2023 Firms in Focus

**Findings from the
2022 Small Business Credit Survey**

Published May 2023
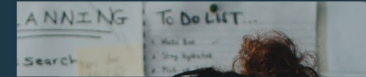
Chartbook on Connecticut Employer Firms

About the Small Business Credit Survey

- The Small Business Credit Survey (SBCS) is an annual survey of firms with fewer than 500 employees.

- Data in this chartbook represent findings from the 2022 survey year. The survey was fielded September through November 2022.

- The figures in this chartbook show data for employer firms only. Employer firms are firms with at least one employee in addition to the owner(s). For chartbooks on state and metropolitan statistical area (MSA) findings, the "US employer firms" comparison bars show data for the national SBCS sample.

- Estimates are shown only when the corresponding sample includes 50 or more observations.

- For more Small Business Credit Survey content, visit FedSmallBusiness.org.

Suggested Citation

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Firm Performance

Data on revenue and employment changes in the prior 12 months and expectations for the next 12 months

Revenue change, prior 12 months
(% of employer firms)
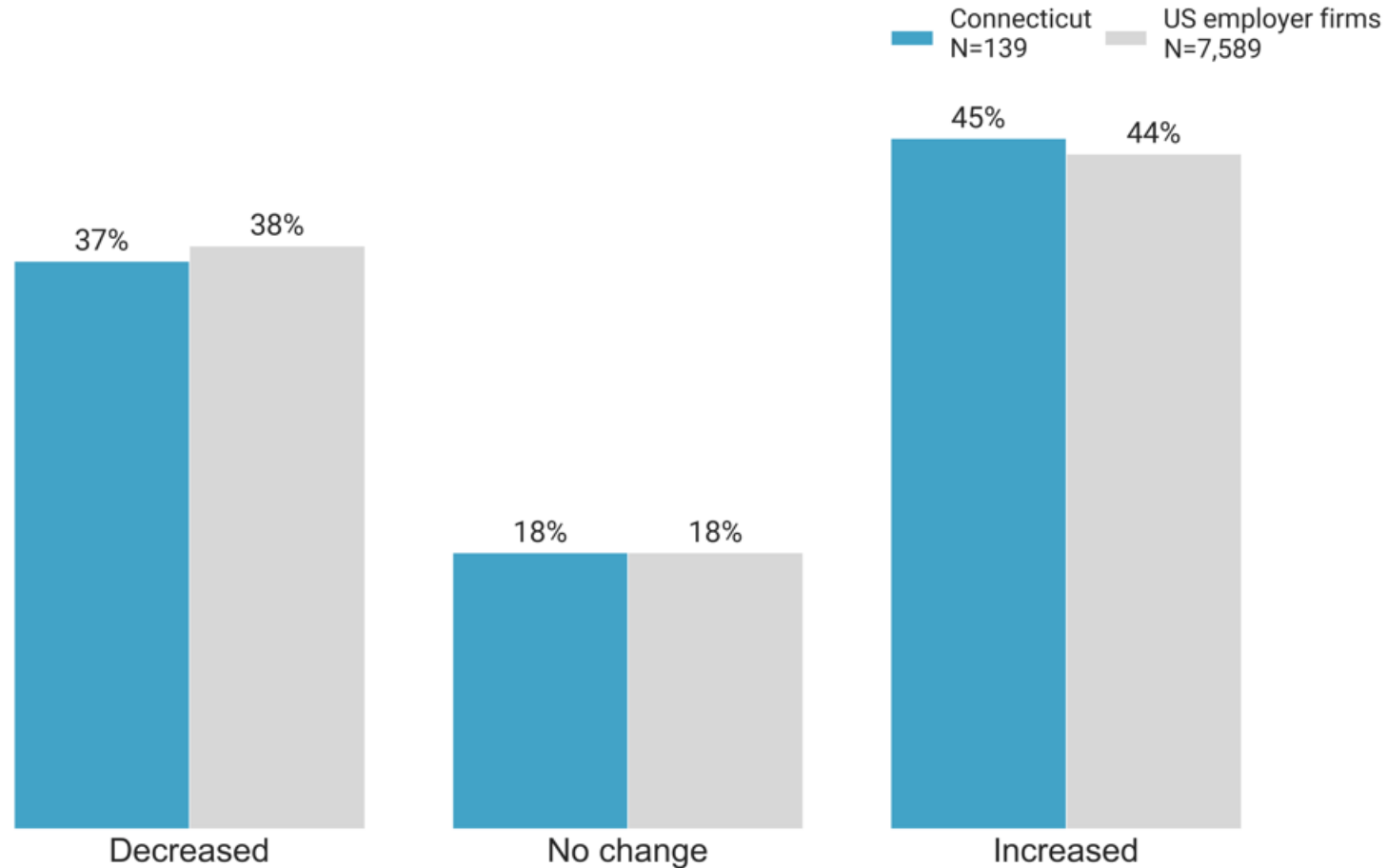
Legend:
- Connecticut N=139
- US employer firms N=7,589

	Connecticut	US employer firms
Decreased	37%	38%
No change	18%	18%
Increased	45%	44%

Notes: Percentages across response options may not sum to 100 within firm categories because of rounding. See Appendix B for definitions of SBCS time references.

Employment change, prior 12 months
(% of employer firms)

Legend: Connecticut N=142 · US employer firms N=7,538

	Decreased	No change	Increased
Connecticut	24%	50%	26%
US employer firms	23%	48%	29%

Notes: Percentages across response options may not sum to 100 within firm categories because of rounding. See Appendix B for definitions of SBCS time references.

Profitability, end of 2021
(% of employer firms)

Legend: ■ Connecticut N=136   ■ US employer firms N=7,503

Operating at a loss: Connecticut 39%, US employer firms 37%

Operating at break-even: Connecticut 23%, US employer firms 18%

Operating at a profit: Connecticut 37%, US employer firms 45%

Notes: Percentages across response options may not sum to 100 within firm categories because of rounding.

Expected revenue change, next 12 months
(% of employer firms)

Legend:
- Connecticut N=143
- US employer firms N=7,674

Will decrease
- Connecticut: 24%
- US employer firms: 21%

Will not change
- Connecticut: 21%
- US employer firms: 22%

Will increase
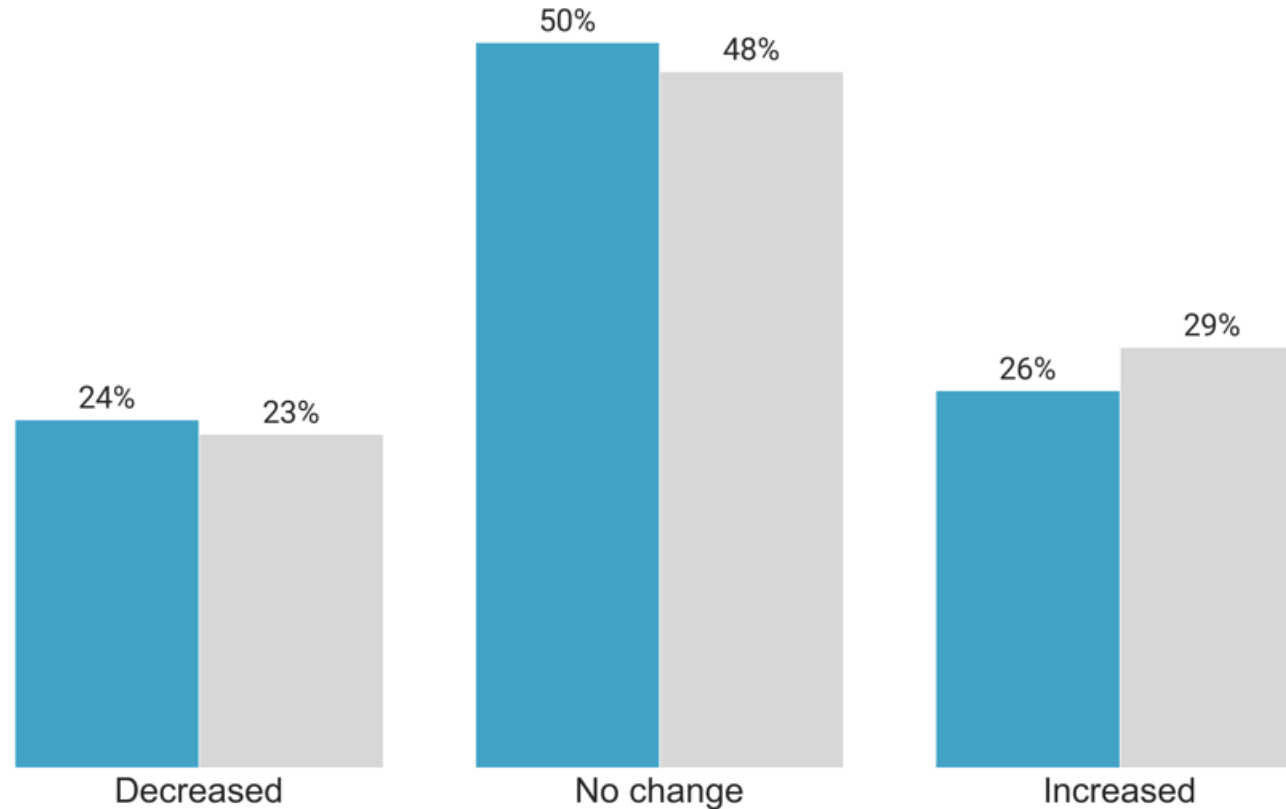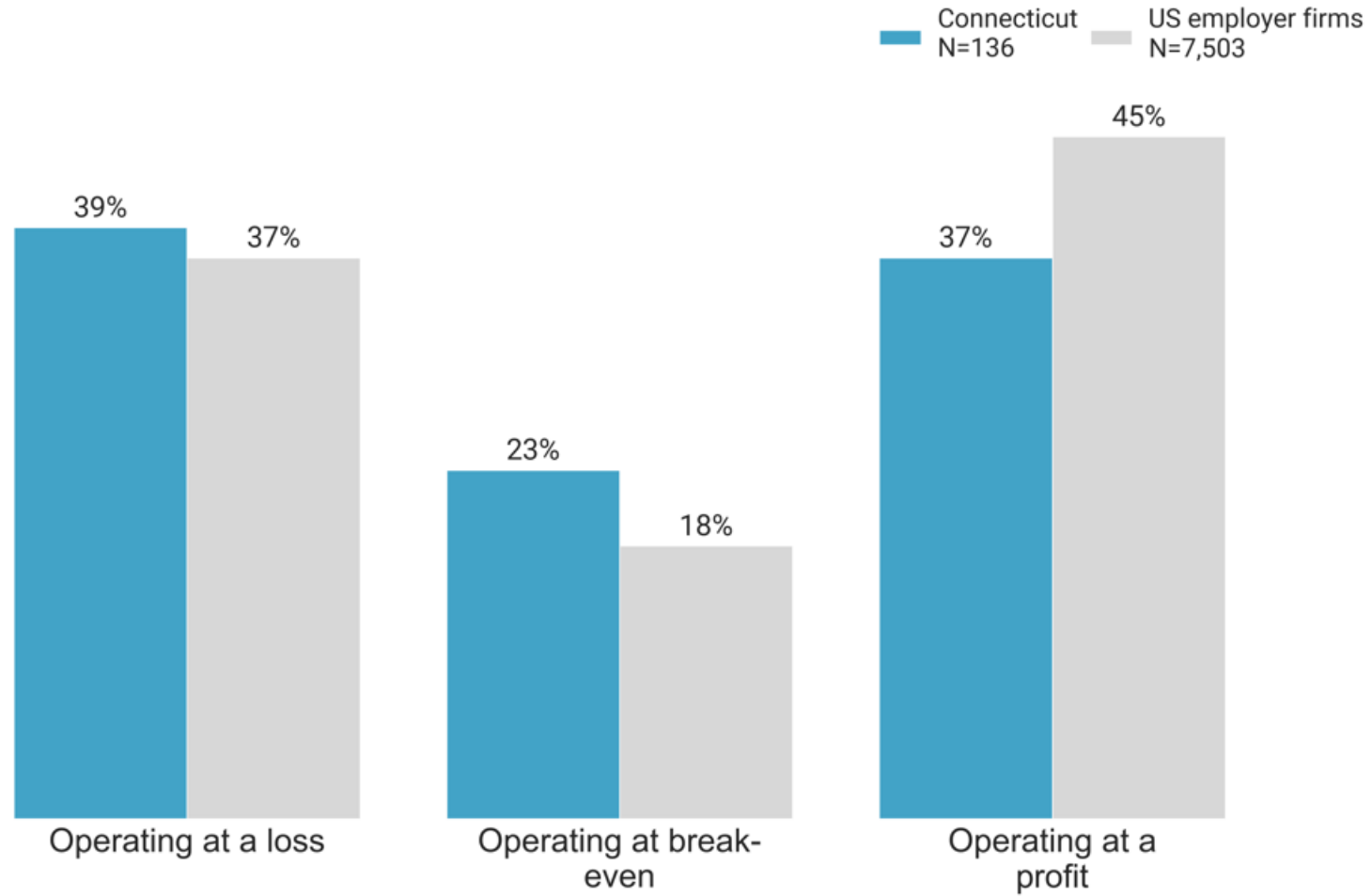- Connecticut: 55%
- US employer firms: 56%

Notes: Percentages across response options may not sum to 100 within firm categories because of rounding. See Appendix B for definitions of SBCS time references.

Expected employment change, next 12 months
(% of employer firms)

Legend: Connecticut N=143 | US employer firms N=7,599

	Will decrease	Will not change	Will increase
Connecticut	10%	53%	36%
US employer firms	12%	50%	39%

Notes: Percentages across response options may not sum to 100 within firm categories because of rounding. See Appendix B for definitions of SBCS time references.
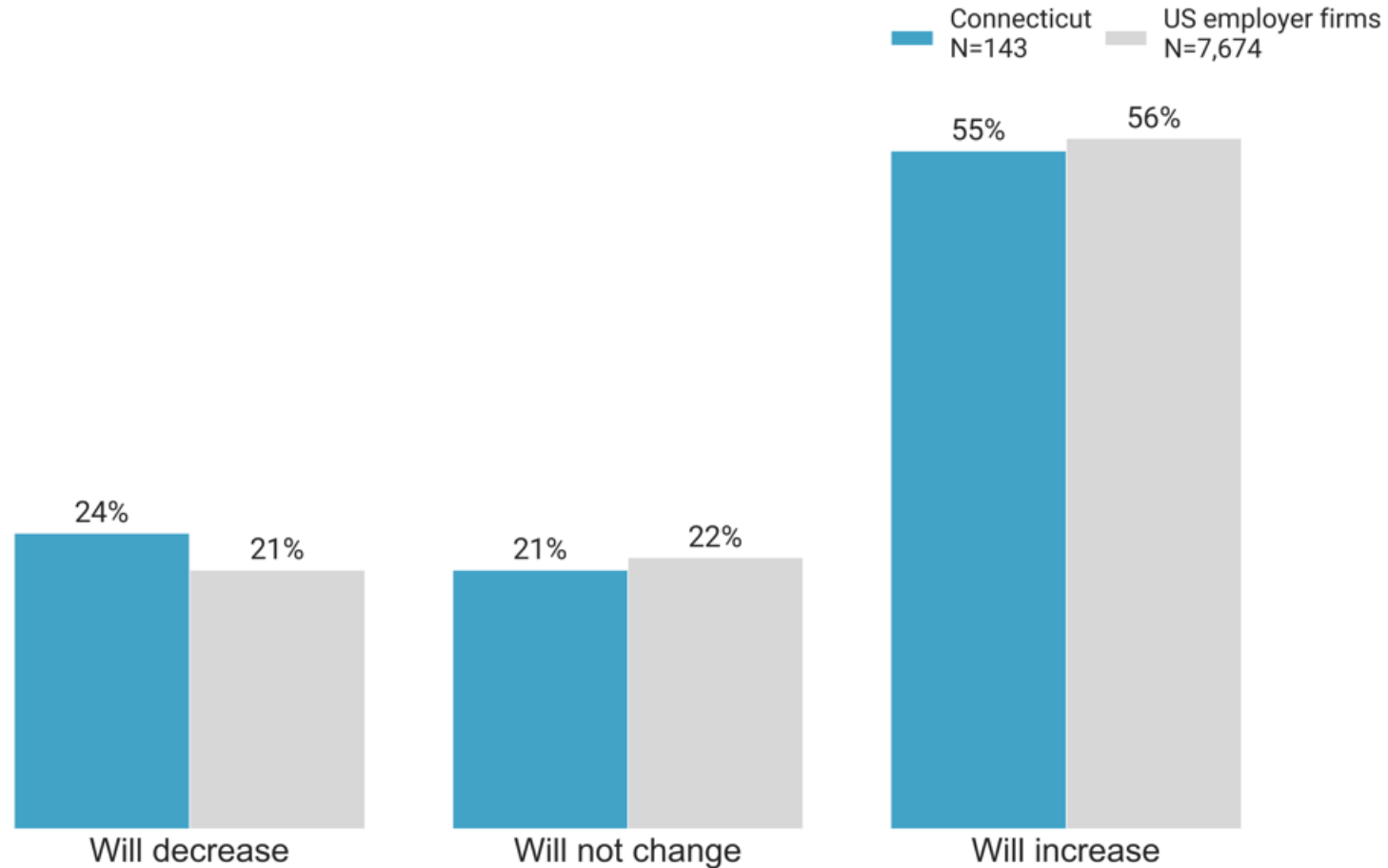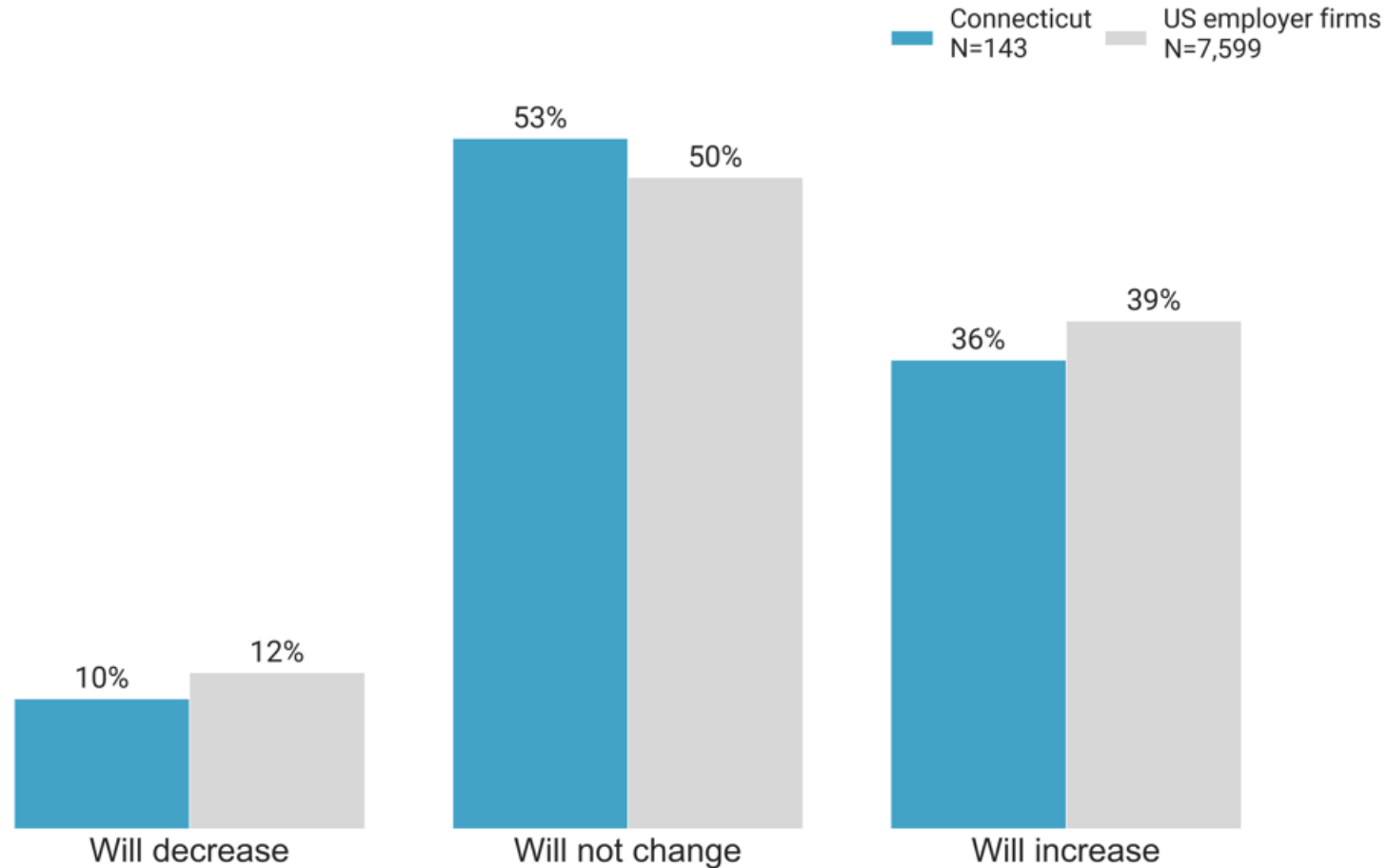
Financial condition, at time of survey
(% of employer firms)

Connecticut N=145   US employer firms N=7,864

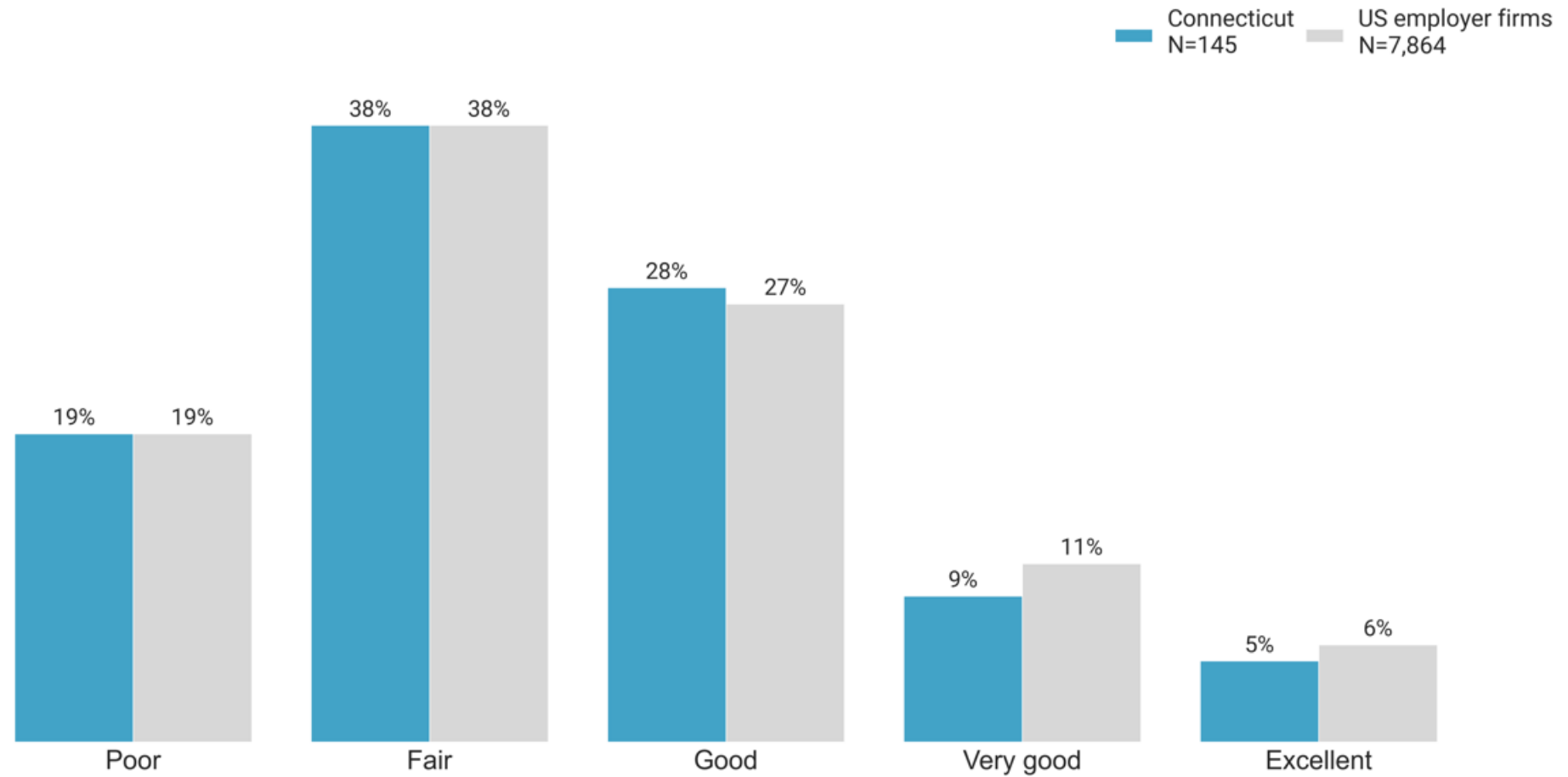|	Poor	Fair	Good	Very good	Excellent
Connecticut	19%	38%	28%	9%	5%
US employer firms	19%	38%	27%	11%	6%

Notes: Percentages across response options may not sum to 100 within firm categories because of rounding. Self-reported financial condition at time of survey.
See Appendix B for definitions of SBCS time references.

Challenges

Data on financial challenges, operational challenges, and actions taken in response to challenges

Operational challenges, prior 12 months
(% of employer firms)

Legend: ■ Connecticut N=145 ■ US employer firms N=7,817

Challenge	Connecticut	US employer firms
Supply chain issues	63%	60%
Hiring or retaining qualified staff	62%	60%
Reaching customers/growing sales	46%	51%
Utilizing technology	25%	27%
Complying with government regulations	22%	29%
Ensuring health/safety of customers or employees	20%	18%
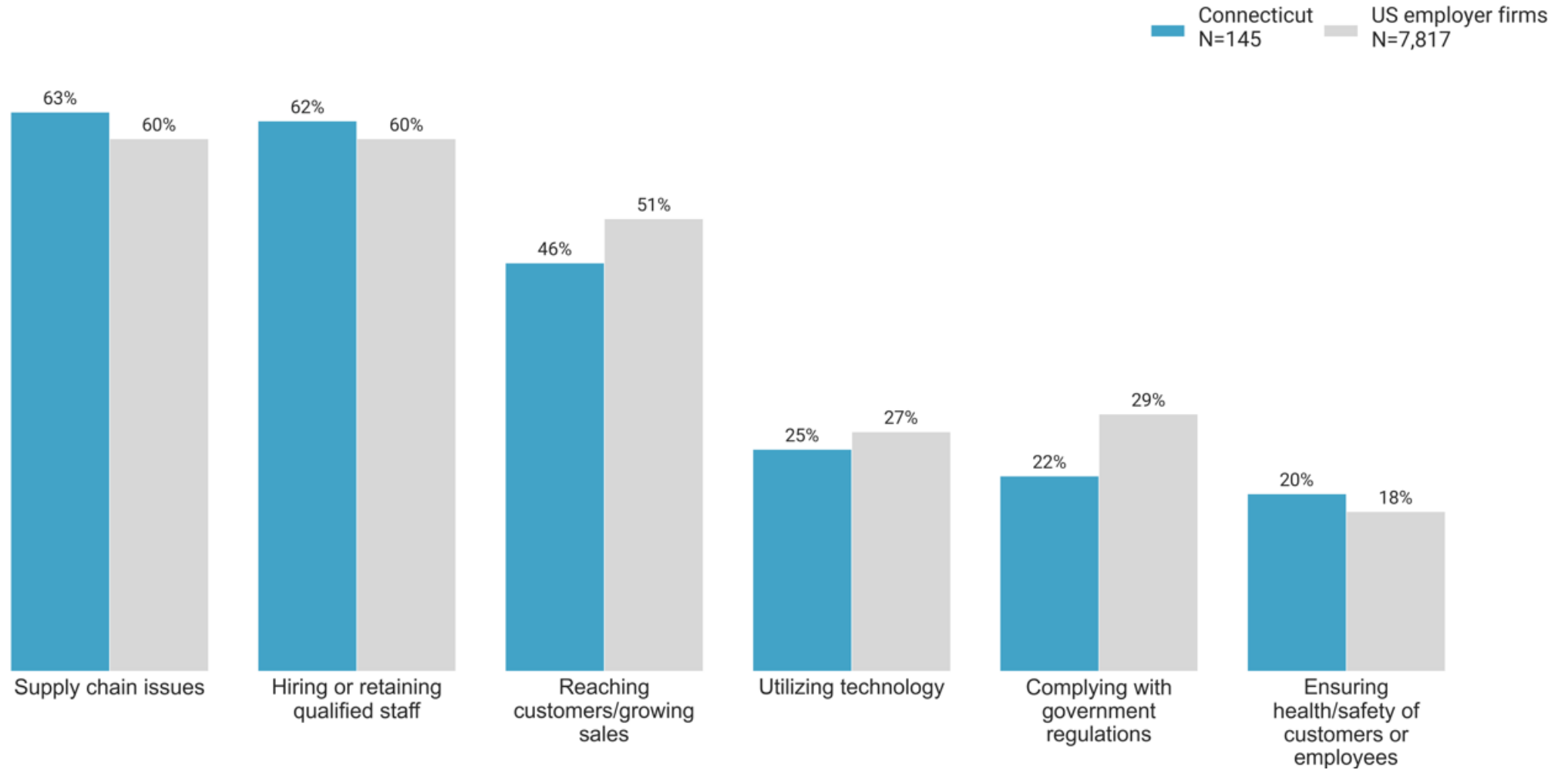
Notes: Respondents could select multiple options. Select response options shown. See Appendix B for definitions of SBCS time references.

Financial challenges, prior 12 months
(% of employer firms)

Legend:
- Connecticut N=144 (blue)
- US employer firms N=7,837 (gray)

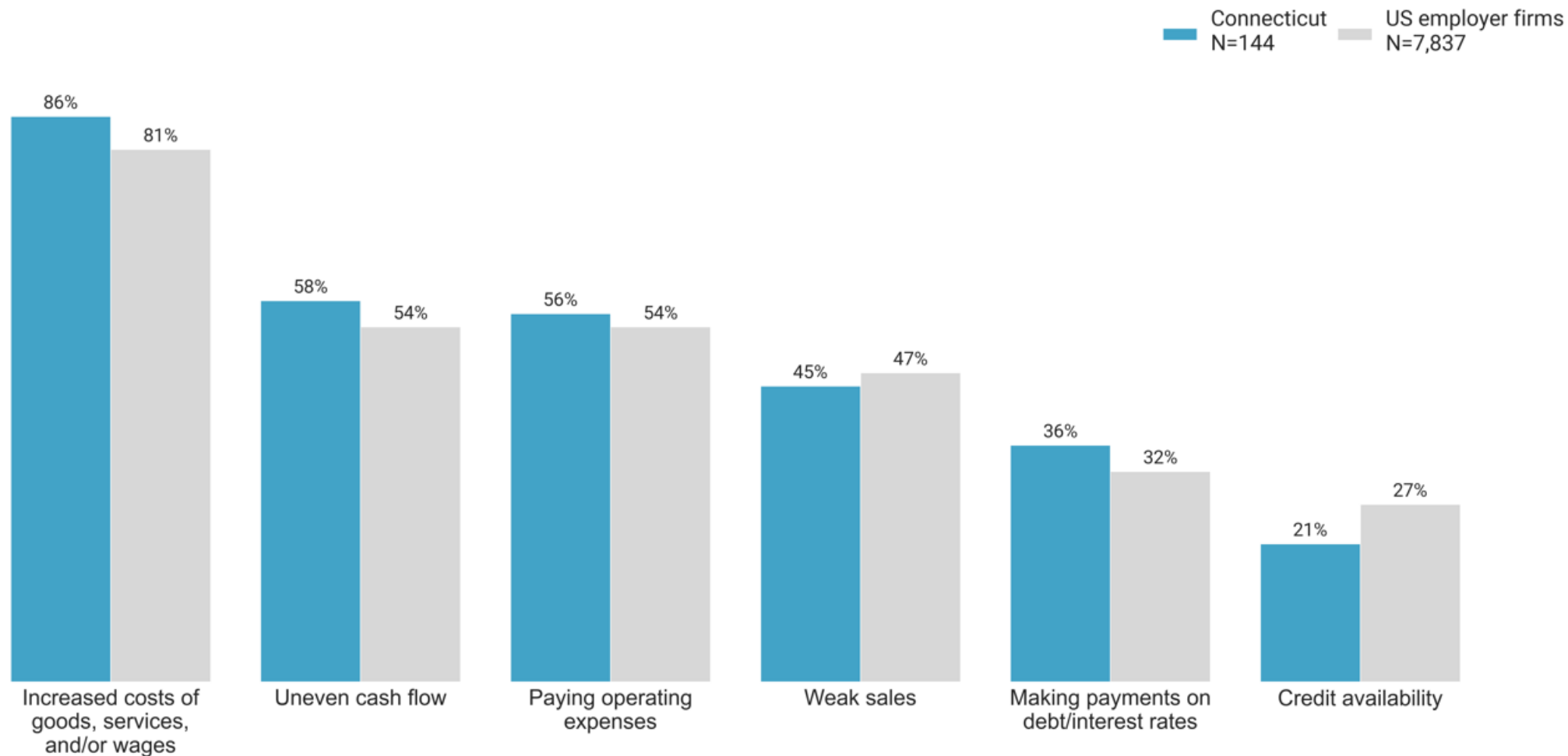| Challenge	Connecticut	US employer firms
Increased costs of goods, services, and/or wages	86%	81%
Uneven cash flow	58%	54%
Paying operating expenses	56%	54%
Weak sales	45%	47%
Making payments on debt/interest rates	36%	32%
Credit availability	21%	27%

Notes: Respondents could select multiple response options. Select response options shown. See Appendix B for definitions of SBCS time references.
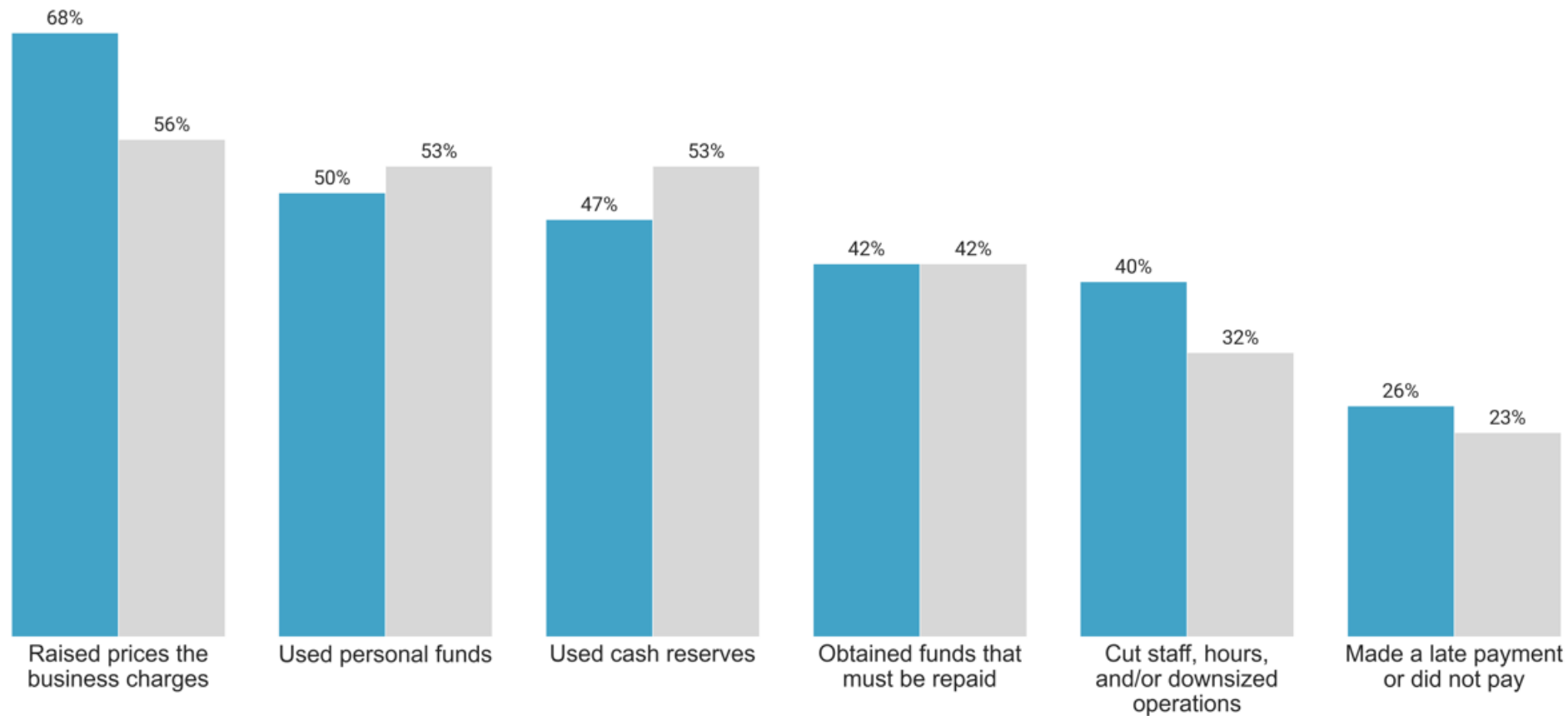
Actions taken in response to financial challenges

(% of employer firms with financial challenges)

Legend: Connecticut N=139 (blue) | US employer firms N=7,493 (gray)

Action	Connecticut	US employer firms
Raised prices the business charges	68%	56%
Used personal funds	50%	53%
Used cash reserves	47%	53%
Obtained funds that must be repaid	42%	42%
Cut staff, hours, and/or downsized operations	40%	32%
Made a late payment or did not pay	26%	23%

Notes: Respondents could select multiple response options. Select response options shown.
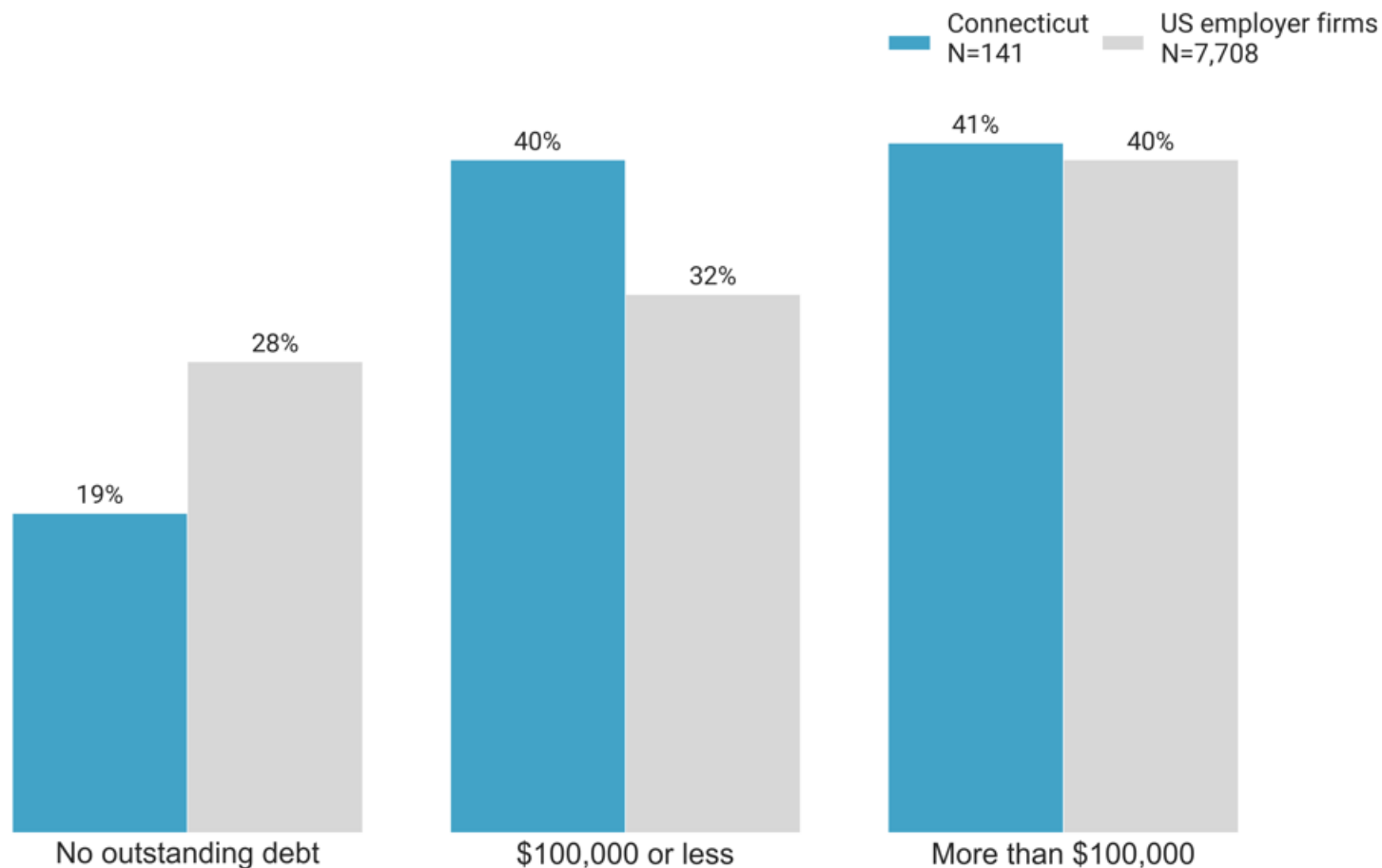
Debt and Financing

Data on outstanding debt,
use of financial services, and
firms' credit-seeking experiences

Amount of outstanding debt, at time of survey
(% of employer firms)

Connecticut N=141 | US employer firms N=7,708

Category	Connecticut	US employer firms
No outstanding debt	19%	28%
$100,000 or less	40%	32%
More than $100,000	41%	40%

Note: Percentages across response options may not sum to 100 within firm categories because of rounding.

Use of financial services providers
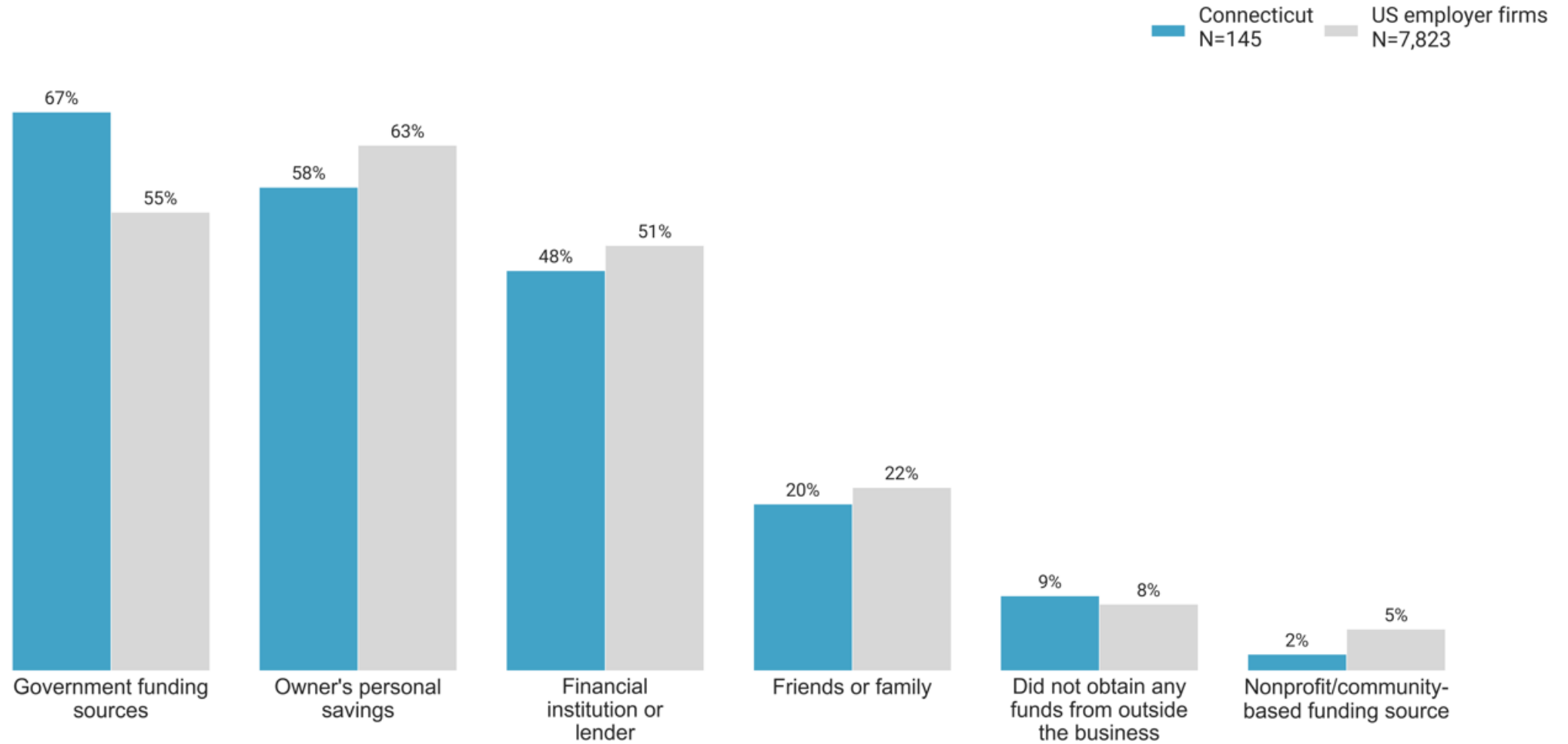## (% of employer firms)

Connecticut N=143   **US employer firms** N=7,835
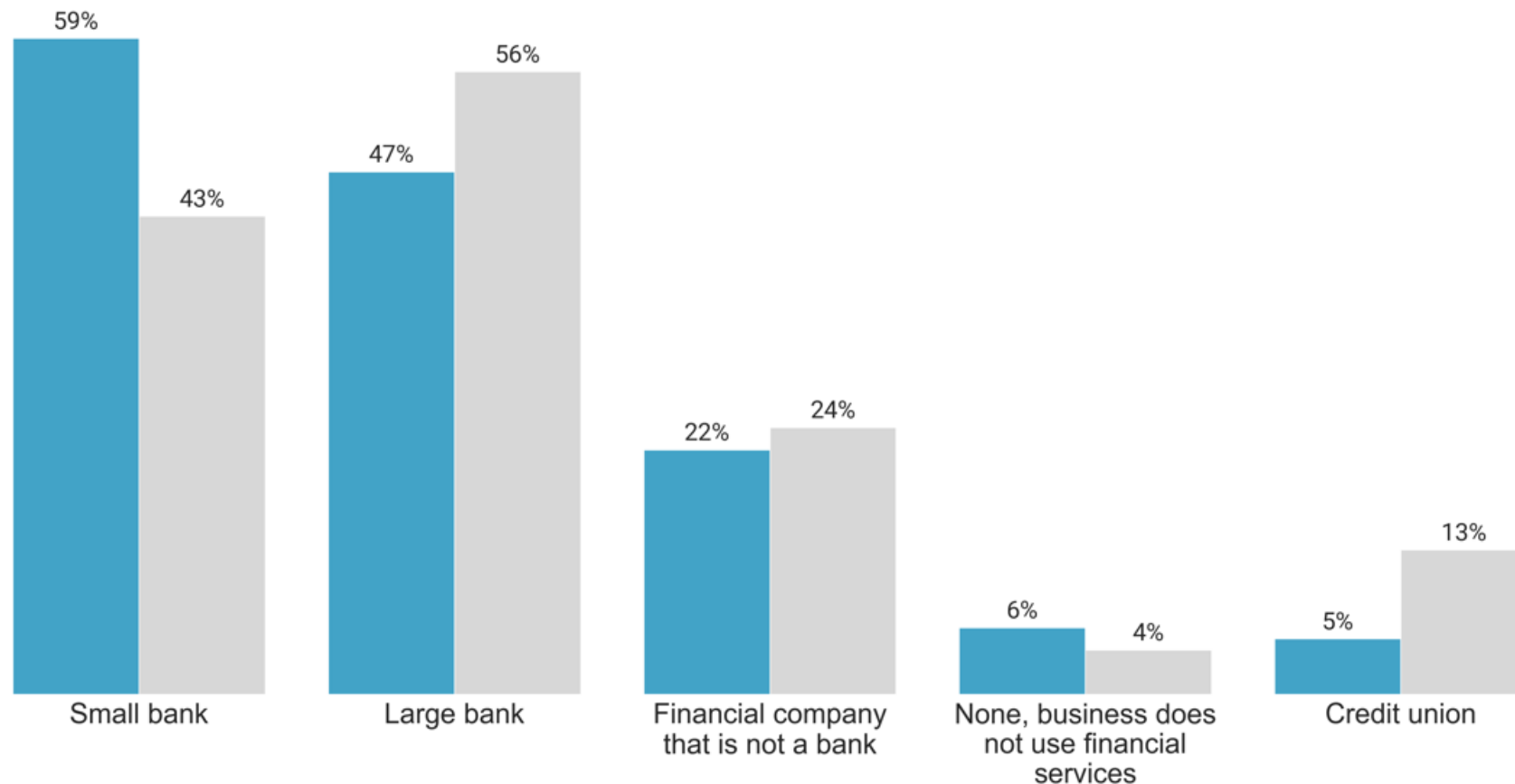
	Connecticut	US employer firms
Small bank	59%	43%
Large bank	47%	56%
Financial company that is not a bank	22%	24%
None, business does not use financial services	6%	4%
Credit union	5%	13%

Notes: Respondents could select multiple response options. Select response options shown. Financial services providers are those at which the firm has an account or uses other financial services, including loans and payments processing. See Appendix B for lender definitions.
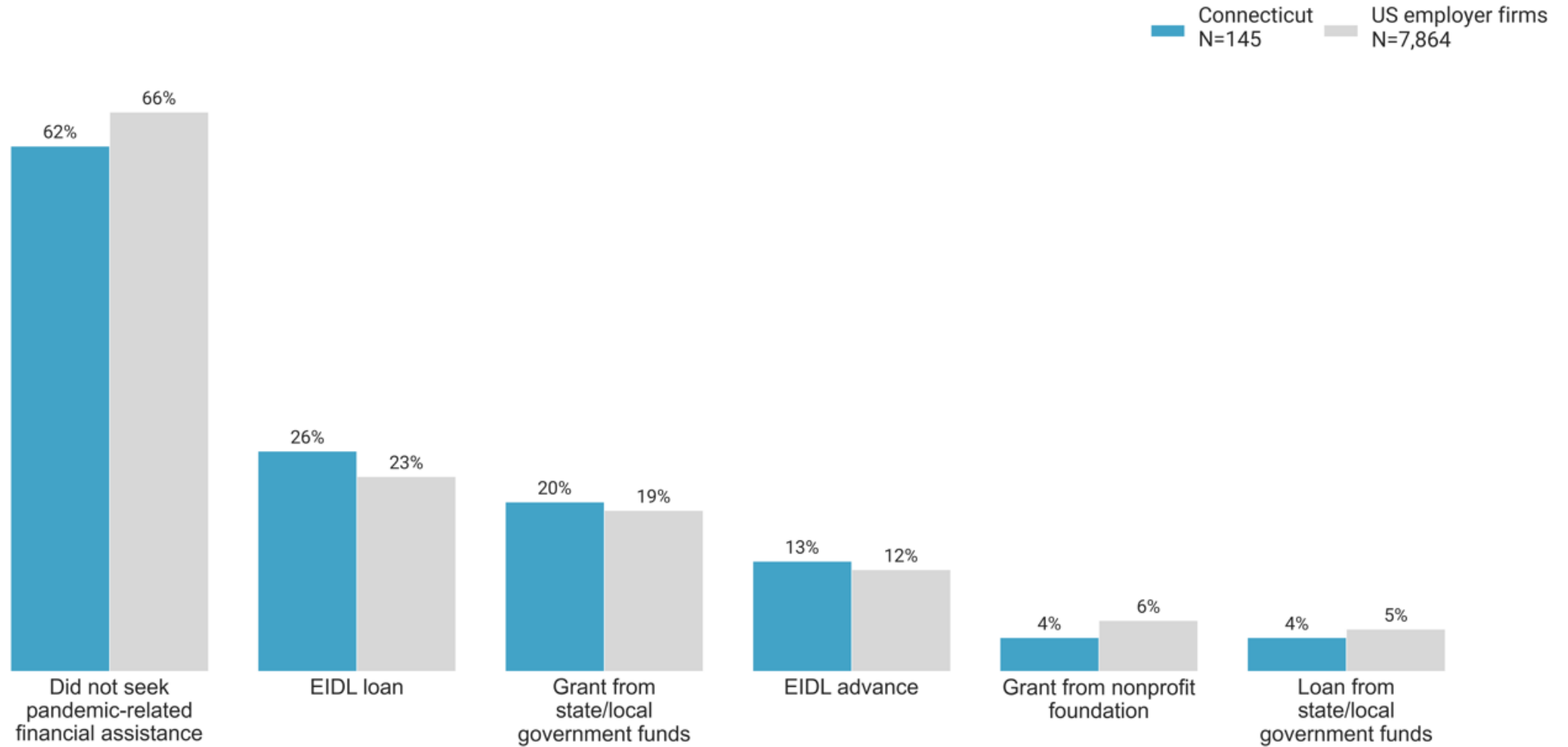
Sources of funding, past five years
(% of employer firms)

Legend: Connecticut N=145 | US employer firms N=7,823

Source	Connecticut	US employer firms
Government funding sources	67%	55%
Owner's personal savings	58%	63%
Financial institution or lender	48%	51%
Friends or family	20%	22%
Did not obtain any funds from outside the business	9%	8%
Nonprofit/community-based funding source	2%	5%

Notes: Respondents could select multiple response options. Select response options shown. See Appendix B for lender definitions.

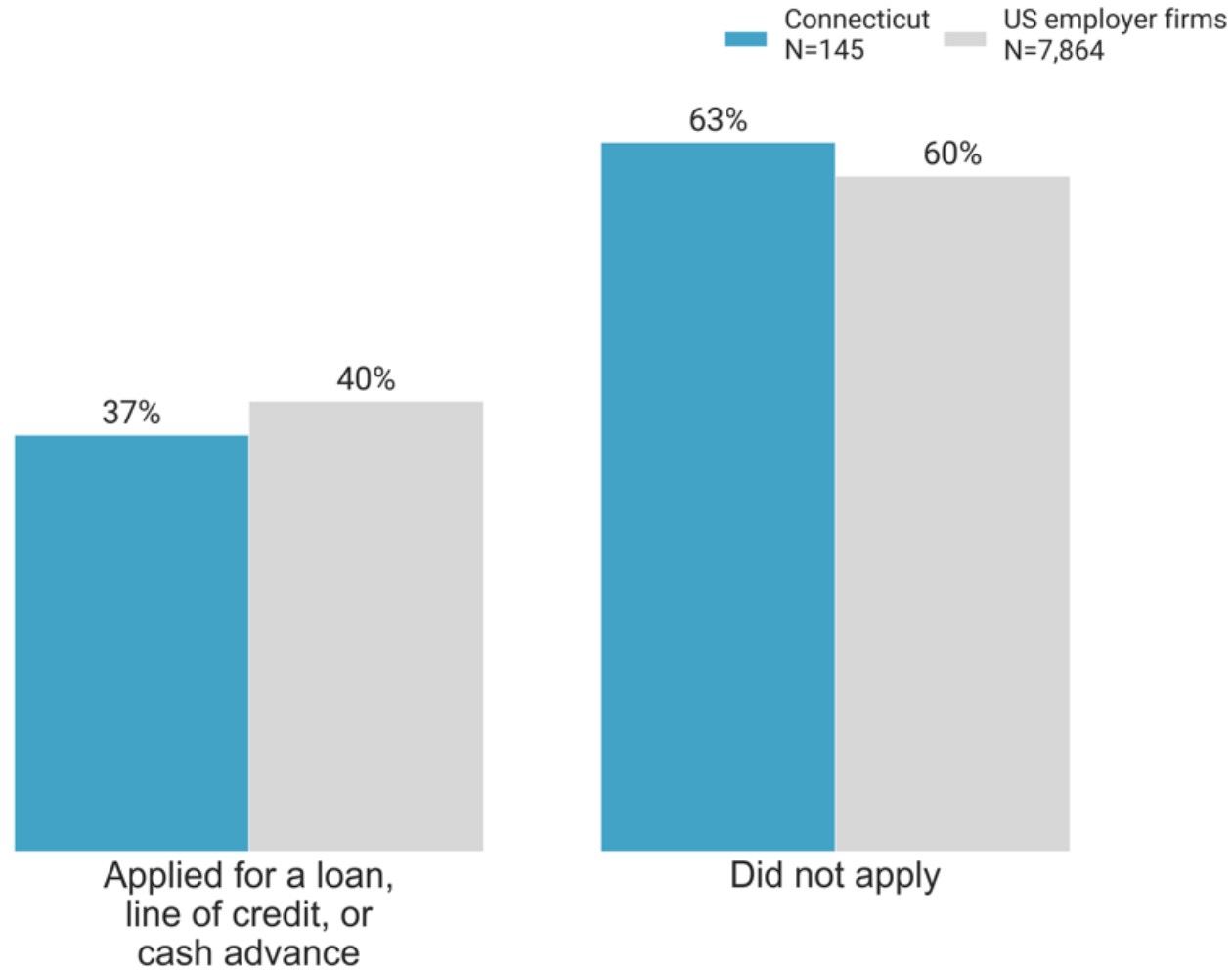**2023 Firms in Focus:** Findings from the 2022 Small Business Credit Survey

Types of pandemic-related financial assistance sought, prior 12 months (% of employer firms)

Connecticut N=145 ▪ US employer firms N=7,864

Category	Connecticut	US employer firms
Did not seek pandemic-related financial assistance	62%	66%
EIDL loan	26%	23%
Grant from state/local government funds	20%	19%
EIDL advance	13%	12%
Grant from nonprofit foundation	4%	6%
Loan from state/local government funds	4%	5%

Notes: Respondents could select multiple response options. "Financial assistance" includes all forms of pandemic-related financial assistance available in the 12 months prior to the survey. EIDL is the SBA's Economic Injury Disaster Loan program. See Appendix B for definitions of SBCS time references.

Applications for loans, lines of credit, and merchant cash advances, prior 12 months
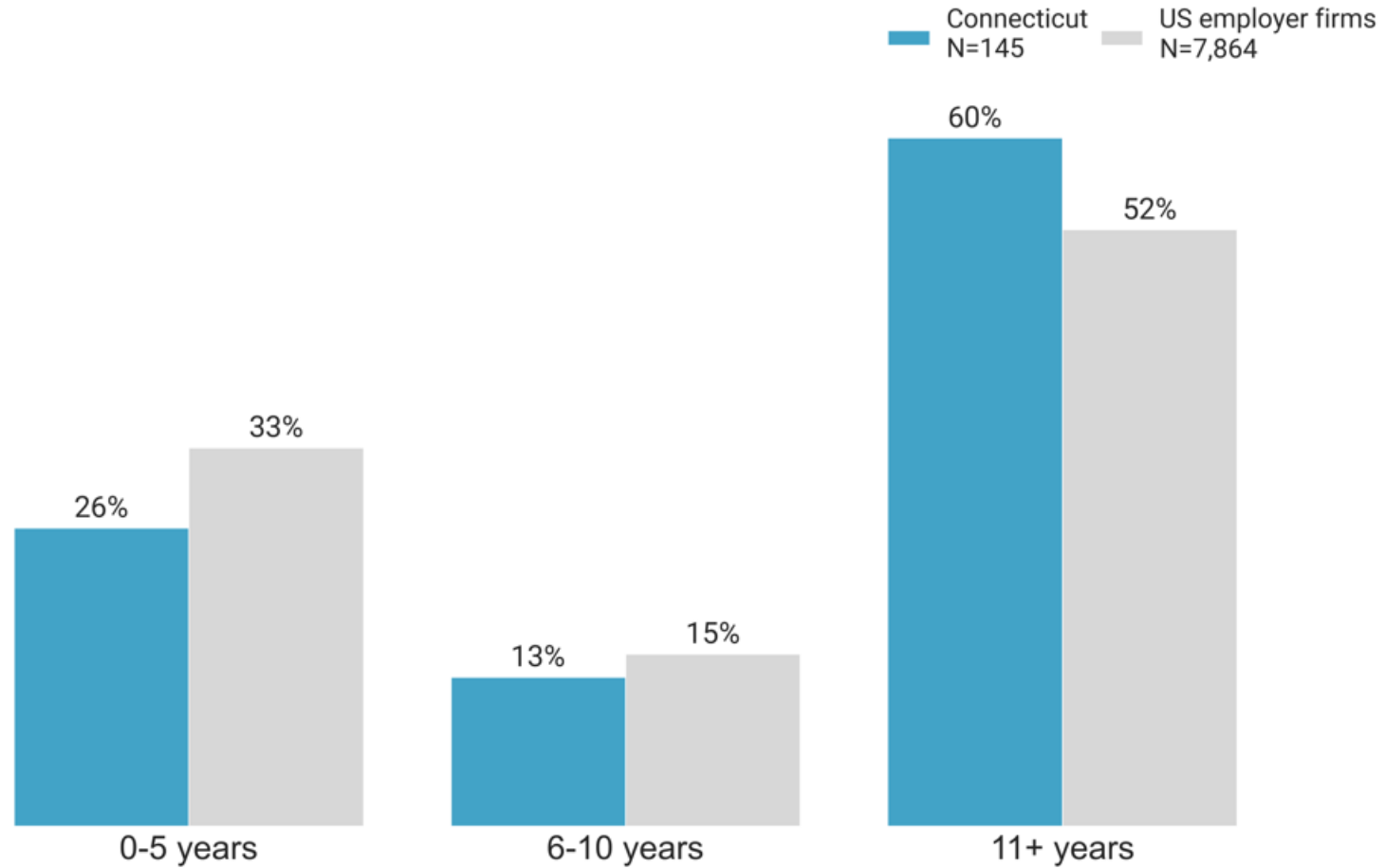(% of employer firms)

Connecticut N=145 ● US employer firms N=7,864

	Connecticut	US employer firms
Applied for a loan, line of credit, or cash advance	37%	40%
Did not apply	63%	60%

Demographics

Data on firm and
owner characteristics

Age of firm
(% of employer firms)

Connecticut N=145   US employer firms N=7,864

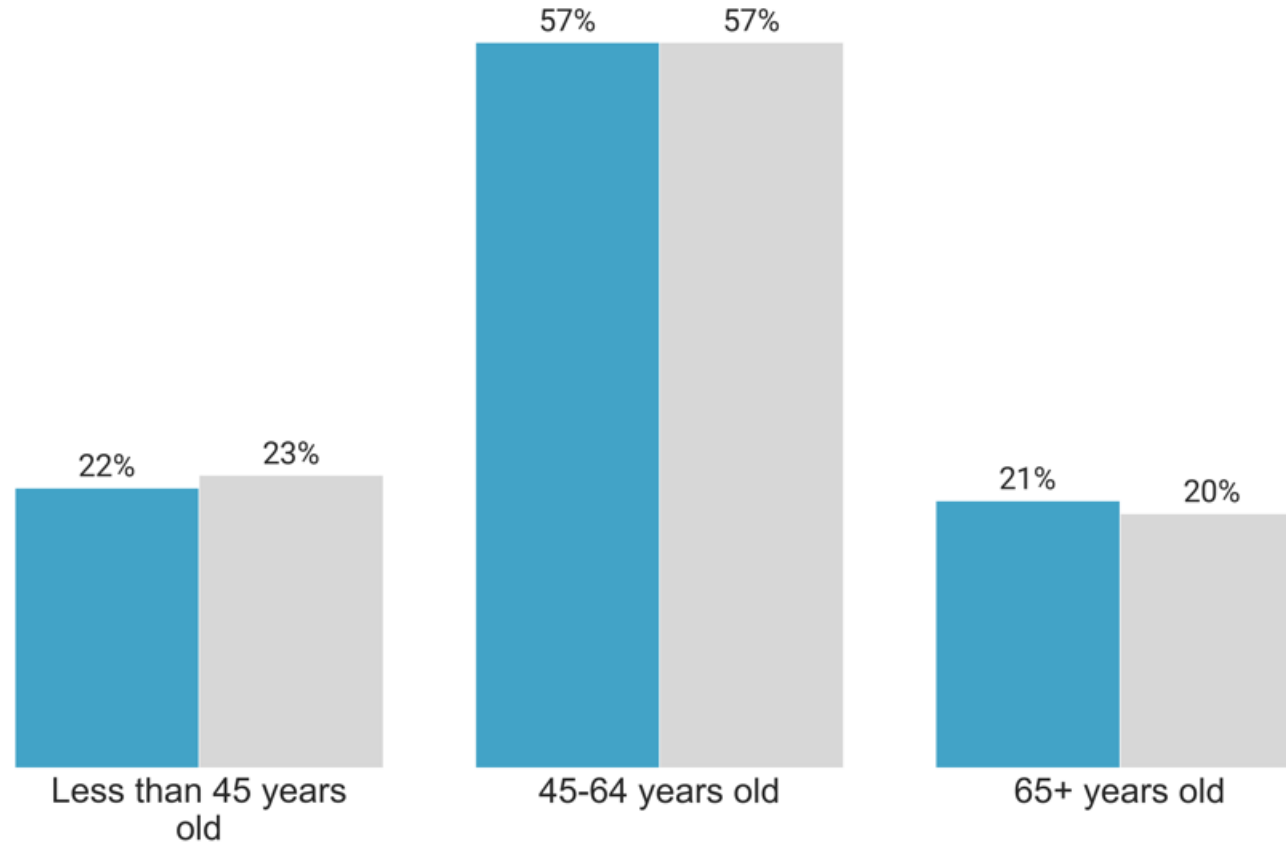| Age	Connecticut	US employer firms
0-5 years	26%	33%
6-10 years	13%	15%
11+ years	60%	52%

Notes: Percentages across response options may not sum to 100 within firm categories because of rounding. SBCS responses throughout the report are weighted using census data to represent the US small employer firm population on the following dimensions: firm age, number of employees, industry, geography, race/ethnicity of owner, and gender of owner.

Age of primary owner
(% of employer firms)

Legend:
- Connecticut N=139
- US employer firms N=7,494

Less than 45 years old
- Connecticut: 22%
- US employer firms: 23%

45-64 years old
- Connecticut: 57%
- US employer firms: 57%

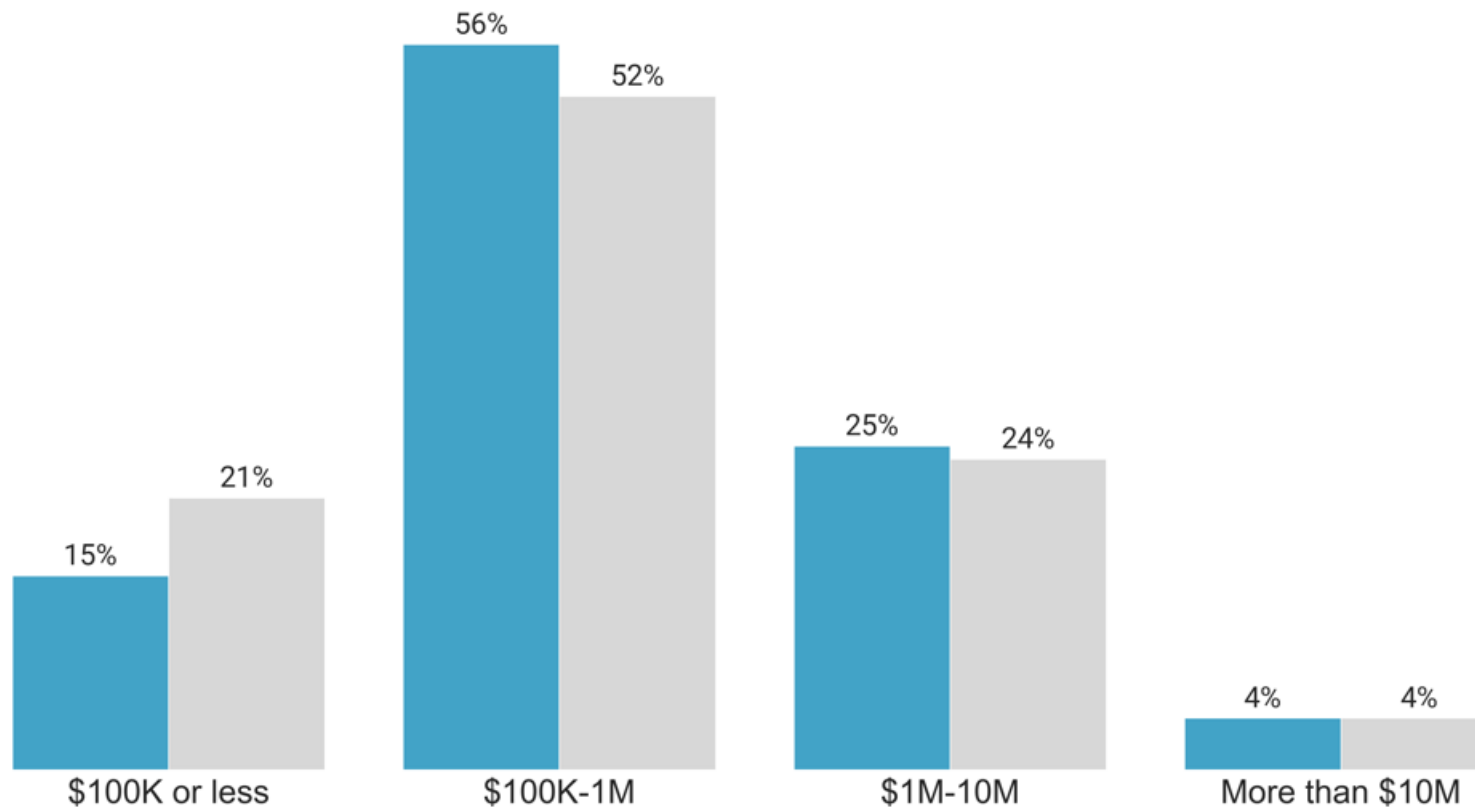**65+ years old**
- Connecticut: 21%
- US employer firms: 20%

Notes: Percentages across response options may not sum to 100 within firm categories because of rounding.

Annual revenues
(% of employer firms)

Legend: Connecticut N=144 (blue) — US employer firms N=7,694 (gray)

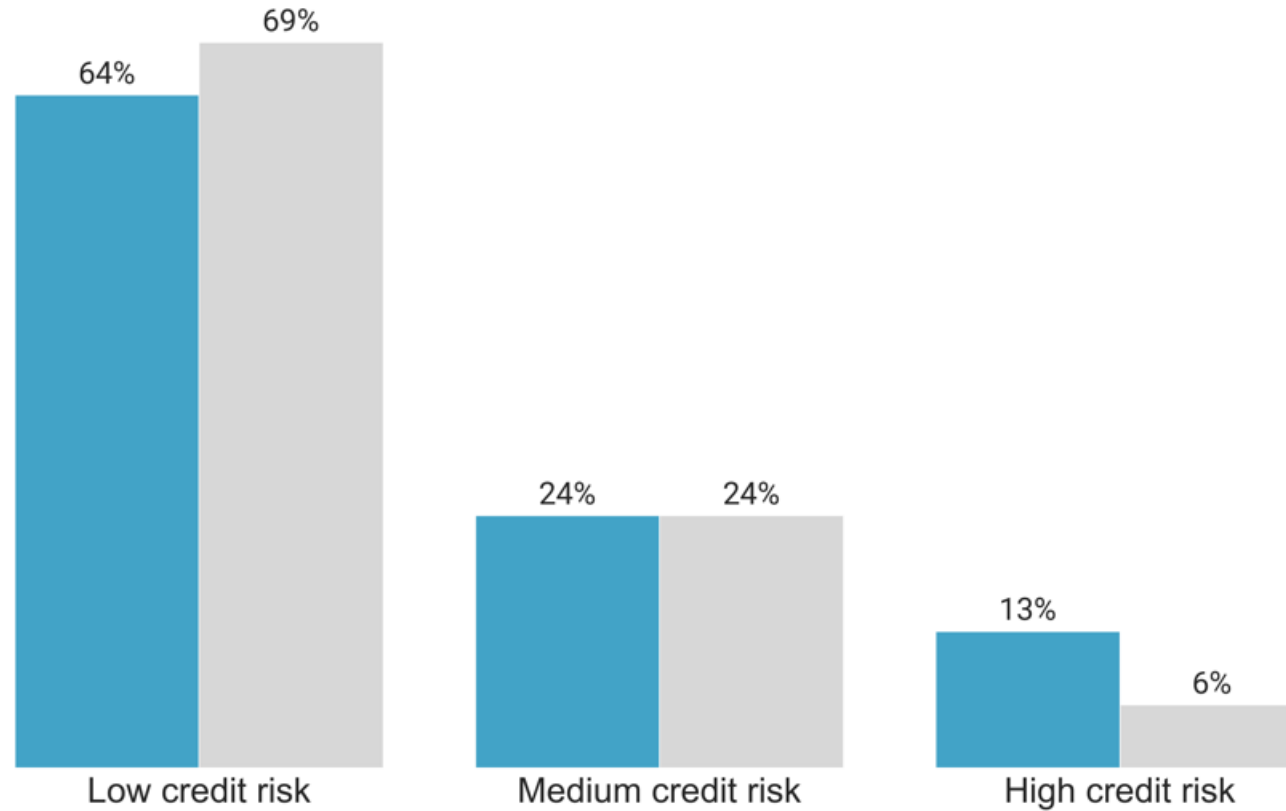| Revenue	Connecticut	US employer firms
$100K or less	15%	21%
$100K-1M	56%	52%
$1M-10M	25%	24%
More than $10M	4%	4%

Notes: Percentages across response options may not sum to 100 within firm categories because of rounding. Revenue size categories have been condensed and simplified for readability. Actual categories are ≤$25K, $25,001−$50K, $50,001−$100K, $100,001−$250K, $250,001−$500K, $500,001−$1M, $1,000,001−$5M, $5,000,001−$10M, and >$10M.

Credit risk
(% of employer firms)

Legend:
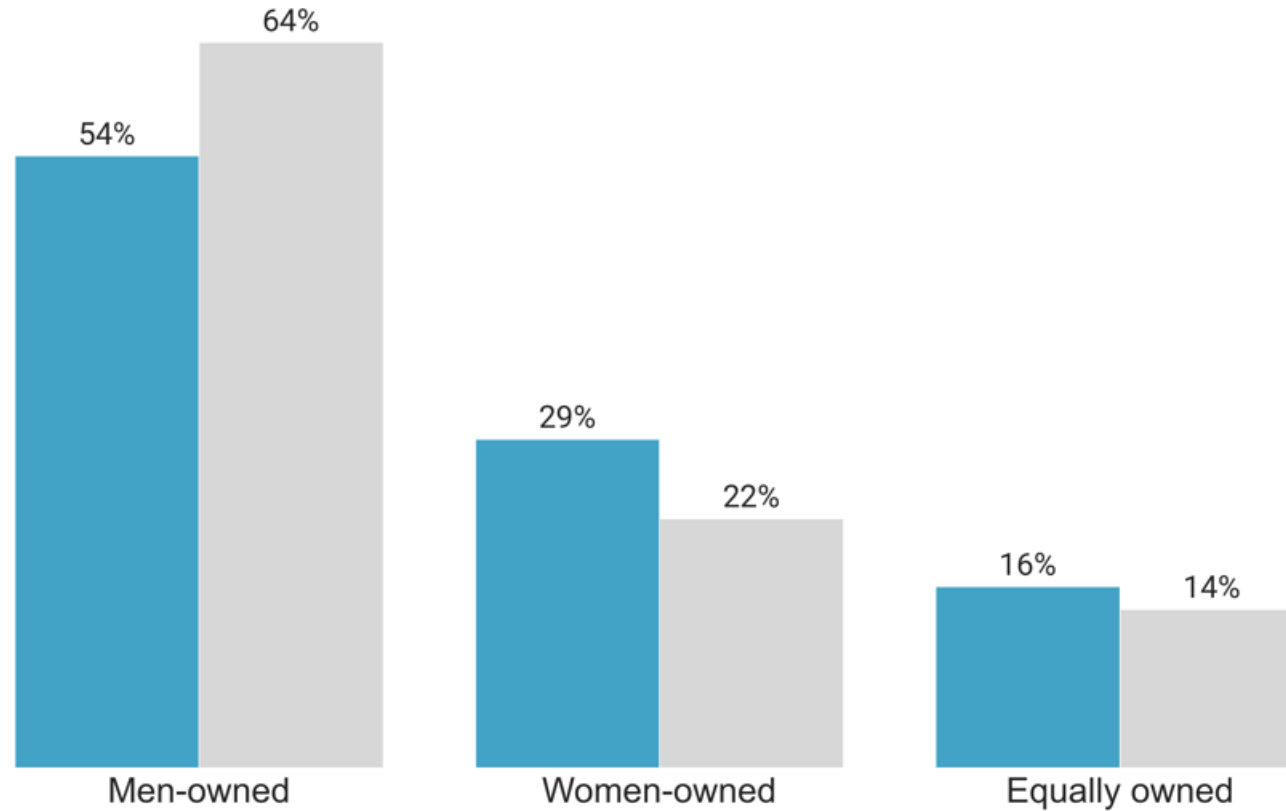- Connecticut N=102
- US employer firms N=5,879

	Connecticut	US employer firms
Low credit risk	64%	69%
Medium credit risk	24%	24%
High credit risk	13%	6%

Notes: Percentages across response options may not sum to 100 within firm categories because of rounding. See Appendix B for credit risk definitions.

Gender of owner(s)
(% of employer firms)

Connecticut N=145 | US employer firms N=7,864

	Men-owned	Women-owned	Equally owned
Connecticut	54%	29%	16%
US employer firms	64%	22%	14%

Notes: Percentages across response options may not sum to 100 within firm categories because of rounding. SBCS responses throughout the report are weighted using census data to represent the US small employer firm population on the following dimensions: firm age, number of employees, industry, geography, race/ethnicity of owner, and gender of owner.
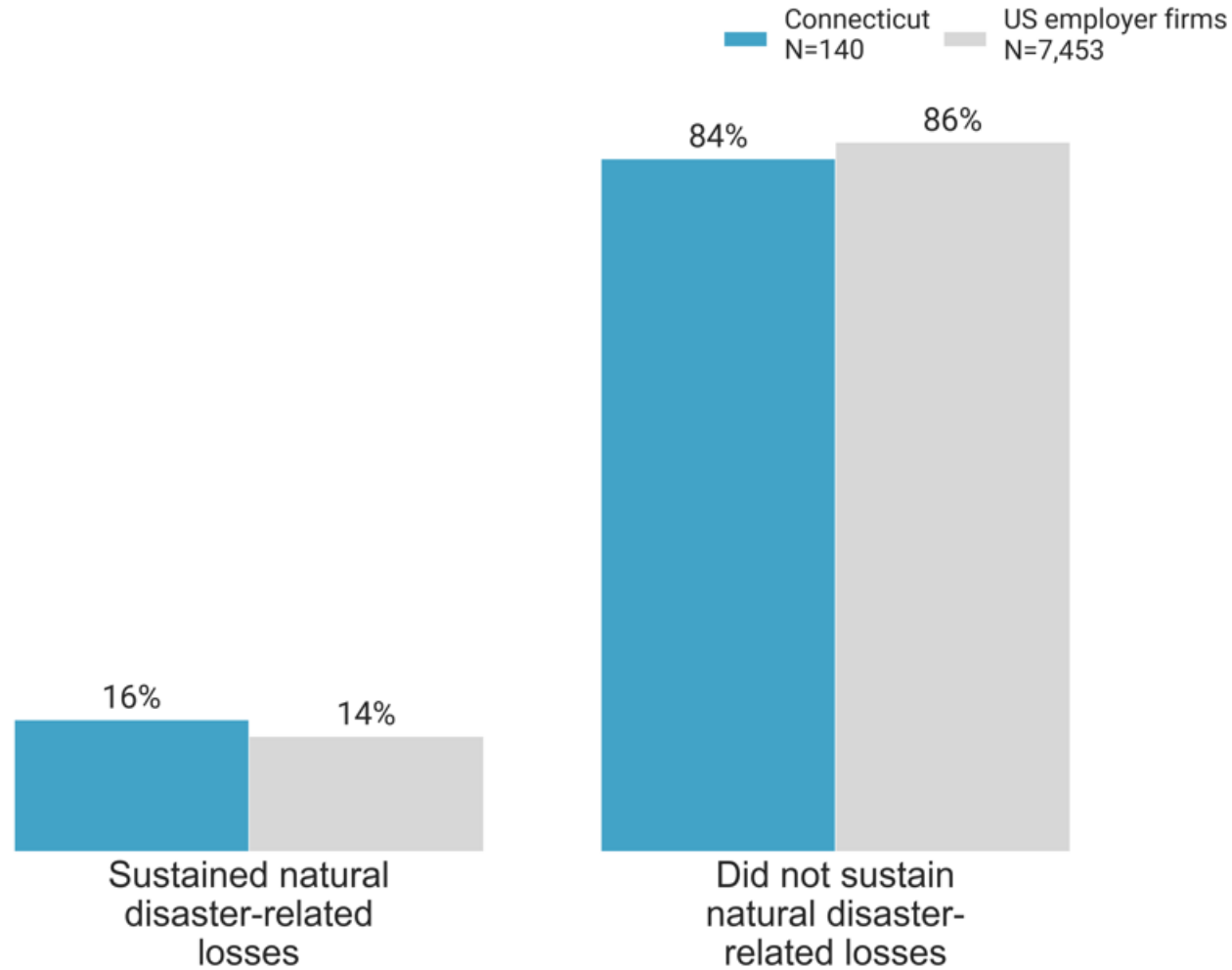
Geographic location
(% of employer firms)

Connecticut
N=145

US employer firms
N=7,864

97%

85%

15%

3%
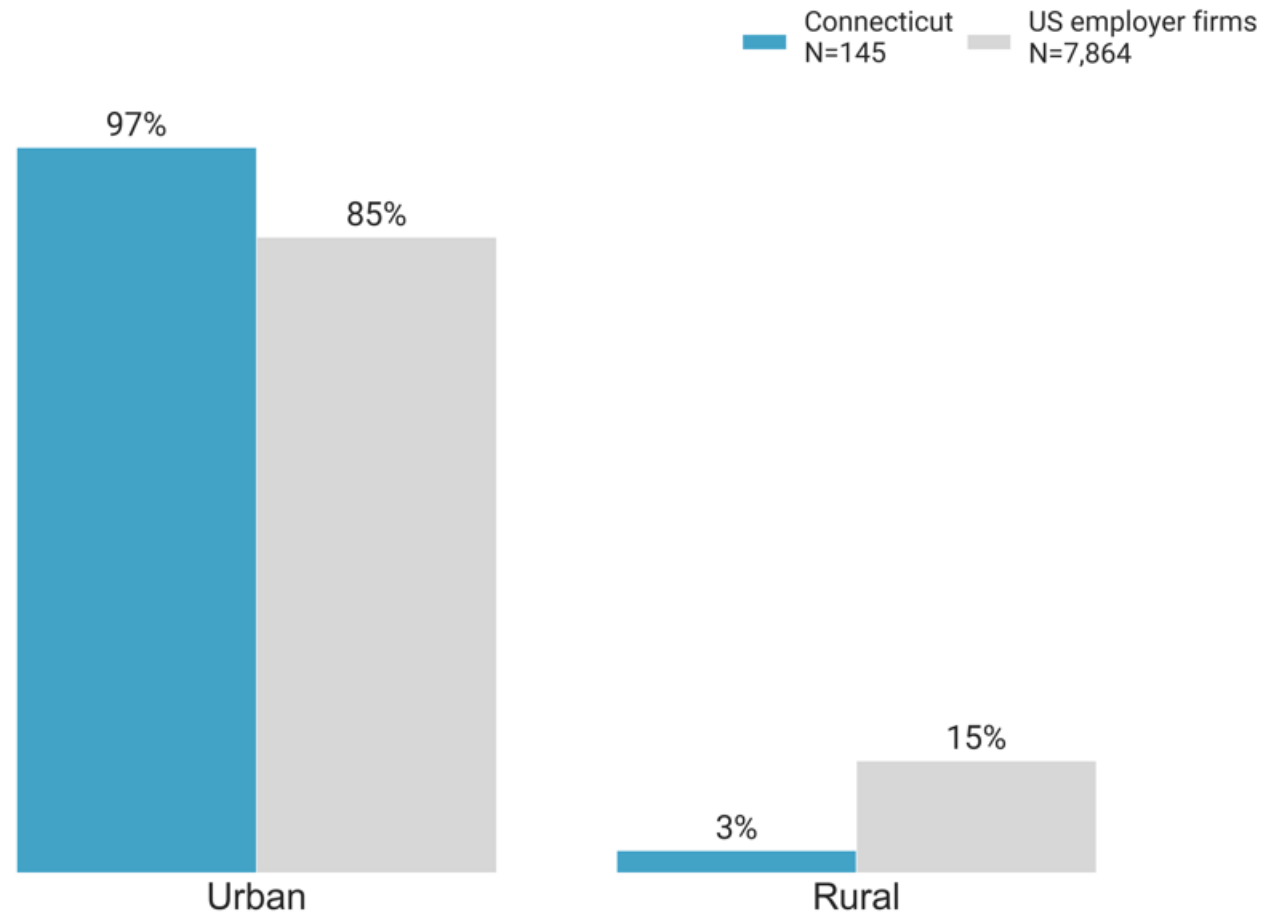
Urban

Rural

Notes: Urban and rural definitions come from US Department of Agriculture Rural-Urban Commuting Area codes. SBCS responses throughout the report are weighted using census data to represent the US small employer firm population on the following dimensions: firm age, number of employees, industry, geography, race/ethnicity of owner, and gender of owner.
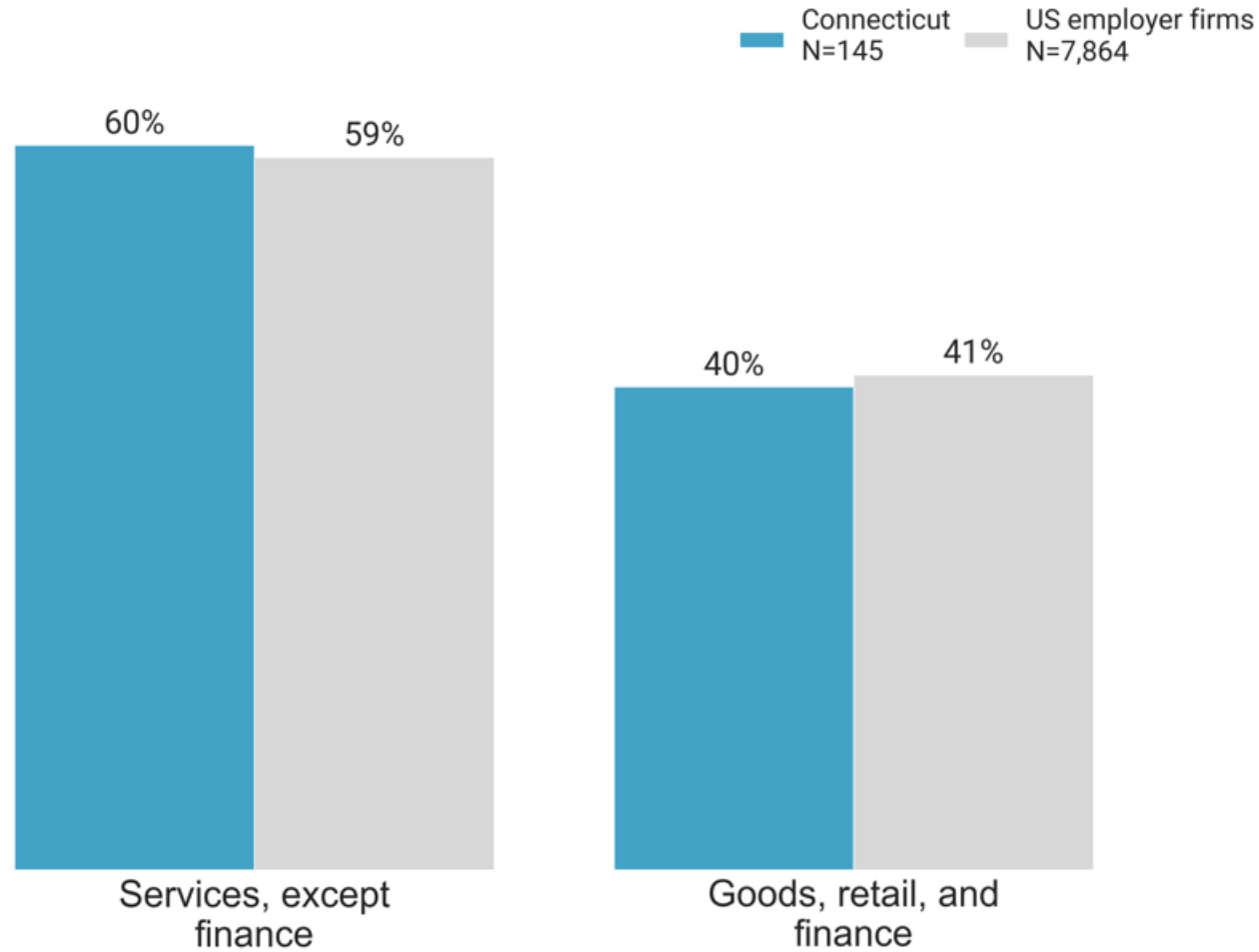
Impact of natural disasters
(% of employer firms)

Legend: Connecticut N=140 | US employer firms N=7,453

	Connecticut	US employer firms
Sustained natural disaster-related losses	16%	14%
Did not sustain natural disaster-related losses	84%	86%

Industry
(% of employer firms)

Connecticut
N=145

US employer firms
N=7,864

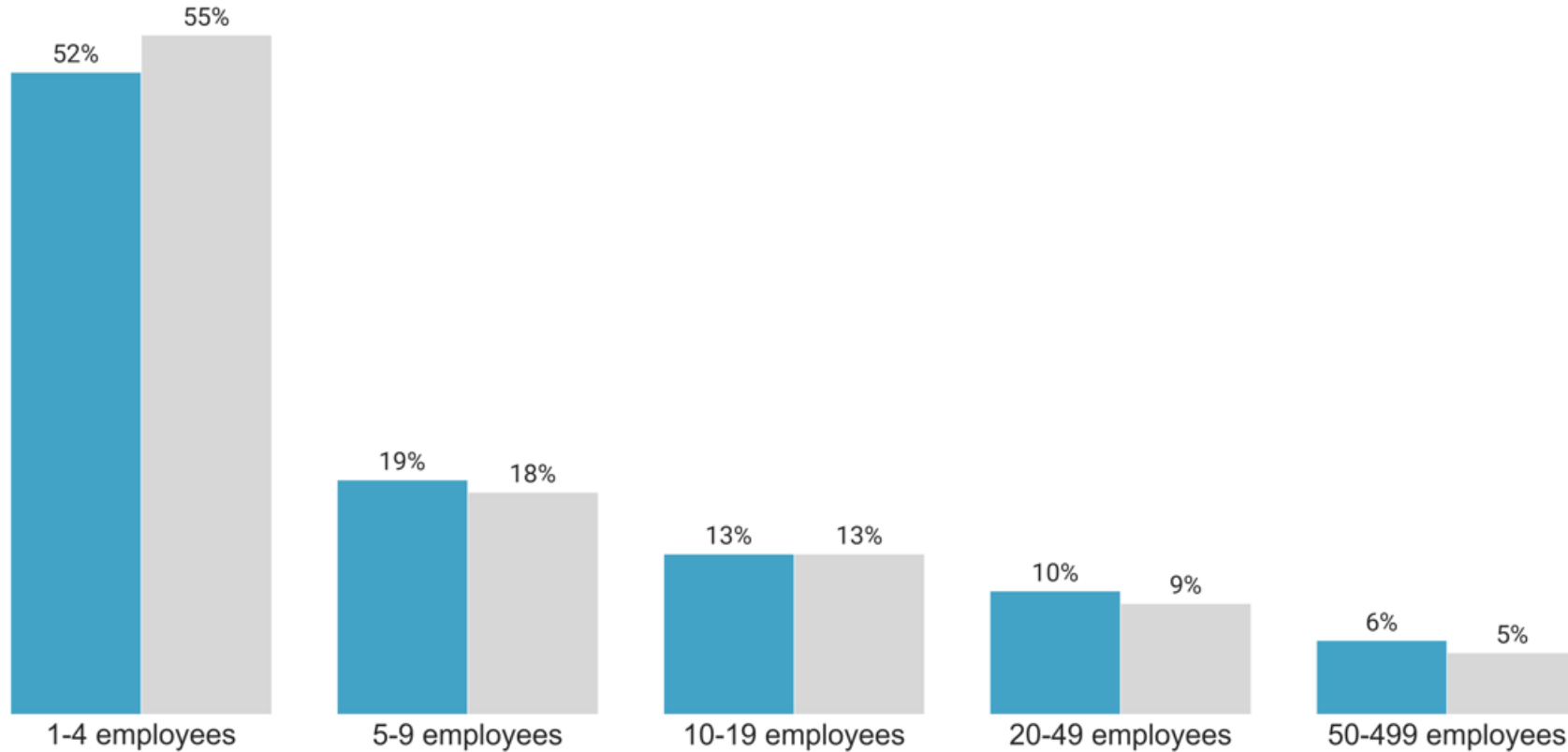|	Connecticut	US employer firms
Services, except finance	60%	59%
Goods, retail, and finance	40%	41%

Notes: Select industries shown. See Appendix B for industry definitions. SBCS responses throughout the report are weighted using census data to represent the US small employer firm population on the following dimensions: firm age, number of employees, industry, geography, race/ethnicity of owner, and gender of owner.

Number of employees
(% of employer firms)

Connecticut
N=145

US employer firms
N=7,864

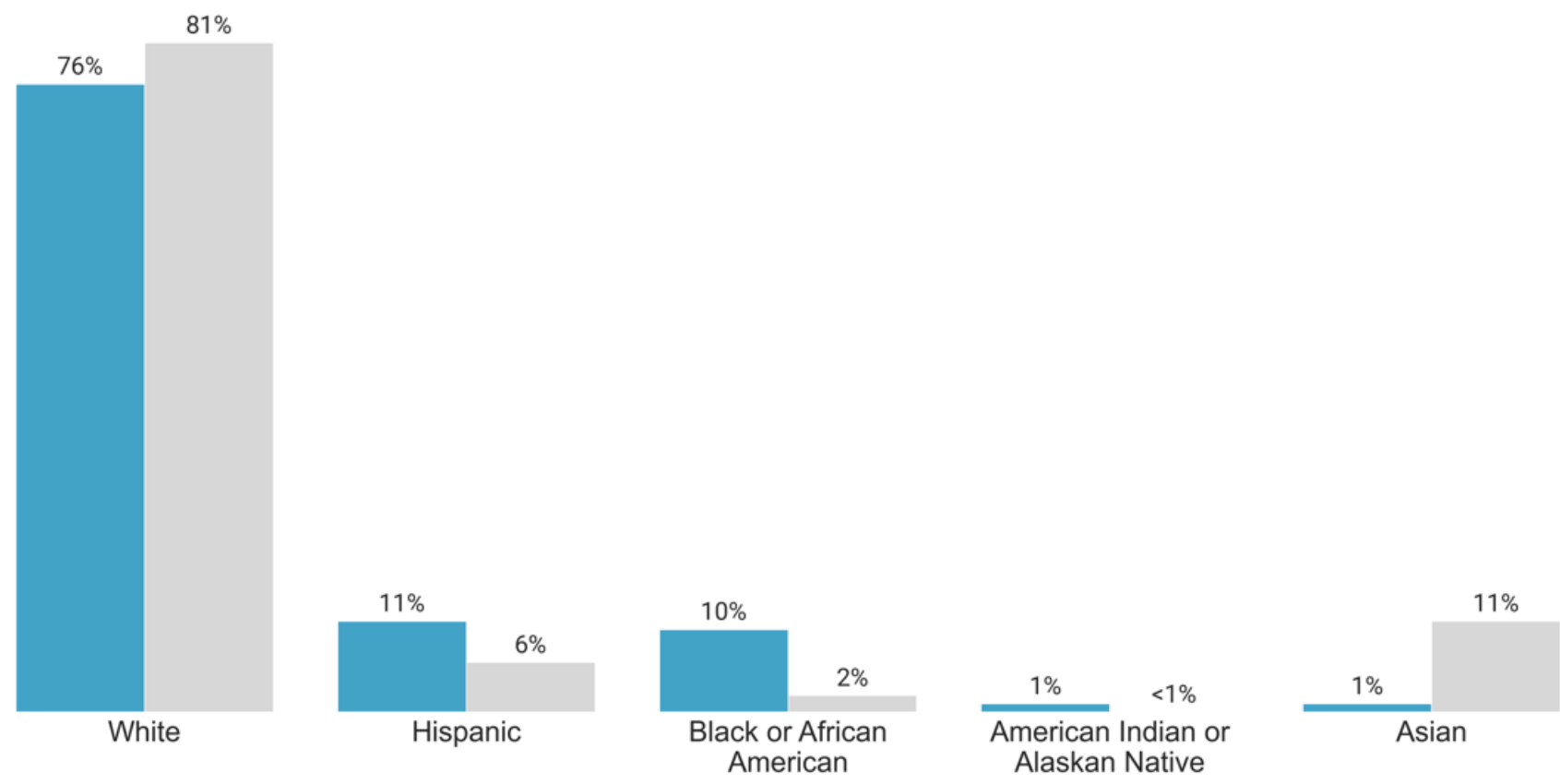|	1-4 employees	5-9 employees	10-19 employees	20-49 employees	50-499 employees
Connecticut	52%	19%	13%	10%	6%
US employer firms	55%	18%	13%	9%	5%

Notes: Percentages across response options may not sum to 100 within firm categories because of rounding. SBCS responses throughout the report are weighted using census data to represent the US small employer firm population on the following dimensions: firm age, number of employees, industry, geography, race/ethnicity of owner, and gender of owner.

Race/ethnicity of owner(s)
(% of employer firms)

Connecticut
N=145

US employer firms
N=7,864

	White	Hispanic	Black or African American	American Indian or Alaskan Native	Asian
Connecticut	76%	11%	10%	1%	1%
US employer firms	81%	6%	2%	<1%	11%

Notes: Percentages across response options may not sum to 100 within firm categories because of rounding. See Appendix B for race and ethnicity definitions used in the SBCS. SBCS responses throughout the report are weighted using census data to represent the US small employer firm population on the following dimensions: firm age, number of employees, industry, geography, race/ethnicity of owner, and gender of owner.

Appendix A

Additional SBCS data tables

Data by firm demographics

	Share of firms that were profitable at the end of 2021	Share of firms with hiring challenges	Share of firms with inflation challenges	Share of firms in at least fair financial condition	Share of applicants approved for at least some financing
All employer firms	45%	60%	81%	81%	79%
Firms by race/ethnicity of owner(s)					
American Indian/Alaskan Native-owned firms	38%	49%	72%	77%	56%
Asian-owned firms	30%*	60%	84%	70%*	69%*
Black-owned firms	26%*	53%*	69%*	67%*	50%*
Hispanic-owned firms	37%*	55%	74%	77%*	68%*
White-owned firms	48%	60%	81%	84%	82%
Firms by number of employees					
1–4 employees	41%	47%	77%	78%	73%
5–9 employees	44%	65%*	83%*	80%	80%*
10–19 employees	45%	80%*	89%*	85%*	86%*
20–49 employees	57%*	84%*	88%*	90%*	89%*
50–499 employees	73%*	80%*	81%	94%*	91%*
Firms by gender of owner(s)					
Men-owned	47%	59%	81%	83%	81%
Women-owned	38%*	59%	80%	78%*	75%
Equally owned	45%	62%	84%	80%	79%

*Difference from the base group (by category: white-owned, 1–4 employees, men-owned) is statistically significant at the 5% significant level.

Notes: See Appendix B for race and ethnicity definitions used in the SBCS.

Data by firm demographics

	Share of firms that were profitable at the end of 2021	Share of firms with hiring challenges	Share of firms with inflation challenges	Share of firms in at least fair financial condition	Share of applicants approved for at least some financing
All employer firms	45%	60%	81%	81%	79%
Firms by age of business					
0–2 years	27%	57%	76%	72%	66%
3–5 years	40%*	64%*	81%	79%*	76%
6–10 years	44%*	61%	84%*	79%*	78%
11–15 years	50%*	53%	79%	85%*	84%*
16–20 years	53%*	64%*	83%	84%*	85%*
21+ years	54%*	61%	82%	87%*	89%*
Firms by industry					
Non-manufacturing goods production and associated services	51%	61%	83%	82%	79%
Manufacturing	51%	61%	88%	86%	85%
Retail	46%	56%	91%*	79%	81%
Leisure and hospitality	25%*	76%*	93%*	69%*	70%
Finance and insurance	67%*	46%*	58%*	89%*	87%
Healthcare and education	36%*	64%	80%	77%	83%
Professional services and real estate	52%	50%*	68%*	88%*	81%
Business support and consumer services	40%*	64%	84%	83%	74%

*Difference from the base group (by category: 0–2 years, non-manufacturing goods production and associated services) is statistically significant at the 5% significant level.

Notes: See Appendix B for industry definitions.

Appendix B

SBCS definitions
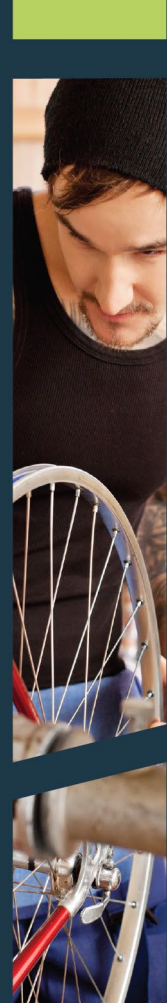
Definitions: Credit risk

In the SBCS, "credit risk" refers to a self-reported business credit score or personal credit score, depending on which is used to obtain financing for the business. When firms use both, the weaker credit score is used to categorize the firm.

Low credit risk	Medium credit risk	High credit risk
Firms with either a business credit score of 80–100 or a personal credit score of 720 or greater.	Firms with either a business credit score of 50–79 or a personal credit score of 620–719.	Firms with either a business credit score of 1–49 or a personal credit score of less than 620.

Definitions: Financial services providers and lenders

Questions in the SBCS ask respondents about their use of and experiences with lenders and other financial services providers. Because respondents may not have a uniform understanding of the terms used in the SBCS, the questionnaire provides examples and explanatory information about the response options. The financial services providers, lenders, and lender categories referenced in the survey are defined as follows:

Category	Definition
Large bank, small bank	Large banks are defined as those with at least $10B in total deposits; small banks are those with less than $10B in total deposits. For applicable questions, respondents are shown a list of large banks operating in their state to assist them with proper classification of their institution.
Finance company	Finance companies are nonbanks that provide loans, leases, and other financial services. Examples include mortgage companies, equipment dealers, insurance companies, and auto finance companies.
Finance company that is not a bank	Examples include payroll services and payments processing companies, fintech lenders, and finance companies.
Financial institution or lender	This category includes all bank or nonbank financial intermediaries, such as banks, finance companies, online lenders, and credit unions.
Government funding sources	Examples include the Small Business Administration (SBA), the US Department of Agriculture (USDA), and state agencies.
Online lender/fintech lender	Online lenders/fintech lenders are nonbanks that operate online. Examples include OnDeck, CAN Capital, Paypal Working Capital, and Kabbage.
CDFI	Community development financial institutions, or CDFIs, are financial institutions that provide credit and financial services to underserved markets and populations. CDFIs are certified by the CDFI Fund at the US Department of the Treasury.

Definitions: Industry categories

Business support and consumer services

Includes NAICS codes: 56, 81

Examples of businesses: Barbers, business event planning, cleaning services, repair services, salons, spas, travel agencies

Finance and insurance

Includes NAICS codes: 52

Examples of businesses: Loan brokers, portfolio management firms

Healthcare and education

Includes NAICS codes: 61, 62

Examples of businesses: Counseling, day cares, dentists, professional training, sports instruction, tutoring

Leisure and hospitality

Includes NAICS codes: 71, 72

Examples of businesses: Bars, caterers, fitness centers, gyms, hotels, performing arts venues

Manufacturing

Includes NAICS codes: 31, 32, 33

Examples of businesses: Electronics manufacturers, engraving, packaging, print shops, textile manufacturers

Nonmanufacturing goods production and associated services

Includes NAICS codes: 11, 21, 22, 23, 42, 48, 49

Examples of businesses: Construction, farming, logistics, mining, taxis, wholesale suppliers and distributors, warehousing

Professional services and real estate

Includes NAICS codes: 51, 53, 54, 55

Examples of businesses: Book publishers, consulting, notaries, real estate agents, vehicle rentals

Retail

Includes NAICS codes: 44, 45

Examples of businesses: Boutiques, craft stores, ecommerce, grocers, hardware stores

Definitions: Race and ethnicity

The SBCS uses US Census-defined categories of race and ethnicity. We use simplified, mutually exclusive race/ethnicity labels to indicate that more than 50% of the business is held by owner(s) of the given race/ethnicity. As such,

- "American Indian or Alaskan Native" refers to non-Hispanic American Indian or Alaskan Native.

- "Asian" refers to non-Hispanic Asian or Pacific Islander.

- "Black" refers to non-Hispanic Black or African American.

- "Hispanic" refers to all firms owned by individuals of Hispanic or Latino ethnicity, regardless of their race.

- "White" refers to non-Hispanic white, Middle Eastern, or North African.

Definitions: Time references

Survey questions in the SBCS ask respondents to reference specific time periods. Most questions ask about respondents' experiences in the 12 months prior to the time of their response. In some cases, questions ask about conditions at the time of their response. Finally, some questions ask about respondents' expectations in the 12 months following the time of their response. The time periods referenced in the survey are defined as follows throughout this report:

Prior 12 Months	At Time of Survey	Next 12 Months
The 12 months prior to the fielding of the survey. For the 2022 SBCS, this is approximately September–November 2021 through September–November 2022.	September through November 2022.	The 12 months following the fielding of the survey. For the 2022 SBCS, this is approximately September–November 2022 through September–November 2023.