are also the most likely of any sector to say the holiday season is very important (65%) compared to those in services (36%), professional services (35%), and manufacturing (26%).

Compared to two years ago—slightly fewer small businesses see the holidays as vital to their profits. Overall, seven in ten small businesses say the holiday season is important for their overall profit for the year. These levels are down nine percentage points compared to this time two years ago (79% in Q4 2022), but in line with Q4 2021 levels (70%).

The importance of the holiday season varies by length of business operation and generation of

business owner. Small businesses in operation for ten years or less are more likely to say the holiday season is important to annual profit compared to those in operation for 11-20 years or 21+ years (76% vs. 62% and 56%, respectively). By generation, small businesses owned by Gen Zers or millennials are more likely than those owned by Gen Xers and baby boomers or older to say the holiday season is important to their overall profit for the year (85% vs. 73% and 43%, respectively).



## Over half of small businesses say they will donate to charity

Over half (54%) of all small businesses say they plan to donate to charitable organizations and 40% say they plan to volunteer for charitable organizations this holiday season.

Larger small businesses with 20-499 employees are more likely to say they plan to donate (69%) or volunteer (56%) compared to those with 1-4 employees (50% and 34%, respectively).



## Almost half plan to offer holiday discounts

Almost half of all small businesses report planning to offer holiday discounts this year—with retailers even more likely to offer them. Just under half (47%) of all small businesses say they plan to offer seasonal discounts during the upcoming holiday season. In retail, about two-thirds (68%) say they plan to offer seasonal discounts.

Larger small businesses are also more likely to report offering seasonal discounts in the upcoming holiday season, including 60% of those with 20-499 employees and 53% of those with 5-19 employees compared to 43% of those with 1-4 employees.

About one in five (22%) small businesses say they plan to hire seasonal employees for the upcoming holiday season. However, more retailers (33%) and Gen Z- or millennial-owned businesses (34%) report

such plans. Overall, reported seasonal hiring plans are in line with Q4 2023 (19%), but they are slightly down from Q4 2022 (28%) and Q4 2021 (29%).

Thirty-nine percent of small businesses say they plan to extend regular business hours for the upcoming holiday season, including 47% of those in retail.

Among small businesses that plan to hire seasonal employees, the majority (78%) say they plan to offer hiring incentives or bonuses to attract seasonal employees. These small businesses that plan to hire seasonal employees also are more likely to say they plan to offer seasonal discounts (84%), extend regular business hours (77%), or volunteer for charitable organizations (54%) this upcoming holiday season compared to those who are not planning to hire seasonal employees (37%, 28%, and 36%, respectively).



# Small Business Operations, Environment and Expectations

## Small Business Operations

Small businesses report stable, positive business health

This quarter, small businesses report stable business health, hiring, and cash flow—with no major statistically-significant changes from last quarter.

Nearly seven in ten small businesses (67%) say their business is in good health this quarter, unchanged from last quarter (66%) and relatively stable since Q2 2022. Similarly, 72% say they are comfortable with their cash flow, similar to last quarter (68%) and one year ago (67%). Additionally, about one-fifth of small businesses (22%) say they have increased staff over the past year, identical to the past two quarters.

Consistent with historical patterns recorded from the start of the survey in 2017<sup>1</sup>, small businesses with more employees are more likely to report good business health, comfort with cash flow, or having increased staff than those with fewer employees. However, male-owned small businesses are more likely this quarter than female-owned small businesses to report comfort with cash flow or staff increases over the past year.



67%

of small businesses say their business is in good health this quarter



## Small Business Environment

Perceptions of economy move up from one year ago

Small businesses' perceptions of the macroeconomic environment remain generally stable from the start of the year—but up from this time last year.

About one in three small businesses (32%) say the U.S. economy is in good health, consistent from Q1 2024, but up significantly from this time last year (25%). When it comes to their local economy, roughly two in five small businesses (38%) say it is in good health, stable throughout 2024 but up from Q4 2023 (30%). Further, about one-third (34%) say competition from smaller or local companies has increased compared to six months ago. This reading is also stable from the start of the year.

Similar to last quarter, small businesses in retail are especially likely to say the national economy is in good health. Compared to those in retail, significantly fewer small businesses in manufacturing or services say the same. Unlike last quarter, however, there are no significant differences in local economic health by sector. Sector-by-sector readings of local economic health resemble those from Q2 2024, the first quarter since Q3 2023 when there were no significant differences in local economic perceptions by sector.

Notably, small businesses are now more likely than last quarter, as well as this time last year, to say the time or resources spent on fulfilling compliance or

While there are no significant differences in reported business health or cash flow comfort by sector, small businesses in retail are more likely than those in services to say they increased staff in the past year (26% vs. 16%, respectively).

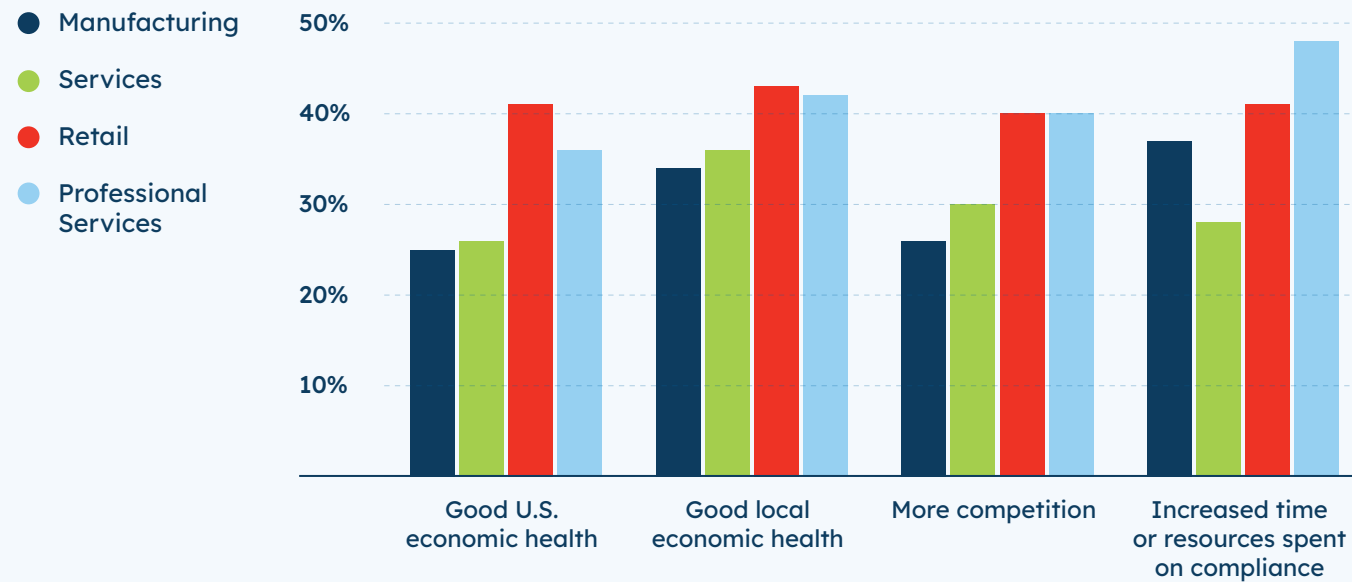
There are also no significant differences in business health or cash flow comfort by length of business operation; however, consistent since Q2 2024, small businesses in operation for 10 years or less, as well as those in operation for 11-20 years, are more likely than those in operation for 21+ years to say they have increased staff in the past year (24% and 25% vs. 10%, respectively).

Further, small businesses owned by Gen Z or millennials continue to be more likely than their older counterparts to say they have increased staff in the past year (30% vs. 19% Gen Xers and 12% baby boomers and older).

1. Beginning in Q2 2020, an online approach was used in place of the typical phone methodology. This change in mode may be responsible for some of the shifts in the data after Q1 2020.



Percentage of small businesses agreeing:



regulatory requirements has increased in the past six months (39% now vs. 33% last quarter and 34% last year, respectively). By sector, small businesses in the retail and professional services sectors are more likely than those in services to say the time or resources spent on fulfilling compliance or regulatory requirements has increased. Those in manufacturing fall in the middle.

In a trend observed for more than a year, male-owned small businesses are more likely than those owned by women to say the national and local economies are in good health. Yet they are also more likely to say that competition, as well as the time or resources spent on compliance, have increased.

Similarly, small businesses owned by Gen Zers or millennials, as well as those in operation for ten years or less, are especially likely to say the U.S. and local economy are in good health.

## Small Business Expectations

### Small businesses remain upbeat about the future

Small businesses continue to remain optimistic about their future and each measure of small business expectations has been stable since Q2 2024.

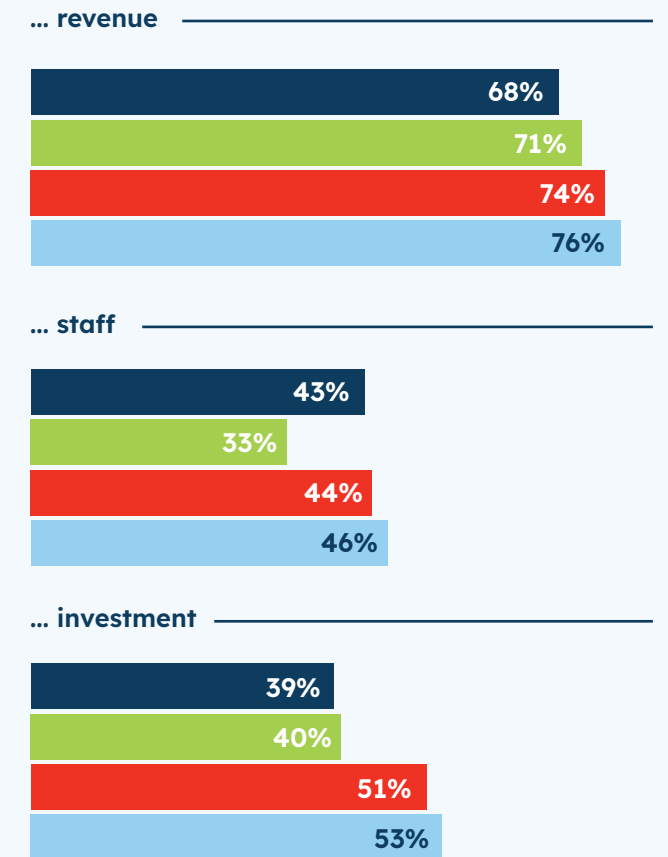
About seven in ten (72%) small businesses say they expect revenue to increase in the next year. Furthermore, 41% of small businesses say they expect to increase their staff, and 46% say they plan to increase investment in the next year.

This quarter, small businesses' plans for increased investment are consistent across business size, but small businesses with 5-19 or 20-499 employees are more likely than those with fewer than five employees to say they expect to increase staff or expect revenue to increase. By sector, small businesses in professional services are more likely than those in services to say they expect to increase staff or investment. There are no major differences by sector, however, when it comes to expectations for increased revenue in the next year.

Similar to last quarter, each measure of business expectations—future increases in revenue, hiring, and investment—varies significantly by length of operation, gender of owner, and generation of owner. Small businesses in operation for ten years or less, as well as small businesses owned by men, Gen Zers or millennials, and Gen Xers, are especially optimistic about future revenue, hiring, and investment compared to their counterparts.

Percentage of small businesses that expect to increase... (by industry)

- Manufacturing
- Services
- Retail
- Prof. Services



“The current health of our business is exceptional—the best year in our 33 years.”

**Victoria Thomas, CFO & Co-owner Kellymoss, Madison, WI**



# Index Snapshots



### Index score dips slightly.

The Small Business Index is 69.1 this quarter, slightly lower than the 71.2 registered last quarter, but up from this time last year (61.3).



### Inflation remains the top challenge.

55% say inflation is the top challenge facing their business this quarter. This is the tenth consecutive quarter in which 50% or more have cited inflation as their biggest challenge.



### Revenue optimism continues.

Seven in ten small businesses (72%) say they expect next year's revenue to increase, stable for the past two quarters and up significantly from Q4 2023 (65%).



### Investment and hiring plans remain steady.

46% say they plan to increase investment, and 41% say they anticipate increasing staff in the next year. Both of these measures increased significantly from the start of 2024, but are similar to those recorded last quarter.



### Small businesses are more positive about the economy than this time last year.

More small businesses now say the U.S. economy (32%) and their local economy (38%) are in good health compared to this time last year (25% and 30%, respectively).



### Most say regulatory compliance negatively affects business growth.

Fifty-one percent of small businesses say that licensing, certification, and permit requirements make it harder to grow their business.



### Most likely to turn to search engines, peers when facing regulatory compliance challenges.

Small businesses are most likely to say they would turn to a Google search (77%), fellow business owners (67%), or consultants (65%) when facing a regulatory compliance issue they can't solve.



### Most say Holidays are vital for profits.

Seven in ten small businesses (70%) say the holiday season is important for their overall profit for the year, levels that are slightly down compared to Q4 2022 (79%).



### Seasonal hiring, discounts, charity, and extended hours go together.

Small businesses that plan to hire seasonal employees are especially likely to say they also plan to offer seasonal discounts (84%), extend regular business hours (77%), or volunteer for charitable organizations (54%).



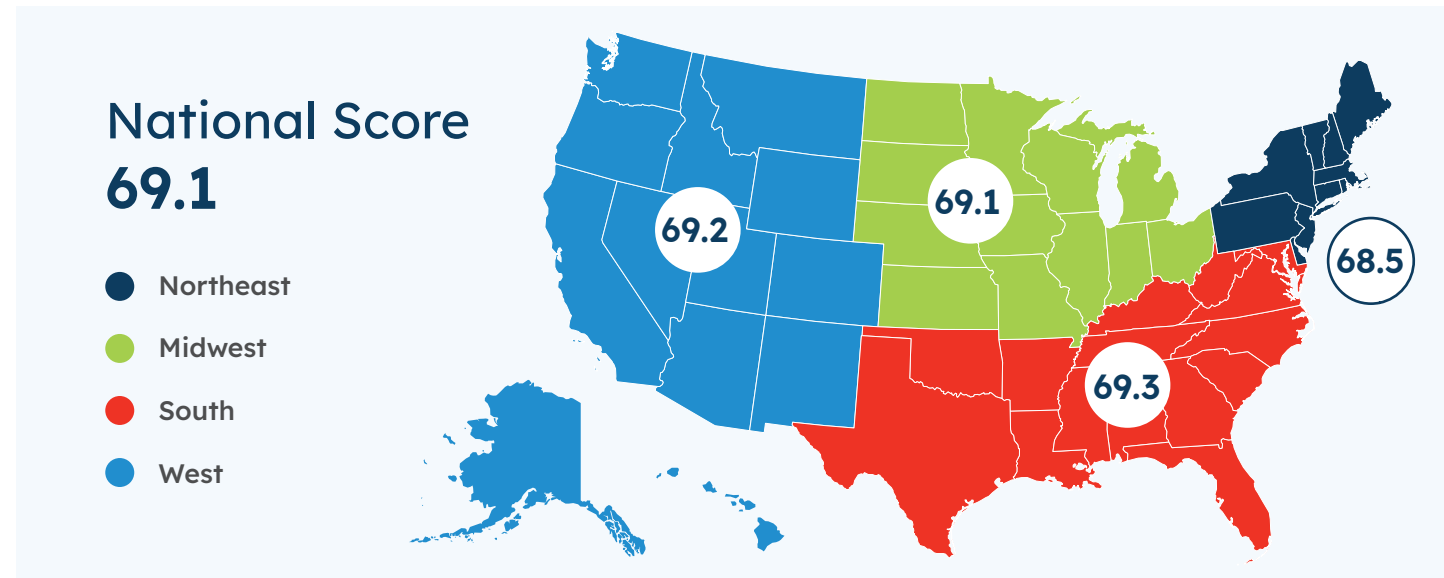
### A majority of small businesses plan to give back during the holidays.

Over half (54%) of small businesses say they plan to donate to charitable organizations and 40% say they plan to volunteer for charitable organizations this holiday season.



# Q4 Small Business Index Scores by Region

Most regions see small decline, tracking larger index



**Northeast (68.5):** About seven in ten small businesses in the Northeast say their business is in good health or that they are comfortable with their cash flow (68% and 72%, respectively). Slightly fewer now say the U.S. economy is in good health compared to last quarter (33% vs. 44%, respectively), but other measures of the business environment—local economic health, competition, and compliance—are stable.

**Midwest (69.1):** Small businesses in the Midwest are more likely to say they have increased staff compared to last quarter (26% vs. 16%, respectively). About two-thirds say their business is in good health (63%), and nearly seven in ten (69%) say they are comfortable with their cash flow. However, small businesses in the Midwest are now slightly less likely to say the U.S. economy is in good health compared to last quarter (25% vs. 35%, respectively).

**South (69.3):** About one-fifth (22%) of Southern small businesses say they have increased staff, down from 31% who said they did so in Q3 2024. Southern small businesses remain more likely than those in the Northeast to say they plan to increase staff in the next year (47% vs. 32%, respectively). They are also more likely than those in the Midwest to say that the U.S. economy is in good health (35% vs. 25%, respectively).

**West (69.2):** Sixty-three percent of small businesses in the West say their business is in good health, similar to last quarter (60%). Roughly one-third report that their local economy (36%) or the national economy (32%) is in good health this quarter, stable from Q3 2024 (28% and 26%, respectively). About seven in ten (73%) say they expect revenue to increase in the next year, aligned with the national average (72%) and stable from last quarter (71%).

# Small Business Index Methodology

These are the findings of an Ipsos poll conducted between October 7 – 21, 2024. For this survey, a sample of 750 small business owners and operators age 18+ from the continental U.S., Alaska, and Hawaii was interviewed online in English.

The sample was randomly drawn from partner online panel sources that specialize in B2B sample and does not rely on a population frame in the traditional sense. Ipsos uses fixed sample targets, unique to the study, in drawing sample. Small businesses are defined in this study as companies with 500 or fewer employees that are not sole proprietorships. This sample calibrates respondent characteristics to be representative of the U.S. small business population using standard procedures such as raking-ratio adjustments. The sample drawn for this study reflects fixed sample targets on firmographics. Post-hoc weights were made to the population characteristics on region, industry sector and size of business. The source of these population targets is U.S. Census 2021 Statistics of U.S. Businesses dataset. Additional post-hoc weights were made to the population characteristics on the gender of the business’s owner and whether the business is minority-owned or not. The source of these two weight variables is the Small Business Administration’s 2023 Small Business Profiles.

Statistical margins of error are not applicable to online non-probability polls. All sample surveys and polls may be subject to other sources of error, including, but not limited to coverage error and measurement error. Where figures do not sum to 100, this is due to the effects of rounding. The precision of Ipsos online polls is measured using a credibility interval. In this case, the poll has a credibility interval of plus or minus 4.4 percentage points for all respondents. Ipsos calculates a design effect (DEFF) for each study based on the variation of the weights, following the formula of Kish (1965). This study had a credibility interval adjusted for design effect of the following (n=750, DEFF=1.5, adjusted Confidence Interval=+/- 5.9 percentage points).

Starting with the March 2020 survey, small business decision makers are reached via an online survey, in place of the typical phone-based approach. This methodological shift was in response to lower anticipated response rates in dialing owners at their businesses as a result of mandated closures related to the COVID-19 outbreak. Switching from a phone to online approach may have also generated a mode effect.

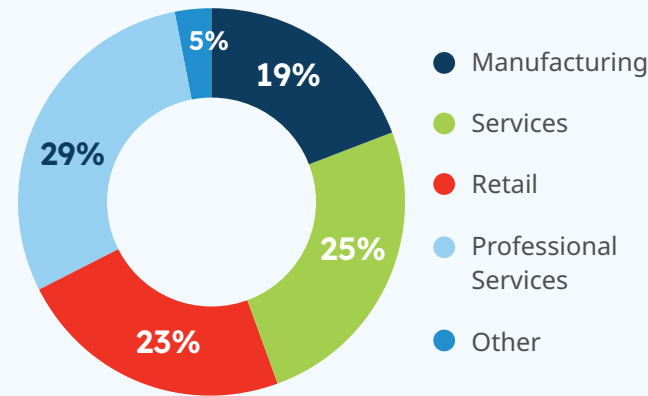
## Index Methodology

To construct national, regional, employee size, and broad industry group level estimates of the health of small businesses in the U.S., a sequence of statistical techniques were applied to the survey results, including elastic net for variable selection and multilevel regression with post stratification (MRP) from the survey data.

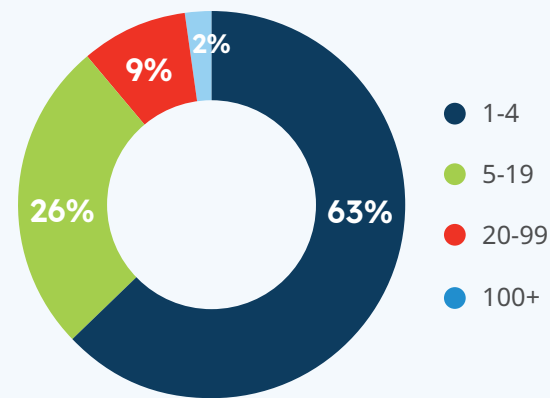
Since each business may report the state of its health by different standards, Ipsos uses the core survey questions to construct a stable, consistent definition of small business status. Each business is then classified into one of three categories: poor, neutral, or good. Once each business is measured on a consistent scale, the survey results are fed into a multilevel regression model to generalize our results to a broader set of businesses enabling us to measure the health of businesses not just nationally but also at the level



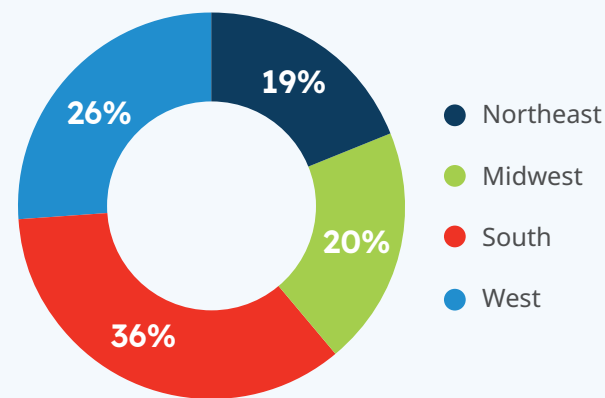
### Breakdown by Sector



### Breakdown by Employee Size



### Breakdown by Region



of state, industry, and business size. The model uses employee size, industry type, and location as individual level predictors, as well as data from the BLS on job change by industry.

Next, to ensure that our model results are reflective of the small business population in the U.S., we adjust our estimates using the number of businesses in the over 5,000 possible combinations of state, industry, and firm-size categories to ensure that the model of business health represents the U.S. population of small businesses.

The process used is known as post-stratification, something which was not possible with the original sample due to sample-size limitations. The population estimates for employee size, industry, and location were obtained from the U.S. Census 2021 Statistics of U.S. Businesses dataset.

Small businesses are categorized into four industry sectors, using the NAICS sector definitions from the U.S. Census.

- **Retail:** Wholesale Trade; Retail Trade; or Accommodation and Food Services
- **Manufacturing:** Agriculture, Forestry, Fishing and Hunting; Mining, Quarrying, and Oil and Gas Extraction; Utilities; Construction; Manufacturing; or Transportation and Warehousing
- **Services:** Educational Services; Health Care and Social Assistance; Arts, Entertainment, and Recreation; or Other Services
- **Professional Services:** Information; Finance and Insurance; Real Estate and Rental and Leasing; Professional, Scientific, and Technical Services; Management of Companies and Enterprises; or Administrative and Support and Waste Management and Remediation Services

## About Us



U.S. Chamber of Commerce

### U.S. Chamber of Commerce

The U.S. Chamber of Commerce is the world’s largest business organization representing companies of all sizes across every sector of the economy. Our members range from the small businesses and local chambers of commerce that line the Main Streets of America to leading industry associations and large corporations. They all share one thing: They count on the U.S. Chamber to be their voice in Washington, across the country, and around the world. For more than 100 years, we have advocated for pro-business policies that help businesses create jobs and grow our economy.

For more information, visit [www.uschamber.com](http://www.uschamber.com).

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MetLife

### MetLife

MetLife, Inc. (NYSE: MET), through its subsidiaries and affiliates (“MetLife”), is one of the world’s leading financial services companies, providing insurance, annuities, employee benefits, and asset management to help its individual and institutional customers navigate their changing world. Founded in 1868, MetLife has operations in more than 40 markets and holds leading market positions in the United States, Japan, Latin America, Asia, Europe, and the Middle East.

For more information, visit [www.MetLife.com](http://www.MetLife.com).

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