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# Intuit Small Business Indexes Show Small Businesses Hurting

## Employment Growth Slowing While Revenues Decline

MOUNTAIN VIEW, Calif.--(BUSINESS WIRE)-- The rate of U.S. small business employment is slowing, while revenues continue to decline for the fifth consecutive month.

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

The Small Business Employment Index shows that employment increased by 0.16 percent in August, down from a revised growth rate of 0.2 percent in July. This equates to approximately 30,000 new jobs created in August, or an annualized growth rate of 1.9 percent, although Intuit is recalibrating the index and expects these numbers to change.

Average monthly compensation grew by 0.08 percent, or \$2, down from the growth of \$7 seen last month. Average monthly hours worked decreased by 0.6 percent, or 42 minutes. The index is based on data from [Intuit Online Payroll](#) and covers the period from January 2007 through August 23, 2012.

The Small Business Revenue Index indicates that small business revenue fell by 0.6 percent from the previous month. The retail industry, along with the accommodation and food services sector, saw the biggest declines at 1.1 percent respectively, followed by real estate services at 0.7 percent. The index is based on data from [QuickBooks Online](#) and covers the period from January 2005 through July 31, 2012.

"This month's indexes indicate that small businesses are hurting," said [Susan Woodward](#), the economist who worked with Intuit to create the indexes. "The employment rate has been slowing since April, and revenues have been falling since March, declining 2.7 percent from its most recent peak. At an annual rate, this is a decline of just over 6 percent, which is substantial."

## Small Business Revenue Index

Small businesses overall saw declines in revenue in July. The health care and social assistance sector continued to see the smallest decline of all the industries, at 0.4 percent, though the rate of decline was 10 times more than the 0.04 percent decline seen in the previous month.

"Among the industry sectors tracked by Intuit, the hardest hit recently has been small business retail, whose revenue has declined 6.1 percent from January to July," said Woodward. "The sector with the smallest decline is health care, which fell 1.3 percent from December 2011."

| <b>Sector</b>                                    | <b>July Change in Revenue</b> |
|--|-------------------------------|
| <b>All</b>                                       | <b>- 0.60%</b>                |
| Accommodation, food services and drinking places | - 1.10%                       |
| Retail trade                                     | - 1.10%                       |
| Real estate and rental and leasing               | - 0.70%                       |
| Construction                                     | - 0.60%                       |
| Other services                                   | - 0.60%                       |
| Professional, scientific and technical services  | - 0.50%                       |
| Health care and social assistance                | - 0.40%                       |

### **Small Business Employment Index**

Based on August's numbers and revised national employment data from the Bureau of Labor Statistics, Intuit revised upward the previously reported July growth rate to 0.2 percent from 0.17 percent. This equates to 45,000 jobs added in July, up from a previously reported 35,000 jobs, though these numbers are expected to change once the index is recalibrated.

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

Small business hourly employees worked an average of 106.4 hours in August, a decrease of 0.6 percent, or about 42 minutes, from the revised figure of 107.1 hours in July, making for a 24.5-hour workweek.

Average monthly pay for all small business employees rose to \$2,737 in August, an increase of 0.08 percent, or \$2, from the July revised figure of \$2,735 per month. The equivalent annual wages would be about \$32,800 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 August for all regions except for the West North Central and the Middle Atlantic divisions, which decreased by 0.17 percent and 0.10 percent respectively. A state-by-state breakdown showed the largest employment increases in Washington and Michigan, while Missouri saw the largest decrease and North Carolina remained flat.

| <b>U.S. Census Division</b> | <b>Percent Change in Employment</b> |
|-----------------------------|-------------------------------------|
| East North Central          | +0.3%                               |
| West North Central          | -0.17%                              |
| Middle Atlantic             | -0.10%                              |
| Mountain                    | +0.01%                              |

|                    |        |
|--------------------|--------|
| New England        | +0.12% |
| Pacific            | +0.5%  |
| South Atlantic     | +0.2%  |
| East South Central | +0.14% |
| West South Central | +0.2%  |

**Small Business Employment by U.S. Census Division** continues to grow in most parts of the country. The data reflects employment from approximately 83,000 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        | -0.04%               |
| California     | +0.40%               |
| Colorado       | +0.15%               |
| Florida        | +0.40%               |
| Georgia        | +0.30%               |
| Illinois       | +0.20%               |
| Maryland       | +0.30%               |
| Massachusetts  | -0.04%               |
| Michigan       | +0.50%               |
| New Jersey     | -0.09%               |
| New York       | -0.19%               |
| North Carolina | 0.00%                |
| Ohio           | +0.30%               |
| Oregon         | +0.14%               |
| Pennsylvania   | -0.04%               |
| Tennessee      | +0.20%               |
| Texas          | +0.30%               |
| Virginia       | +0.18%               |
| Washington     | +0.60%               |

**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 83,000 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.](#) 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).

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