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**Isaac M. O'Bannon** • Jul. 30, 2014

As new and alternative funding sources target small businesses and increasingly penetrate the U.S. market, less than three percent of U.S. microbusiness owners report using government loans (2.7%), small business loans (2.4%) or crowd-funding (1.9%) to fund their business, according to the Sam's Club/Gallup Microbusiness Tracker.

More than 60 percent of new microbusiness owners rely on non-retirement, personal savings as the lead source of funding for their businesses, four in ten owners (43.4%) use credit cards and one in five (22%) use money from friends and family. The quarterly survey of 1,004 U.S. firms with five or fewer workers also found U.S. microbusinesses started in the past year are 30 percent more likely to use personal savings (79.1%) to maintain their business than mature businesses (50.5%).

In the most recent [Sam's Club/Gallup Microbusiness Tracker](#), conducted May 8-26, 2014, microbusiness owners reported that in the past 12 months, two in five microbusiness owners (40.4%) have had to dip into personal or retirement savings to improve their bottom line, while 42 percent have increased the price of their goods and services.

### **Confidence in Business, but Not the Economy**

The Sam's Club/Gallup Microbusiness Tracker explores the emotional and economic concerns of the country's smallest businesses that employ one out of every ten Americans. The survey reveals that more than half (54.9%) of owners foresee the

economy to worsen, yet 70 percent are energized by their work and six in ten (65.2%)

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“Despite concerns over worsening economic conditions, U.S. microbusiness owners are confident in nearly every dimension of work and life. This vital segment of the U.S. economy is passionate about their choice to pursue a small business venture and unwavering in their commitment to serving consumers with an intense focus on quality no matter how many other factors or challenges they may face,” said Rosalind Brewer, president and CEO of Sam’s Club.

### **High Job Satisfaction Driving Vacation Time**

During the country’s peak season for travel and downtime, U.S. microbusiness owners emphatically responded they are taking time off, with 83 percent planning a vacation this year. East Coast residents (25%) were most likely to opt out of a vacation. In contrast, only 12 percent of Midwestern microbusiness owners and 15 percent of Southern microbusiness owners said they are skipping vacations.

Road trips within 500 miles of home are most microbusiness owners’ vacation of choice (46%), providing possibilities of staying connected to business through wireless technology. With a considerable 49 percent of microbusiness owners strongly agreeing they have the technology they need to run the key functions of their companies, there is increased ability to conduct necessary tasks while taking time to recharge.

While road trips are by far the most popular vacation type for this group, 19 percent plan to fly to a U.S. destination for time away. Less popular vacations among microbusiness owners include flying outside the country (14%) or taking a cruise (3%).

### **Planning for the Future: Retirement Savings and Health Benefits**

One of the few areas of emerging anxiety across the board for microbusiness owners is a concern about long-term investments with 43 percent indicating they are

worried about retirement.

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savings.

- East Coasters are the most nervous about the saving for the future (49%) while Midwest microbusiness owners are the least apprehensive (39%).

As concern for retirement savings is consistent with past reporting, concern for healthcare benefits has decreased by more than 10 percent. Only a third of U.S. microbusiness owners today are concerned about worker healthcare benefits today (36%) compared to Sam's Club/Gallup Microbusiness Tracker reporting from December 2013 (48%) and April 2014 (41%).

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