

October 1, 2012



# Intuit Indexes Show Small Business Growth Slowing

## Employment Remains Tepid While Revenue Continues to Decline

MOUNTAIN VIEW, Calif.--(BUSINESS WIRE)-- U.S. small business employment continued to grow slowly in September, while hours worked and compensation rose. Revenue in August declined for the sixth consecutive month.

These are among the results for the monthly [Intuit Inc.](#) (Nasdaq: INTU) [Small Business Employment and Revenue Indexes](#), which together provide a current picture of the economic health of the nation's small businesses.

The Small Business Employment Index shows that employment rose by 0.2 percent in September, which is an annualized growth rate of 2.5 percent. The growth equates to approximately 40,000 new jobs created in September, although Intuit is recalibrating the employment index and expects these numbers to change. Average monthly compensation grew by 0.6 percent, or \$17, an increase from the growth of \$2 seen last month. Average monthly hours worked increased by 0.18 percent, or 12 minutes. The index is based on data from [Intuit Online Payroll](#) and covers the period from January 2007 through Sept. 23.

The Small Business Revenue Index indicates that August small business revenue fell by 0.4 percent from the previous month. Continuing July's trend, the retail industry, along with the accommodation and food services sector, saw the biggest declines at minus 0.7 percent respectively. Construction followed with a decline of 0.6 percent. The index is based on data from [QuickBooks Online](#) and covers the period from January 2005 through Aug. 31.

"This month's indexes bring both good and bad news," said [Susan Woodward](#), the economist who worked with Intuit to create the indexes. "The bad news is that while revenue rose earlier in this tepid recovery, they are now dropping for most industries. In addition, small business employment is growing very slowly, and is essentially flat. Couple that with the slow employment growth of less than one-tenth of a percent for big businesses, and we see a slim chance of full employment anytime soon.

"The good news is that more people are going into business for themselves. After five years of declining self-employment beginning in January 2007, we began seeing a big comeback starting in November 2011. Nearly 600,000 additional self-employed folks have been added since then, and there are now 14.2 million people who are self-employed. One theory is that the decline in revenue per business may reflect the entry of these new businesses into the economy."

### Small Business Revenue Index

Small businesses overall saw a decline in revenue in August. The health care and social assistance saw the smallest decline of all the industries, at minus 0.3 percent, which is

slightly less than the 0.4 percent decline seen in the previous month. The health care sector, has however, had the longest decline, starting in November 2011.

<b>Sector</b>	<b>August Change in Revenue</b>
<b>All</b>	<b>- 0.4%</b>
Accommodation, food services and drinking places	- 0.7%
Retail trade	- 0.7%
Construction	- 0.6%
Professional, scientific and technical services	- 0.5%
Real estate and rental and leasing	- 0.5%
Other services	- 0.3%
Health care and social assistance	- 0.3%

**The Intuit Small Business Revenue Index** is based on data from more than 100,000 small businesses, a subset of the total QuickBooks Online financial management user base.

### **Small Business Employment Index**

Based on September's numbers and revised national employment data from the Bureau of Labor Statistics, Intuit revised upward the previously reported August growth rate to 0.2 percent from 0.16 percent. This equates to 50,000 jobs added in August, up from a previously reported 30,000 jobs, though these numbers are expected to change once the index is recalibrated.

### **Increase in Hours Worked, Increase in Compensation**

Small business hourly employees worked an average of 107.2 hours in September, an increase of 0.18 percent, or about 12 minutes, from the revised figure of 107.0 hours in August, making for a 24.7-hour workweek.

Average monthly pay for all small business employees rose to \$2,768 in September, an increase of 0.6 percent, or \$17, from the August revised figure of \$2,751 per month. The equivalent annual wages would be about \$33,200 per year, which is part-time work for many small business employees.

### **Small Business Employment by Geography**

The Employment Index showed growth in overall employment in September for all regions except for the West North Central and the Middle Atlantic divisions, which fell by 0.13 percent and 0.05 percent respectively. A state-by-state breakdown showed the largest employment increases in Washington and Michigan, a trend that continued from last month. New York and Oregon saw the largest decreases.

<b>U.S. Census Division</b>	<b>Percent Change in Employment</b>
East North Central	+ 0.3%
West North Central	- 0.13%

Middle Atlantic	- 0.05%
Mountain	+ 0.10%
New England	+ 0.12%
Pacific	+ 0.3%
South Atlantic	+ 0.3%
East South Central	+ 0.14%
West South Central	+ 0.4%

**Small Business Employment by U.S. Census Division** continues to grow in most parts of the country. The data reflects employment from approximately 84,000 small business employers, a subset of small businesses that use Intuit Online Payroll. The month-to-month changes are seasonally adjusted and informative about the overall economy.

State	Change in Employment
Arizona	+ 0.02%
California	+ 0.40%
Colorado	+ 0.30%
Florida	+ 0.50%
Georgia	+ 0.20%
Illinois	+ 0.20%
Maryland	+ 0.40%
Massachusetts	- 0.04%
Michigan	+ 0.80%
New Jersey	+ 0.16%
New York	- 0.20%
North Carolina	+ 0.02%
Oregon	- 0.13%
Pennsylvania	- 0.09%
Texas	+ 0.40%
Virginia	+ 0.18%
Washington	+ 0.50%

**Small Business Employment** increased for most states in which Intuit Online Payroll has more than 1,000 small business firms. The month-to-month changes are seasonally adjusted and informative about the overall economy.

### About The Intuit Small Business Indexes

The Intuit Small Business Indexes provide unique, near real-time information each month on the activity of the smallest businesses in the U.S. in terms of revenue, hiring and compensation trends. The Revenue Index is based on anonymized, aggregated data from approximately 100,000 small businesses, a subset of users that use Intuit's QuickBooks Online financial management offering and are matched in [Dun & Bradstreet](#)'s small business industry classifications. The Employment Index is based on anonymized, aggregated data from 84,000 small business employers, a subset of users that use Intuit Online Payroll. Together, the indexes provide a more complete picture of the economic health of the

nation's small businesses. More information on the Intuit Small Business Indexes is available at [index.intuit.com](http://index.intuit.com).

### **About Intuit Inc.**

[Intuit Inc.](http://www.intuit.com) is a leading provider of business and financial management solutions for small and mid-sized businesses; financial institutions, including banks and credit unions; consumers and accounting professionals. Its flagship products and services, including [QuickBooks®](#), [Quicken®](#) and [TurboTax®](#), simplify small business management and [payroll processing](#), personal finance, and tax preparation and filing. [ProSeries®](#) and [Lacerte®](#) are Intuit's leading tax preparation offerings for professional accountants. Intuit Financial Services helps banks and credit unions grow by providing on-demand solutions and services that make it easier for consumers and businesses to manage their money.

Founded in 1983, Intuit had annual revenue of \$4.15 billion in its fiscal year 2012. The company has approximately 8,000 employees with major offices in the United States, Canada, the United Kingdom, India and other locations. More information can be found at [www.intuit.com](http://www.intuit.com).

Intuit and the Intuit logo, among others, are registered trademarks and/or registered service marks of Intuit Inc. in the United States and other countries. Intuit Small Business Payroll Index is copyrighted by Intuit. Its contents may not be resold or modified in any way. It can be linked to and referenced with the following attribution: "Intuit Small Business Employment Index © Intuit Inc. All rights reserved." These Terms of Use supplement the Small Business Website Terms of Service at: [http://smallbusiness.intuit.com/small-business/legal/index.jsp?\\_requestid=178246](http://smallbusiness.intuit.com/small-business/legal/index.jsp?_requestid=178246).

Intuit Inc.

Tammy Lam, 650-944-3807

[tammy\\_lam@intuit.com](mailto:tammy_lam@intuit.com)

or

Access Communications

Vanessa Piccinini, 415-844-6296

[vpiccinini@accesspr.com](mailto:vpiccinini@accesspr.com)

Source: Intuit Inc.