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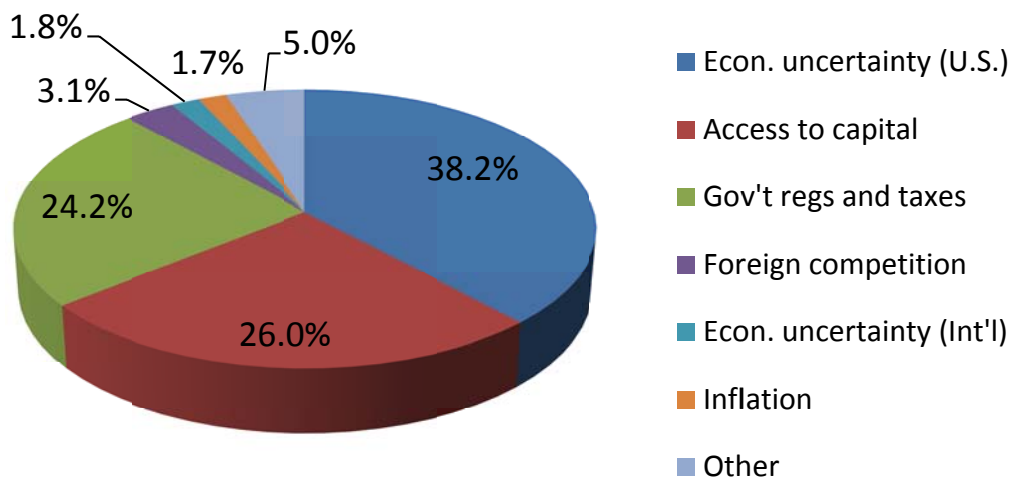
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Pepperdine University Graziadio School Study Shows Most Small Businesses Would Like to Hire in Next Six Months; Hindered by Uncertainty, Capital and Regulations

Small Businesses Say Access to Capital is the Number One Policy Option for Stimulating Job Growth

LOS ANGELES (Sept. 6, 2011) -- Nearly half of small businesses (40.7%) say they will hire in the next six months compared to 38.1% who say they do not plan to hire and 21.2% who don't know. In light of increased concern about the economy and job growth, initial findings are released today from the latest survey currently underway of privately-held businesses by the [Pepperdine Private Capital Markets Project](#), conducted with the cooperation of [Dun & Bradstreet Credibility Corp.](#) The poll of 7,502 small businesses (revenues of less than \$5 million dollars) in the U.S. also found that economic uncertainty (38.2%), followed by access to capital (26.0%), and government regulations and taxes (24.2%) are the top three issues small businesses face today.

Top Issues Facing Small Businesses



Source: Pepperdine Private Capital Markets Project Fall 2011 Business Owner Survey, Pepperdine University

(MORE)

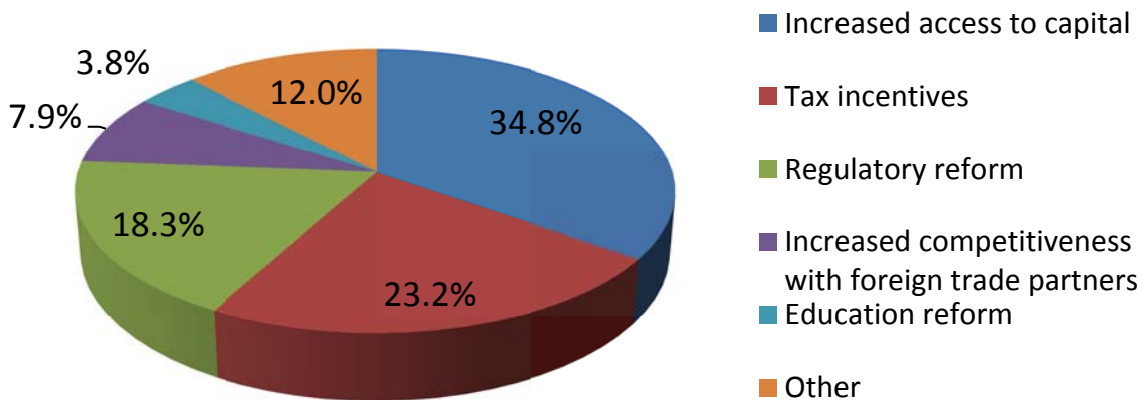
“Small businesses should be a top consideration as the President and other legislators seek to jump start job creation,” said John Paglia, lead researcher of the Pepperdine Private Capital Markets Project and associate professor of finance at Pepperdine University’s Graziadio School of Business and Management. “Establishing market confidence, improving access to capital and improving regulatory and tax structures are the most direct route to end the Great Recession and spark the Great Recovery.”

According to the study, small businesses said that of those policies most likely to lead to job creation in 2012, “increased access to capital” emerged as #1 (34.8%) followed by tax incentives (23.2%), and regulatory reform (18.3%).

Jeffrey Stibel, Chairman & CEO of Dun & Bradstreet Credibility Corp. said, “Professor John Paglia’s research on small business is deserving of attention precisely because it strips away all the noise and clutter we hear in the news and uses objective research criteria to tell us why small business owners are not hiring: the answer is access to capital.”

In August 2011, Pepperdine University partnered with Dun & Bradstreet Credibility Corp. to connect researchers to its vast database of small businesses, thereby providing researchers from Pepperdine University with a greatly enlarged pool of small business subjects for Pepperdine’s private capital markets study.

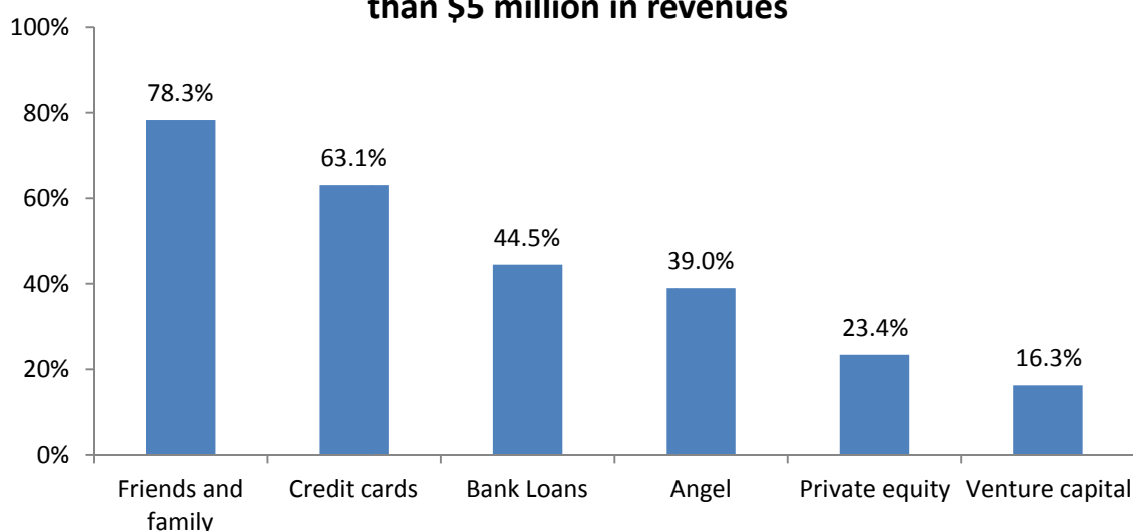
Top Policy Actions for Job Growth in 2012 According to Small Business Owners



Source: Pepperdine Private Capital Markets Project Fall 2011 Business Owner Survey, Pepperdine University

When it comes to seeking financing, small businesses say banks and investors are appealing options – however, most are unsuccessful. Of all financing options, bank loans emerged as the financing source with highest “willingness” for small business to use (70.7%). The next highest was angel financing (35.7%) followed by private equity (28.1%) and venture capital (27.2%). However, results also showed that of 1,667 small businesses that sought bank loans over the past 12 months, just 44.5% were successful. Survey results indicated that business owners on average contacted 2.2 banks and invested between 16-24 hours of time in the process.

Small Business Financing Success Rates From August 2010 to August 2011 for Companies with less than \$5 million in revenues



Source: Pepperdine Private Capital Markets Project Fall 2011 Business Owner Survey, Pepperdine University

“Many businesses are now questioning whether contacting banks for credit is worth the time invested. Taking 16-24 hours away from ‘minding the store’ to pursue a loan can be extremely detrimental to any small business, especially when the odds are not in their favor,” said Paglia. “If we can get credit flowing and hiring picks up, actions such as incentives that support the pursuit of advanced degrees and workforce retraining would set off further creation of much needed, higher-wage jobs.”

The study showed that of those that do plan to hire, sales and marketing skills are in greatest demand (47.8%) followed by skilled labor (41.6%) and service/customer service (38.8%). Also, 83.0% of companies planning to hire indicate they’d need to train those they hire.

With over 99% of companies being privately-held the economy is dependent upon the success of these businesses. The Pepperdine Private Capital Markets Project is a critical step along the path of understanding and increasing the value of private companies and our economy.

The data released today is an early snapshot from the Fall 2011/Winter 2012 Pepperdine Private Capital Markets Projects business owners survey currently underway. The survey window is open until Friday, September 16, 2011. Privately owned businesses, as well as professionals in the private capital industry (including angel investors, venture capital, private equity, mezzanine investments, asset-based lending, factoring, limited partners, brokers, investment bankers, and business appraisers) are encouraged to participate by visiting:

<http://bschool.pepperdine.edu/privatecapital>.

About the Pepperdine University Graziadio School of Business and Management

Founded on the core values of integrity, stewardship, courage, and compassion, Pepperdine University's Graziadio (*GRAT-ZEE-ah-DEE-oh*) School of Business and Management has been developing values-centered leaders and advancing responsible business practice since 1969. Student-focused, experience-driven, and globally-oriented, the Graziadio School offers fully accredited top-ranked MBA, Masters of Science, and bachelor's completion business programs. More information can be found at <http://bschool.pepperdine.edu/newsroom/>.

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