



Institute for
Legal Reform



**A presentation of key data from
a national survey of 1,000 small
businesses, including 600
phone and 400 internet
interviews conducted August
19-31, 2010**

#10737



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Methodology:



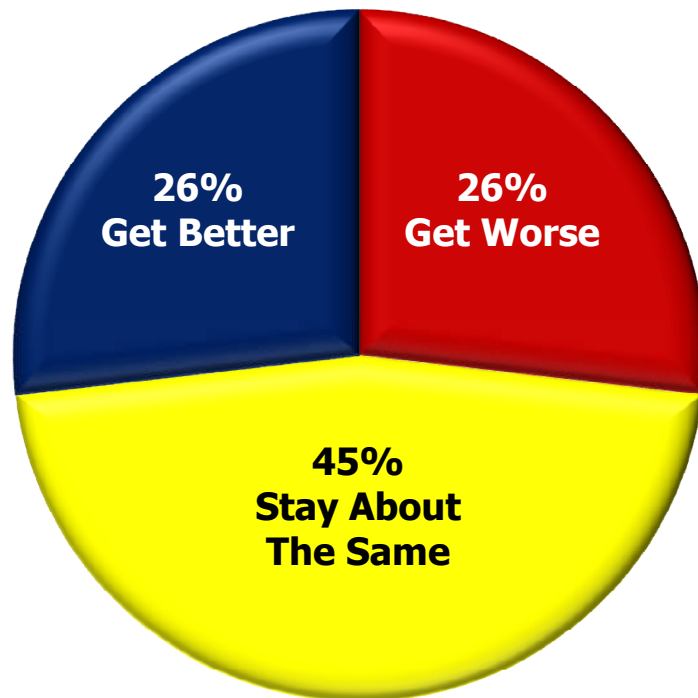
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From August 19-31, 2010, Public Opinion Strategies and Douglas Schoen LLC completed 1000 interviews with individuals who identified themselves as the owner, president, partner, CEO, financial officer or VP/Senior manager at a private company with fewer than 500 employees as per SBA designations for certain small businesses. Ninety-six percent (96%) had fewer than 100 employees, and a majority (58%) had 2-5 employees. Respondents' companies represented a wide range of industries and were located throughout the country. Interviews were conducted both on-line (N=400) and via telephone (N=600) to ensure a wide range of types of businesses and individuals.

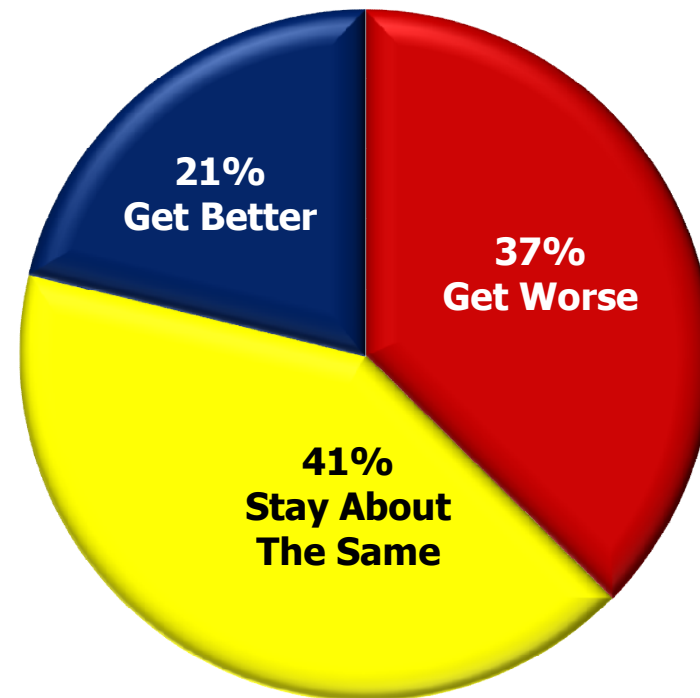
Small business owners are more pessimistic about the state of the economy compared to the average voter.

Economy Get Better/Get Worse in Next Year

All Americans*



Small Business Owners



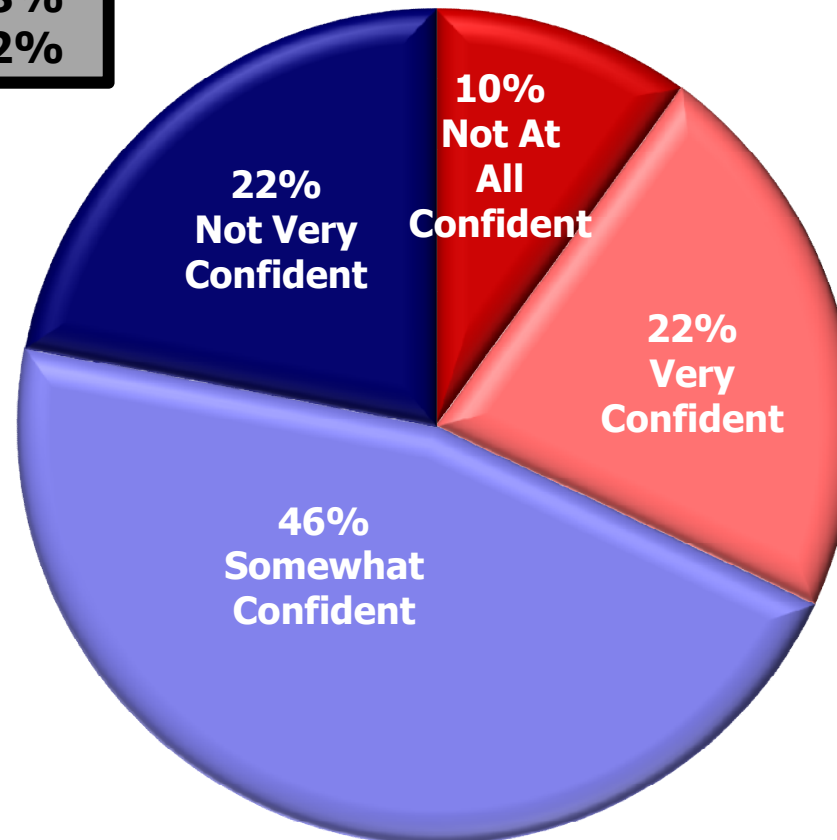
* Trend from NBC/WSJ, among adults (August 26-30, 2010).

Thinking about the economy and comparing this year to last year... During the next twelve months, do you think that the nation's economy will get better, get worse, or stay about the same?

One-third of small business owners are not confident their business will survive.

Confidence in Future of Business

Total Confident	68%
Total Not Confident	32%



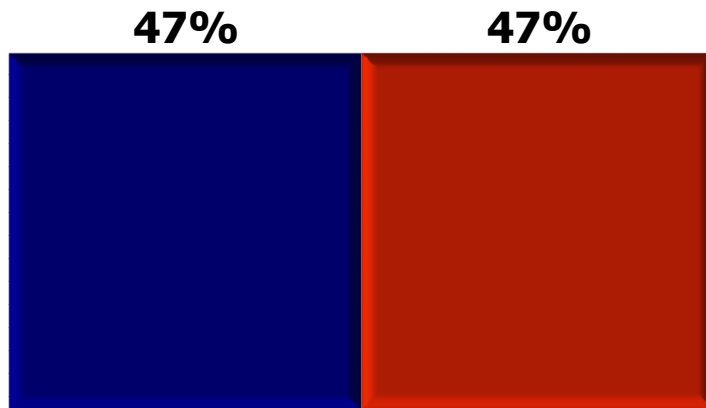
From a financial perspective, how do you feel right now about the future for your business, very confident, somewhat confident, not very confident, or not at all confident?

Two-thirds of small business owners (65%) say government is doing too much that is better left to business and individuals.

Government Do More/Doing Too Much

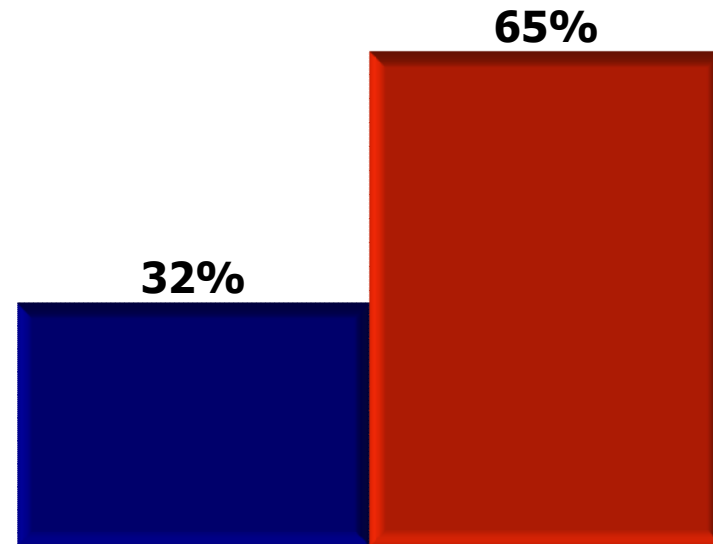
All Americans*

0%



Small Business Owners

-33%



■ Government should do more

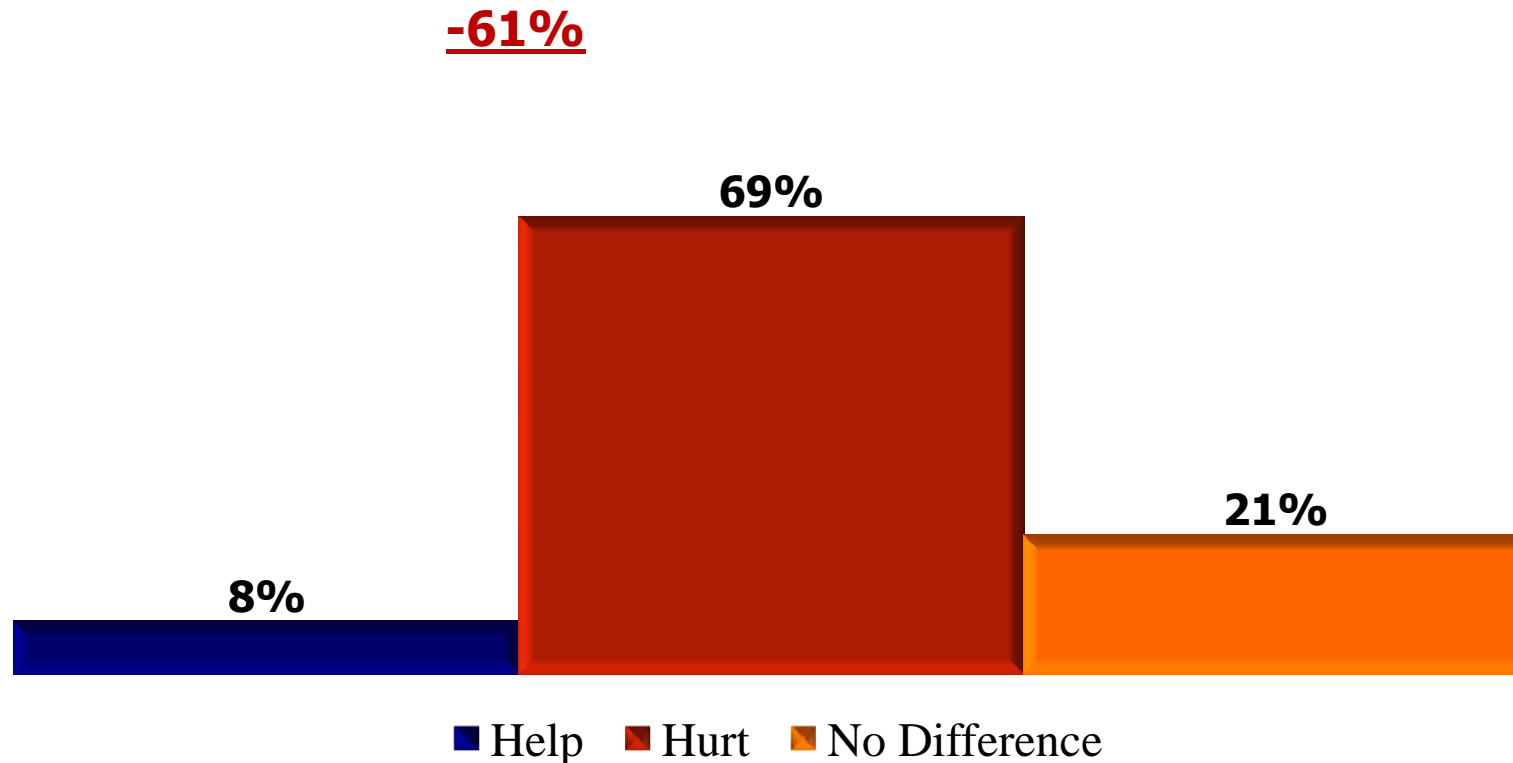
■ Government is doing too many things

* Trend from NBC/WSJ, among adults (August 26-30, 2010).

I'm going to read you two statements about the role of government, and I'd like to know which one comes closer to your point of view. Government should do more to solve problems and help meet the needs of people, OR Government is doing too many things better left to businesses and individuals.

Seven-in-ten small business owners believe Washington is more likely to hurt rather than to help small businesses like theirs.

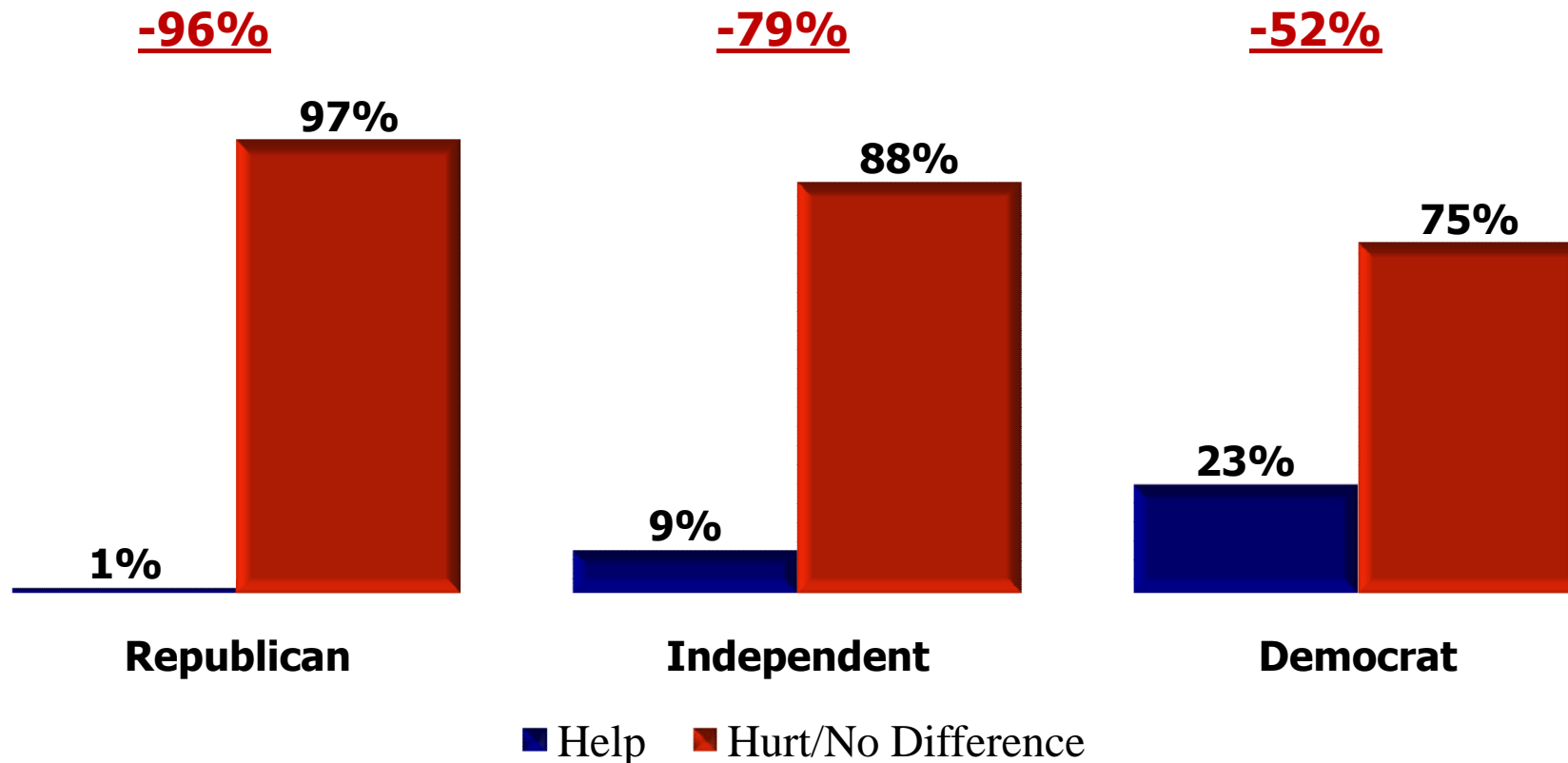
Regulations Coming From Washington Hurt/Help Small Businesses



And when you think about the policies and regulations coming from Washington these days, would you say they are more likely to help or hurt small businesses like yours, or do they not make much difference one way or the other?

This sentiment crosses party lines.

Regulations Coming From Washington Hurt/Help Small Businesses by Party



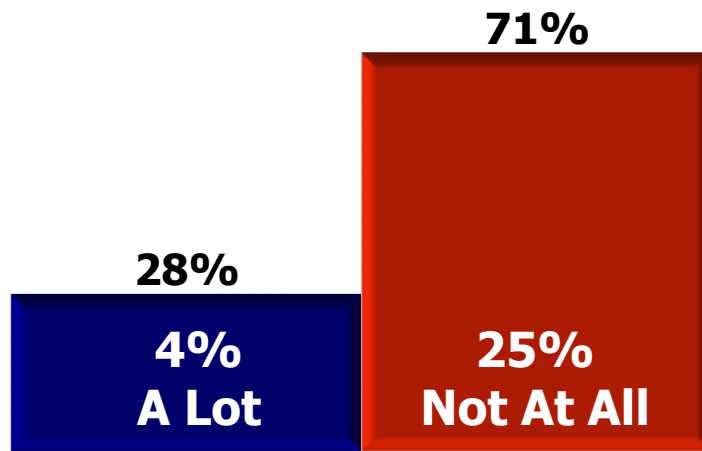
And when you think about the policies and regulations coming from Washington these days, would you say they are more likely to help or hurt small businesses like yours, or do they not make much difference one way or the other?

There's a huge discrepancy between what small business owners feel their impact is in Washington, and what they feel it should be.

Impact of Small Businesses on Washington Decisions

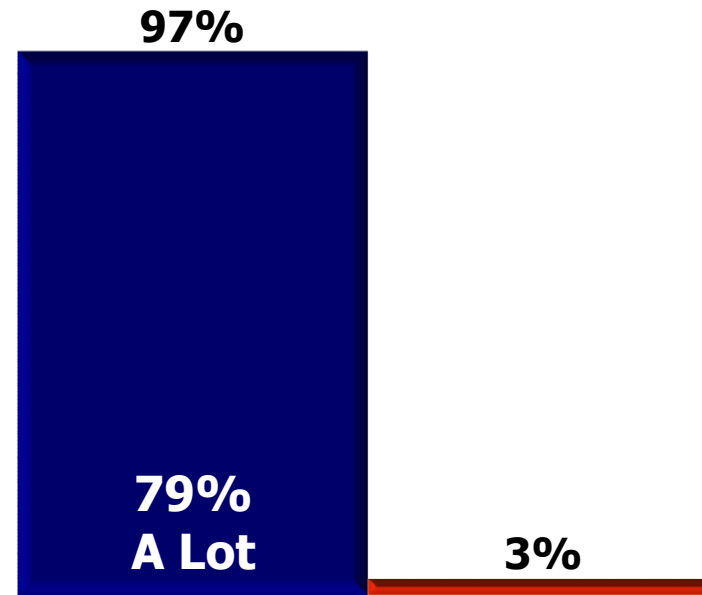
How Much Ideas Are Taken Into Account

-43%



How Much Ideas Should Be Taken Into Account

+94%



■ A Lot/Some ■ Not Much/Not At All

And many groups and industries try to impact decisions made in Washington, but focusing on two groups, how much do you think their ideas and points of view are taken into account in Washington—a lot, some, not much, or not at all?

And in terms of how much these groups' ideas and points of view should be taken into account in Washington, please tell me again, should the ideas and points of view of small businesses be taken into account a lot, some, not much, or not at all?

Given this great concern about the role of Washington, it is not surprising that these small business owners are looking for change in the upcoming elections. This is evident in their responses to multiple questions, with even stronger responses than we are seeing with the broader public.

#1. Interest in the election is higher among small business owners than among Americans overall.

Interest in Election

% 8-10 All Americans*

70%

% 8-10 Small Business Owners

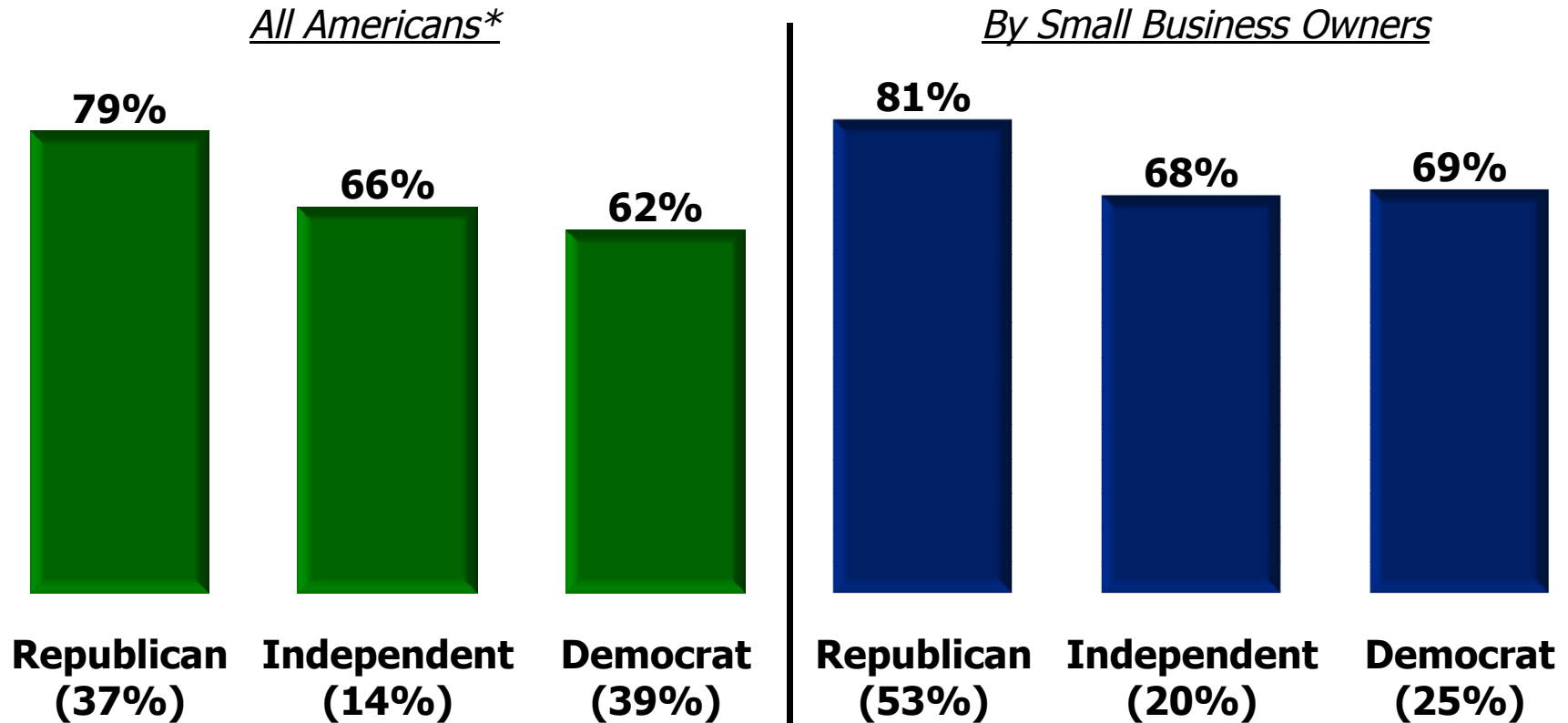
75%

* Trend from NBC/WSJ, among adults (August 26-30, 2010).

On a scale of one to ten, with one meaning not at all interested and ten meaning very interested, please indicate how interested you are in the upcoming election.

Interest is higher across the political spectrum with small business owners.

%8-10 Interest in Election by Party



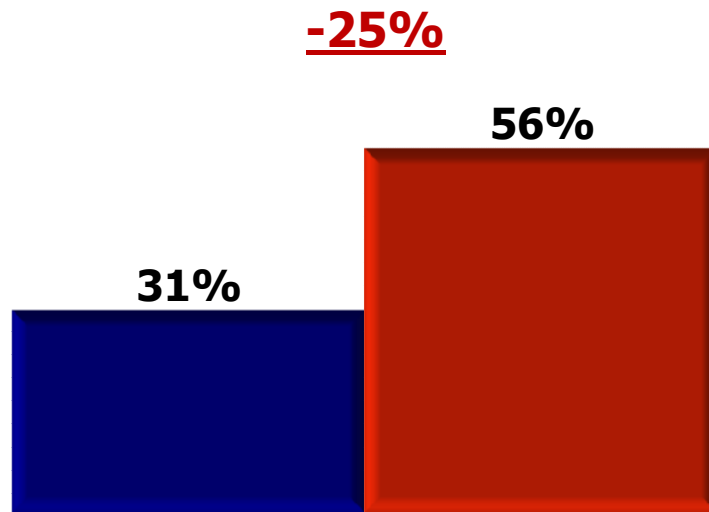
** Trend from NBC/WSJ, among adults (August 26-30, 2010).*

On a scale of one to ten, with one meaning not at all interested and ten meaning very interested, please indicate how interested you are in the upcoming election.

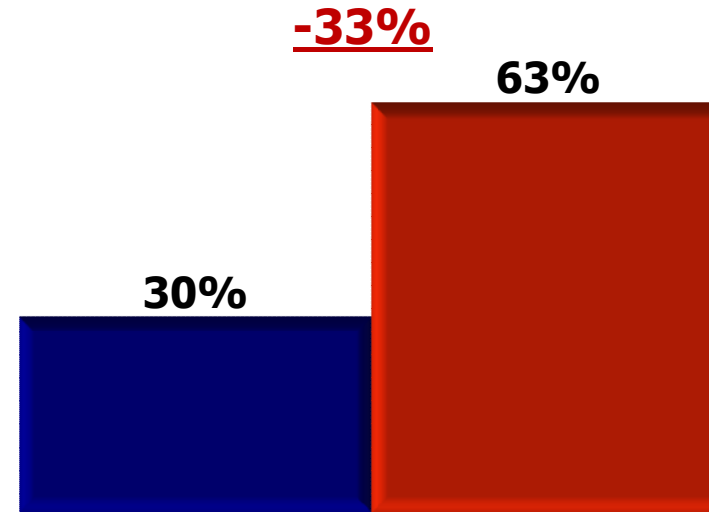
#2. By a two-to-one margin, small business owners are more likely to say that it is time to give a new person a chance, rather than say their Member of Congress deserves re-election.

Re-elect/Give New Person a Chance

All Americans*



Small Business Owners



■ Deserves to be re-elected

■ Give new person a chance

* Trend from NBC/WSJ, among adults (August 26-30, 2010).

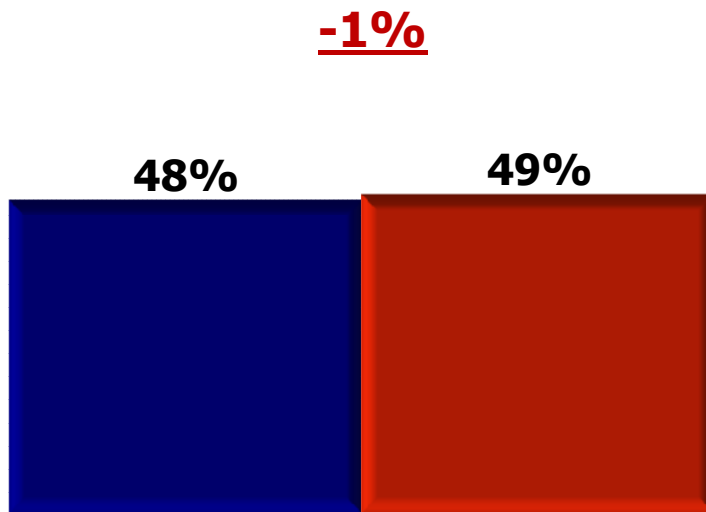
In the next election for U.S. Congress, do you feel that your representative deserves to be reelected, or do you think that it is time to give a new person a chance?

#3.

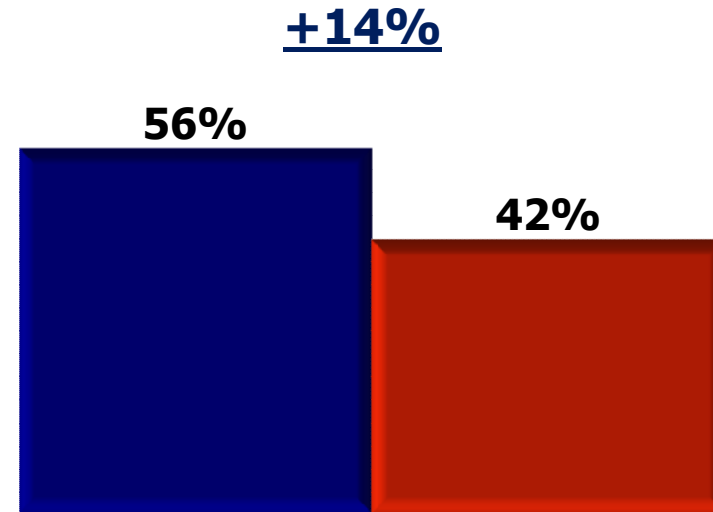
A majority of small business owners would hand every single Member of Congress a pink slip.

Defeat and Replace All Incumbents

All Americans*



Small Business Owners



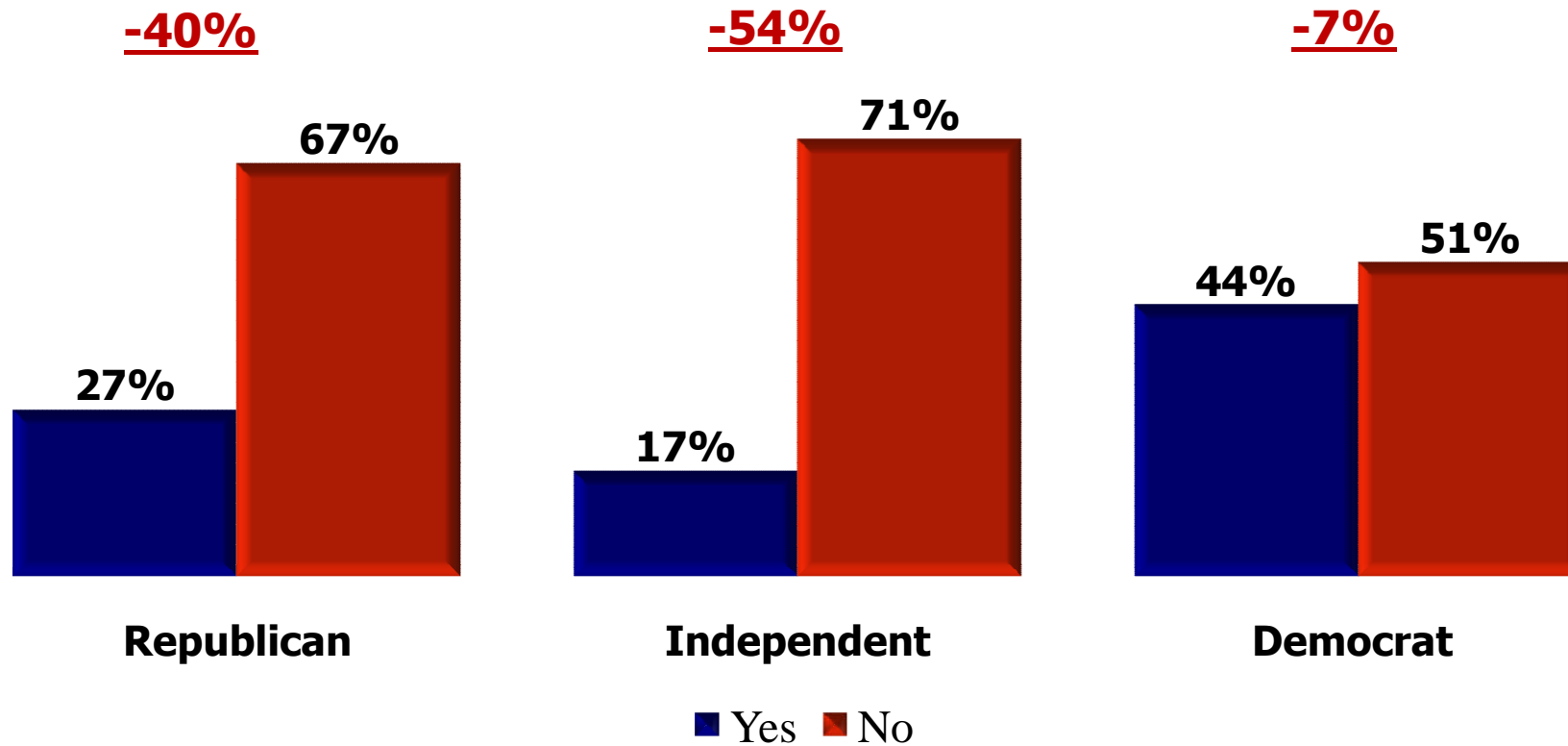
■ Yes ■ No

* Trend from NBC/WSJ, among adults (August 26-30, 2010).

If there were a place on your ballot that allowed you to vote to defeat and replace every single member of Congress, including your own representative, would you do this, or not?

This anti-incumbent sentiment crosses party lines among small business owners.

Defeat and Replace All Incumbents by Party



If there were a place on your ballot that allowed you to vote to defeat and replace every single member of Congress, including your own representative, would you do this, or not?

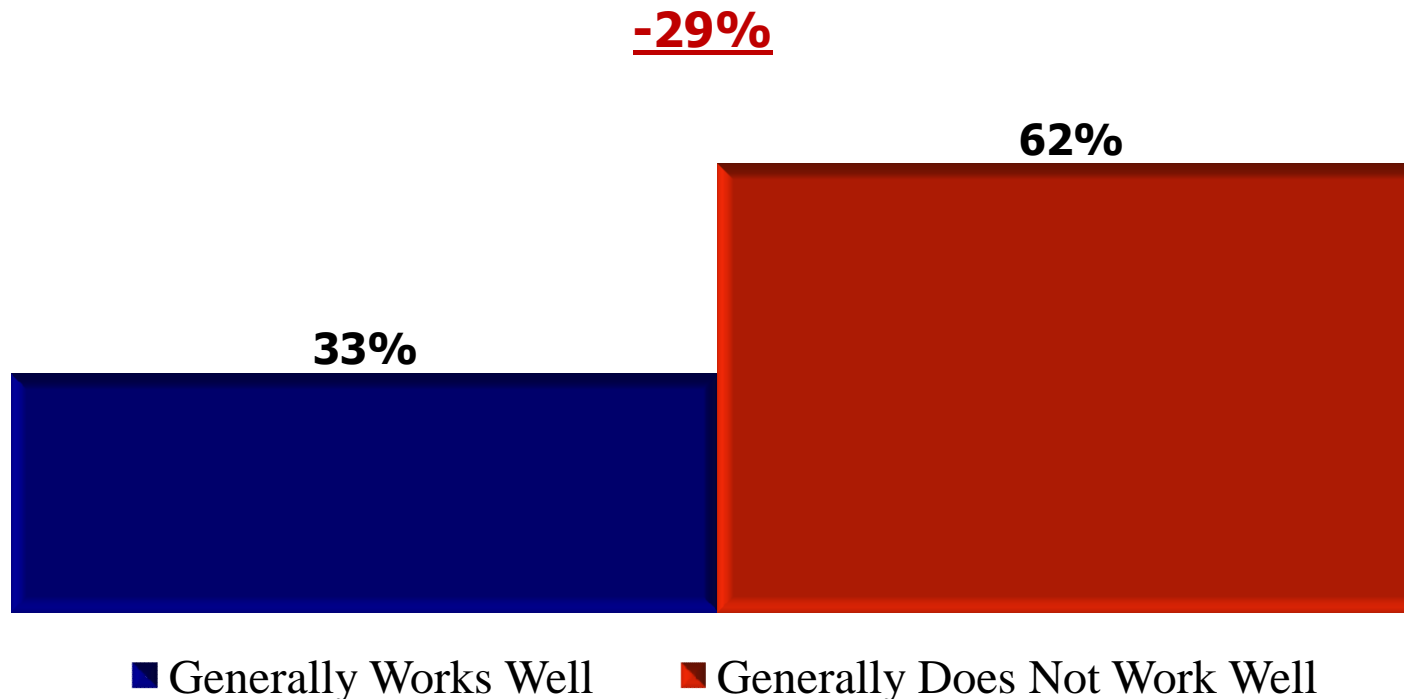


Lawsuits

One area where business owners are seeking help is in the arena of lawsuit reform.

Overwhelmingly, small business owners say the lawsuit system does not work well.

Lawsuit System Does/ Does Not Work



Switching to one issue that affects many businesses today—As you may know, there are two parts of the American legal system, the criminal system and the civil system, which deals with lawsuits. We are going to be focusing on the civil system of lawsuits. Would you say our current lawsuit system generally works well, or generally does not work well?

Small business owners identify more with a statement detailing problems with the lawsuit system, rather than one touting its virtues.

On balance, the lawsuit system is not working well because trial lawyers clog the courts with lawsuits, real victims have to wait for justice, and Americans are paying the price—in fewer good jobs, higher insurance premiums, and higher prices for everyday products and services.

% Describes My View Very Well

50%

% Describes My View At All Well

83%

On balance, the lawsuit system works well because without it average people simply do not have the resources to stand up to giant corporations on their own. Many companies today care more about profits than people, and we need to protect average citizens' ability to hold wrongdoers accountable by having their day in court.

22%

67%

Now, I would like to read some statements that you might hear about our current civil lawsuit system. After each one, please tell me how well that statement describes how you feel. Would you say very well, somewhat well, not so well, or not well at all?

Small business owners by far believe that the number of lawsuits against companies has increased, or at least stayed the same—and expect the trend to continue.

Number of Lawsuits Increased/Decreased

	<i><u>In Past Five Years</u></i>	<i><u>In Next Five Years</u></i>
Increased	64%	68%
Decreased	3%	3%
Stayed about the same	27%	27%

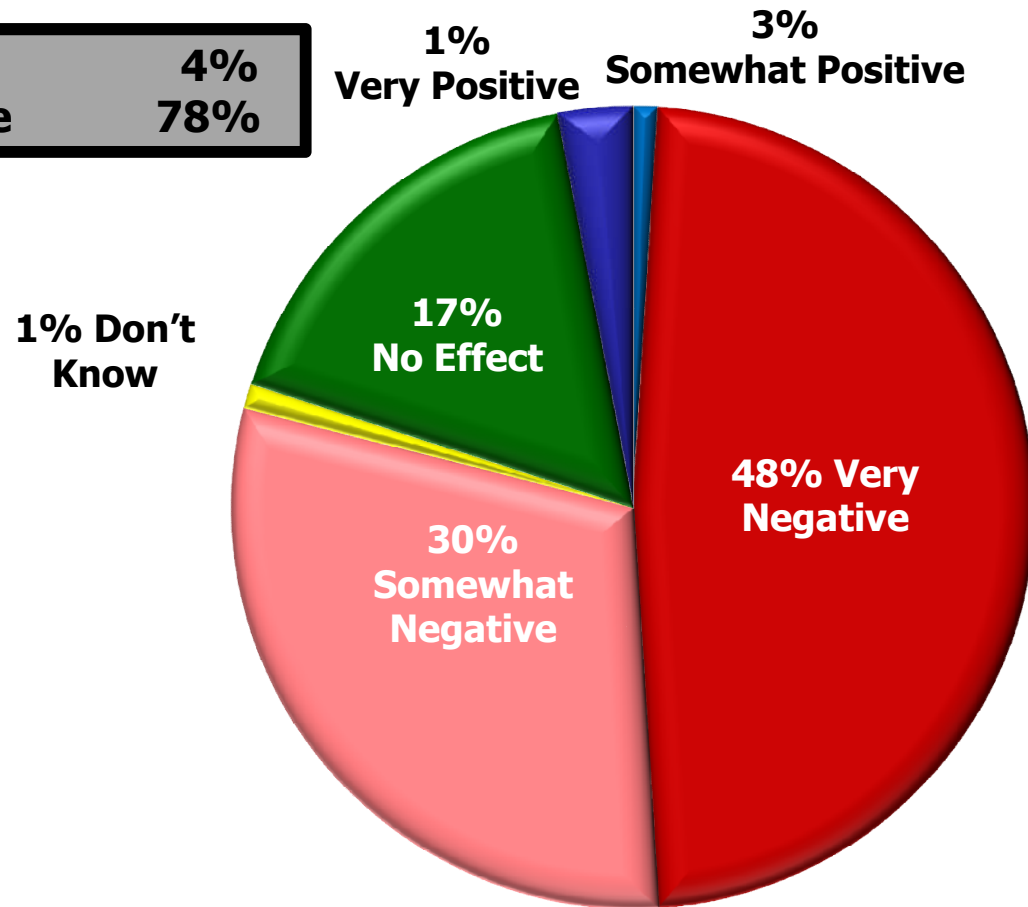
And do you think the number of lawsuits against companies in the last five years or so has increased, decreased, or is about the same?

Looking ahead over the next five years, would you expect the number of lawsuits against companies to increase, decrease, or stay about the same?

Almost half of all small business owners see an increase in lawsuits as “very negative” for the economic climate in which they operate.

More Lawsuits Positive/Negative Effect on Economic Climate

Total Positive	4%
Total Negative	78%

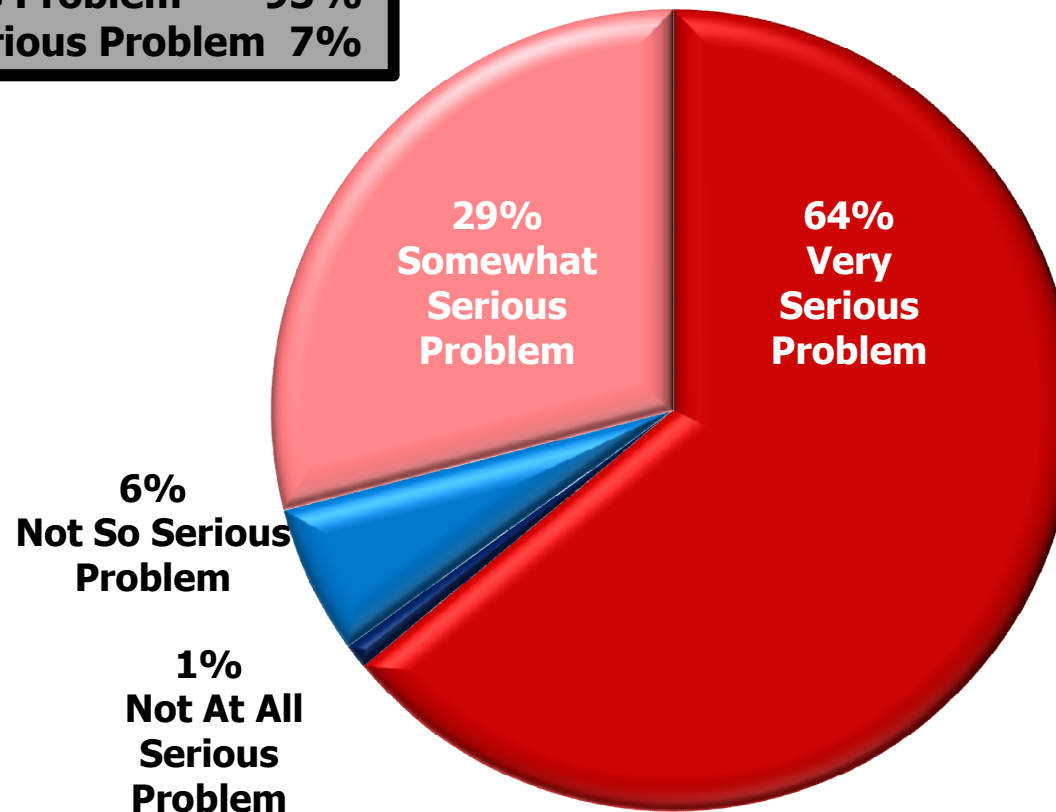


And, if Congress passed laws allowing trial lawyers to bring more lawsuits, do you think that would be more likely to have a positive or negative effect on the economic climate affecting your business, or would it not have much effect one way or the other?

Frivolous lawsuits are considered an intensely serious problem by small business owners.

Seriousness of Frivolous Lawsuits

Total Serious Problem	93%
Total Not Serious Problem	7%



And, if Congress passed laws allowing trial lawyers to bring more lawsuits, do you think that would be more likely to have a positive or negative effect on the economic climate affecting your business, or would it not have much effect one way or the other?

Fear of a lawsuit is founded in personal experience:

One-in-three small business owners (35%) say they have either been sued or threatened with a lawsuit in the last two to three years.

Respondents provided vivid examples of lawsuits affecting their business.

"We won the case, but the people bought an ocean front room. There were palm trees in their view and so they thought they didn't get what they paid for because there were palm trees on the beach. We won the lawsuit. Do you see how frivolous that is?"

Tennessee Republican woman travel agent in business more than 15 years

"She is claiming that she slipped on tar that we put down. Well, actually none because we don't work with tar number one. It really has nothing to do with us, but we're being named also amongst other people in the lawsuit. I just think the poor woman slipped and fell. I don't think it's anybody 's problem or fault. That's what happened. It's just those frivolous lawsuits. Her attorney told her that she had a good case and that she could make some money... If it does come back that we're liable, it's going to have an impact on our company."

New York Democratic woman in construction industry and been in business 15 or more years

The recession has made the financial impact of a lawsuit on a small business even more acute.

Statements About Lawsuits

% Strongly Agree

% Total Agree

With the economy like it is, it would be more difficult for my company to absorb the additional cost, time and other issues related to a lawsuit.

73%

92%

Unlike other challenges facing my company such as health care costs or employee issues, lawsuits are different because they are unplanned events that could hurt my business without warning.

60%

92%

And do you agree or disagree with the following statements?

Small business owners see distinct financial repercussions from a lawsuit.

Impacts of Lawsuits on Small Businesses

A small business could have to increase the cost of the products or services it provides.



A small business' reputation or individuals at the company's reputation is hurt.



A small business could have its ability to get credit affected by a lawsuit.



A small business' cost of doing business could increase so that they hold back on hiring new employees.



A small business' cost of doing business could increase, so that they cut back on providing employee benefits for employees already with the company.



A small business could have to limit the types of products or services it can bring to market.



A small business has to spend more time and energy trying to avoid lawsuits, rather than serving customers or other core operations.



■ Almost Certain ■ Certain/Very Likely

I would like to read you a list of ways some small businesses have told us that the possibility of a lawsuit has affected their company or how they operate. To clarify, we are defining a small business for the purposes of this survey as a company who employs fewer than five hundred people. For each of the following, please tell me how likely you think it is that small businesses would be impacted in that way by a lawsuit or the possibility of a lawsuit—almost certain to happen, very likely to happen, somewhat likely to happen, or not that likely to happen?



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