



# Report

## Small Businesses and Clean Energy Policy

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June 9, 2010

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# Small Businesses and Clean Energy Policy: National Survey Results

## Executive Summary

Small Business Majority, American Businesses for Clean Energy and We Can Lead commissioned a national survey of 800 small business owners across the country to learn their attitudes toward energy conservation practices and clean energy policies.

The results of the poll show that among small businesses there is strong support for clean energy and climate legislation; small businesses believe that clean energy policies will help the U.S. economy; and support for clean energy policies is even higher among Latino- and black-owned businesses.

Clean energy, as a policy matter, finds majority support among the survey respondents:

- 61% agree that moving the country to clean energy is a way to restart the economy and help small businesses create jobs; and
- 58% think that adopting new energy policies will transform the economy and they want their business to be part of it.

When asked about clean energy and climate legislation, results were strong:

- 50% of small business owners support clean energy and climate legislation.

Support for clean energy and climate legislation is strongest among members of local Chambers of Commerce and minority-owned businesses:

- 60% of local Chamber of Commerce members support clean energy and climate legislation.
- 60% of Hispanic and 78% of black small business owners support clean energy and climate legislation.

Despite the fact that nearly two-thirds think it would increase costs for their businesses, a majority of small business owners still want to move forward on clean energy and climate policy:

- 48% of small businesses think an energy and climate bill will either not affect their business or will help it, while 45% think it would hurt their business.

Small business owners said they would be more likely to support energy legislation that includes incentives that would reduce up-front costs for energy efficiency improvements:

- 62% of small businesses say they would be more likely to support the bill if it included

- interest-free loans for energy-efficiency upgrades and small businesses that switch to clean energy;
- 52% would be more likely to support the bill if it contained grants or subsidies to help small businesses upgrade to more energy-efficient equipment;
  - 52% would be more likely to support the bill if it contained free training or consultation on how to profit from the emerging clean energy industry;
  - 44% would be more likely to support the bill if it provided free energy audits to help businesses learn about their energy use, waste and conservation options.

Most small businesses are already employing some measures to conserve energy, and many are interested in doing even more. The primary motivation for small business owners who have taken steps toward conservation is saving money. Small business owners who have not taken steps to conserve energy also cite financial concerns, saying that it is too expensive or will not save them enough money to make it worthwhile.

### **Demographics snapshot**

- 79% of respondents owned companies with 5 or fewer employees
- 65% had gross revenues of under \$500,000; 51% under \$250,000
- 41% of small businesses were women- and/or minority-owned
- 86% of small businesses have a Caucasian owner, 6% have an African American owner, and 7% have an Hispanic owner <sup>1</sup>
- 48% had a college-level education or higher
- 33% identified as Republican, 26% as Democrat and 22% as independent

The results in this report are based on a national poll of small business owners conducted by Greenberg Quinlan Rosner and American Viewpoint that was commissioned by Small Business Majority, American Businesses for Clean Energy and We Can Lead. The poll reached a national sample of 600 small business owners, all with fewer than 100 employees, and was supplemented by oversamples of 100 African American (N=124 total) and 100 Hispanic business owners (N=121 total). The margin of sampling error for the total sample is +/- 4.0 percentage points. The poll was conducted March 24 to April 6, 2010. Please see Appendix A for additional information about the methodology.

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<sup>1</sup> Race/ethnicity was recorded for each owner of the business. Since some businesses have two or more owners of differing races/ethnicities, percentages will not add up to 100%.

# Survey Results

## The state of small businesses

This poll, conducted in the spring of 2010, was commissioned to explore small business attitudes toward energy conservation practices and clean energy policies. At this time, many small businesses have been facing intense financial challenges due to the strained economy, and for many this has led to reduced spending and scarce financial resources. According to this survey, most were forced to reduce their operating costs in various ways. Financial problems have been especially acute for Hispanic and African American owners, at least as indicated by the actions they have taken.

Not surprisingly, small business owners' priorities revolve around controlling and reducing costs. When asked to rate the two issues most important to them, 50 percent cited lowering taxes for small businesses and 34 percent said reducing healthcare costs for small businesses. Just 26 percent identified keeping energy prices low and stable. Twenty-one percent identified improving access to capital as one of their most important issues.

Despite the current economic challenges, the results of this national poll show that there is strong support for clean energy and climate legislation among small businesses, and small business owners believe that clean energy policies will help the U.S. economy. Support for clean energy policies is even higher among Latino- and black-owned businesses.

## On a new clean energy economy

Nearly two-thirds (61 percent) of small business owners agree that moving the country to clean energy is a way to restart the economy and help small businesses create jobs.

A majority (58 percent) of small business owners think that adopting new energy policies will transform the economy, and they want their businesses to be part of it.

Many of the business owners who have taken measures to conserve energy believe in a clean energy future. Sixty-five percent of business owners who have taken measures to reduce energy use say that adopting new energy policies will transform the economy, and they hope their business is part of it.

At the same time, many (52 percent) believe that building a clean energy economy will create increased upfront costs, and a lot of owners simply cannot focus their time, energy, and financial resources on clean energy and conservation right now.

## African American and Hispanic owners on energy policy

African American and Hispanic small business owners are more supportive of new energy policies and clean energy than small business owners overall.

Large proportions of both African American (78 percent) and Hispanic (68 percent) small business owners believe that developing a clean energy economy is a way to restart the U.S. economy, and they want to participate.

However, many are still apprehensive about the increased costs that new energy policies may require. In particular, Hispanic (58 percent) owners show somewhat more concern about cost and economic issues than African American (45 percent) owners.

**Figure 1:** Energy policy positives and negatives by race

<i>(*Table shows percentage of respondents who <u>strongly</u> or <u>somewhat agree</u> with statement)</i>	<b>African American</b>	<b>Hispanic</b>	<b>Total</b>
<b>Positive Consequences</b>			
Adopting new energy policies will transform economy and they want their business to be part of it	<b>80</b>	<b>76</b>	<b>58</b>
Moving the country to clean energy is a way to restart the economy and help small businesses create jobs	<b>78</b>	<b>68</b>	<b>61</b>
<b>Negative Consequences</b>			
Adopting new energy policies will increase energy costs, impose more regulations, and cost small businesses jobs	<b>45</b>	<b>58</b>	<b>52</b>
My business has too many other priorities right now to focus on being energy-efficient	<b>58</b>	<b>66</b>	<b>57</b>
<i>Now, please tell me whether you agree or disagree with each of the following statements...</i>			

## Clean energy and climate legislation

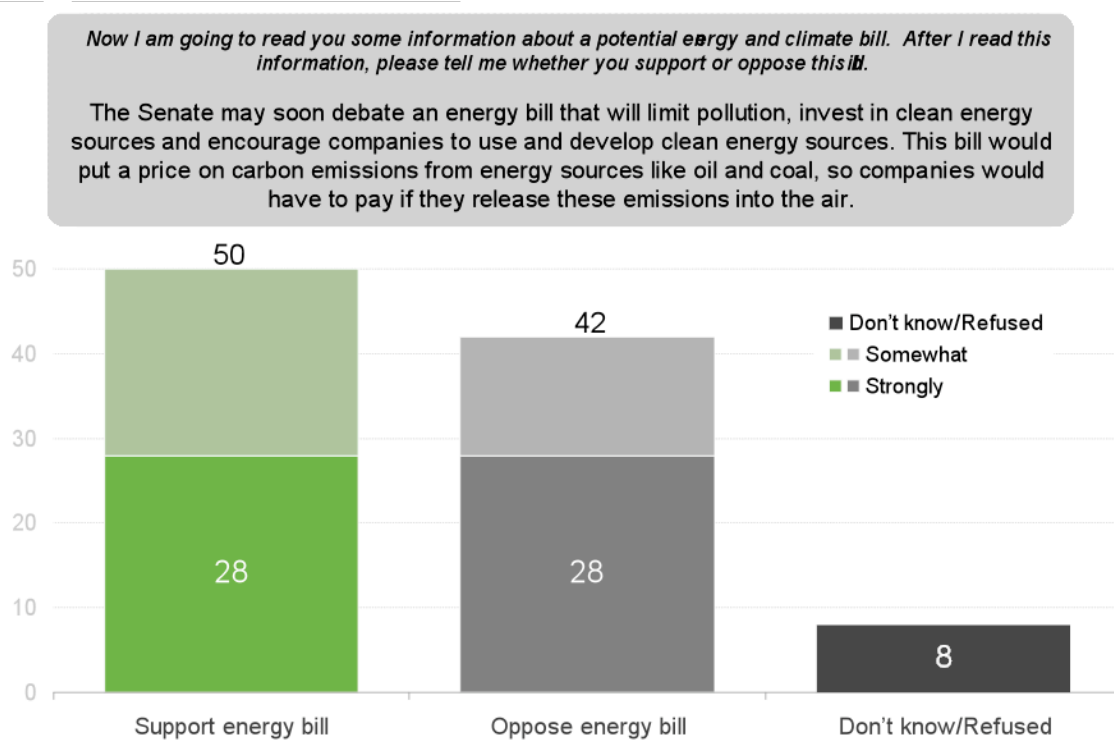
Among small business owners, support for clean energy and climate legislation is strong. Fifty percent of respondents say they would support clean energy and climate legislation when described as:

*The Senate may soon debate an energy bill that will limit pollution, invest in clean energy sources and encourage companies to use and develop clean energy sources. This bill would put a price on carbon emissions from energy sources like oil and coal, so companies would have to pay if they release these emissions into the air.*

Forty-two percent say they would oppose such legislation.

Almost 80 percent of African American small business owners support this potential energy and climate bill, and a strong majority of Hispanic business owners (60 percent) support it.

**Figure 2:** Support for potential Senate energy and climate bill



Some small business owners are more supportive of the bill than others. These supportive groups include women (56 percent support), African Americans (78 percent), younger owners (63 percent of respondents ages 18-39) and college-educated owners (57 percent). Conversely, those who are much less supportive include non-college-educated men (39 percent support), seniors (37 percent over age 64), and owners with a high school education or less (42 percent).

Small business owners who are already conserving energy or very interested in conserving energy are no more likely to support clean energy legislation than those who are not. Fifty-one percent of owners who have taken some measure to conserve energy support the potential bill compared to 41 percent of those who have not. Even owners who have sought LEED certification are not significantly more likely to support it (53 percent support versus 49 percent who have not sought LEED certification). Among the groups who tend to adopt energy-efficient practices, minority- and female-owned business (63 and 61 percent support, respectively) and businesses located in a residence (58 percent support) do show increased support for the potential bill.

### Clean energy versus cost

This support is significant because many businesses are also apprehensive about potential negative impacts of an energy and climate bill. Sixty-four percent think the energy and climate

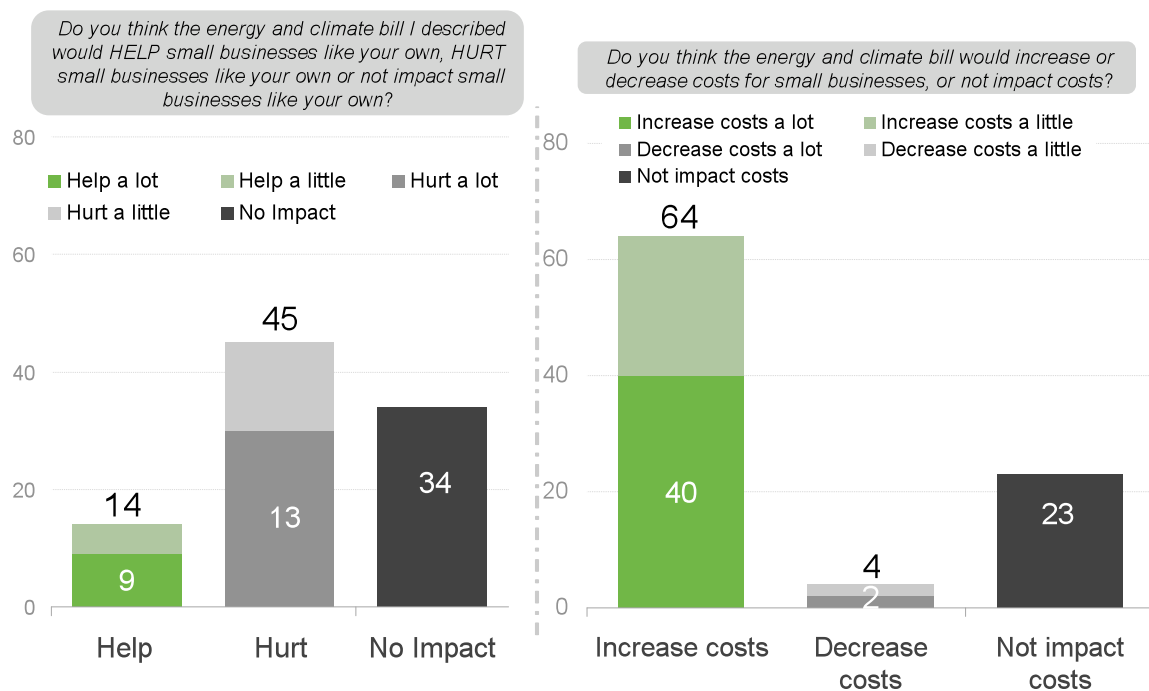
bill would increase costs for small businesses. Forty-eight percent think an energy and climate bill would either not affect their business or would help it, while 45 percent think a bill would hurt their business.

Forty-three percent of African American respondents believe that an energy and climate bill will increase costs for small businesses. A handful of African American owners believe that an energy bill will hurt small businesses like their own (14 percent); 18 percent believe it will help. A majority of African Americans—63 percent—think it will have no overall impact.

Sixty-six percent of Hispanic-owned small businesses think an energy and climate bill will increase costs for small businesses like their own, almost the same as for owners overall (64 percent).

Younger and college-educated small business owners believe the bill will increase energy costs but are also more likely to support it than most owners. Over 60 percent of each of these two groups of owners believe an energy bill will increase costs, but also have a majority who support the potential bill. Overall, almost a quarter of owners who think clean energy legislation will increase costs for small businesses still support the Senate bill (23 percent).

**Figure 3: Perceived impact of an energy and climate bill on small businesses**

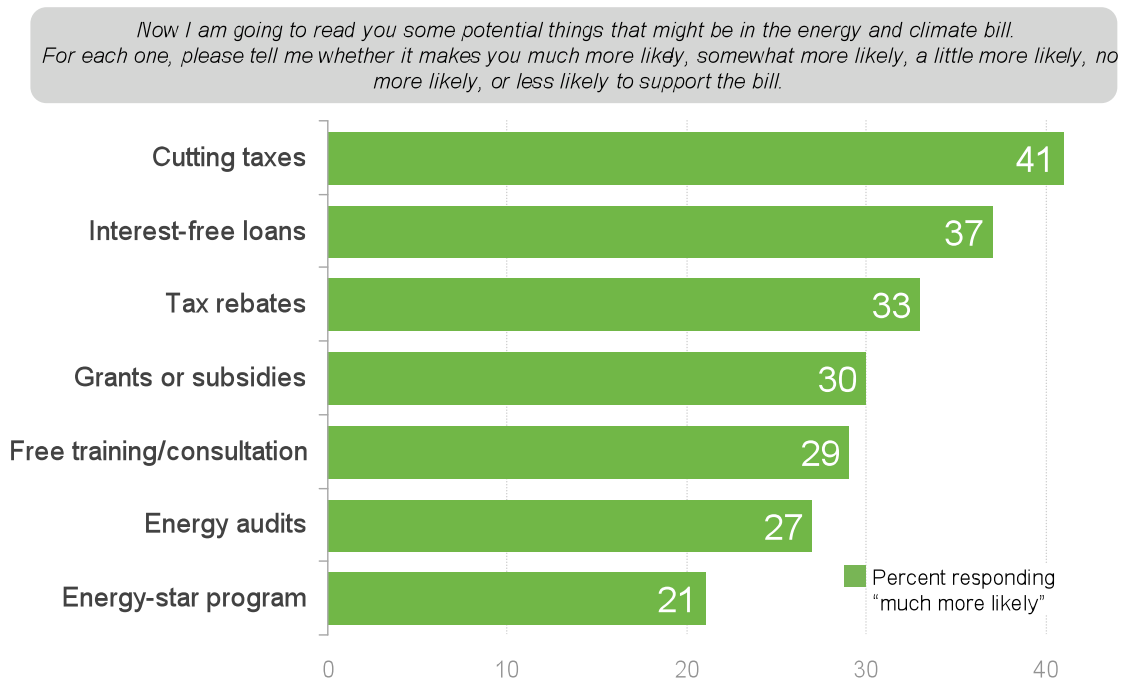


### Bill incentives and objectives

When it comes to energy reform, small business owners are focused on immediate cost, long-term financial savings and global competitiveness. The potential incentives that are most appealing to small business owners are those that address the financial barriers to conserving energy and

switching to clean energy. Not surprisingly, given owners' priorities, tax breaks and rebates are especially popular. Programs that offer consultations, audits, or a ratings program are less persuasive as incentives.

**Figure 4:** Incentives that would increase support for an energy and climate bill



### Legislative objectives

Small businesses favor legislative objectives that reflect their economic and financial concerns. To small business owners, it is most important that the legislation reduce dependence on foreign sources of energy, create jobs, increase global competitiveness, and protect American-made products by holding imported products to similar environmental standards. Other objectives are seen as beneficial or even important, but are not prioritized as highly.

Reducing pollution and helping the environment are among the lower priorities for small business owners. However, some are more concerned about pollution and reducing carbon emissions than others. In particular, Hispanic and African American owners place greater emphasis on cutting pollution, although they also tend to rate the importance of other objectives more highly as well.

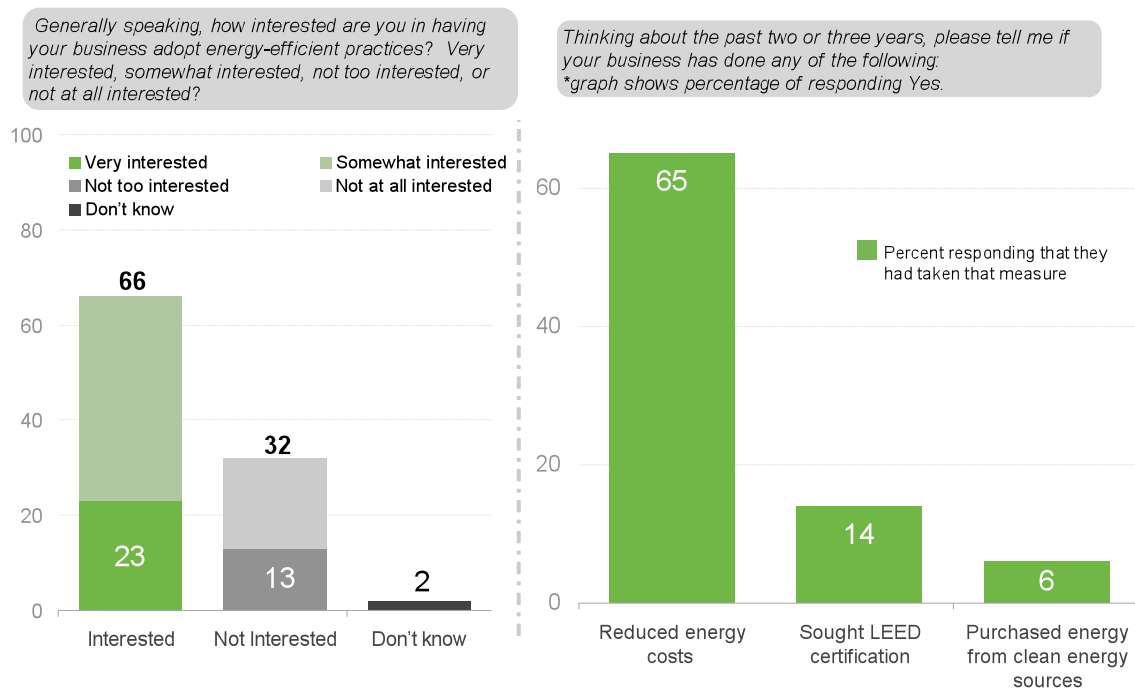
**Figure 5:** Important objectives of energy legislation

<i>(*Table shows percentage responding 10 – extremely important)</i>	<b>Total</b>	<b>Hispanic</b>	<b>African American</b>
Reduce dependence on foreign oil	62	58	80
Imports must meet US standards	52	46	63
Create jobs	51	66	79
Support US business in clean energy tech	44	50	72
Reduce energy costs and make stable	40	52	61
Develop alternative sources	39	46	64
Reduce pollution	39	52	71
Reduce carbon emissions	35	49	67
Incentives for conserving energy	25	41	48
Exports must meet Int'l standards	19	37	52

## **On conserving energy**

Two-thirds of small business owners express interest in adopting energy-efficient practices and, in fact, 75 percent of these interested owners have already taken some measures to conserve energy. Overall, 65 percent say they have made an effort to conserve energy in the past two or three years, including installing energy-efficient light bulbs, appliances, windows or insulation, or other actions. Although it is impossible to know the owners' exact actions, some of these efforts may be small, such as replacing light bulbs or turning off the lights at night.

**Figure 6:** Interest in energy-efficiency and adoption of conservation measures



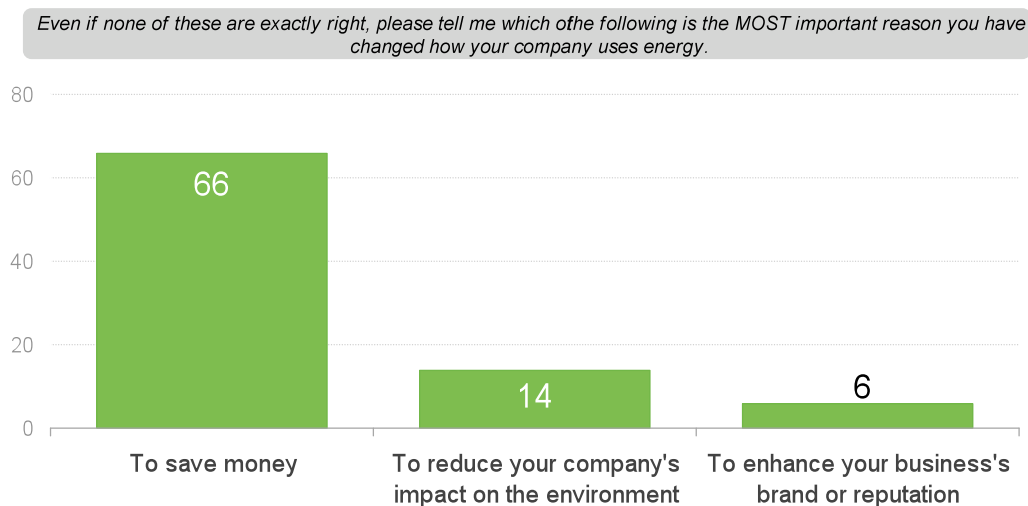
Some small business owners are more likely to have taken steps to conserve energy than others. In particular, minority- or female-owned businesses, those for whom a large proportion of their revenue goes toward energy costs, businesses that are located in a residence and those that have more employees are among the most interested in conserving energy or are already adopting energy-efficient practices.

- **African American- and Hispanic-owned businesses.** African American and Hispanic small business owners express more interest in adopting energy-efficient practices than owners overall. Only 23 percent of all respondents say they are very interested compared to 32 percent of African American owners and 37 percent of Hispanic owners.
- **Businesses that are both minority- and female-owned.** Minority- and female-owned businesses are among the most likely to already have taken steps to conserve energy (82 percent)—even more so than minority-owned businesses overall (70 percent) and female-owned businesses overall (71 percent).
- **Businesses that allocate over 5 percent of their revenue to energy costs.** Businesses that pay more than 5 percent of their revenue to energy costs (and especially if they believe that proportion is more than 20 percent) are much more likely to have made an effort to reduce energy costs (74 percent reduced energy versus 61 percent of businesses spending less than 5 percent of their revenue on energy costs).

- **Businesses that are located in a residence.** Businesses that are run out of a home frequently take steps to adopt energy-efficient practices (75 percent versus 63 percent of businesses in a separate location).
- **Businesses with six or more employees.** Businesses with six or more people are more likely than smaller businesses to seek LEED certification. But overall, larger businesses are not significantly more likely to say they made an effort to conserve energy or to be more interested in energy efficiency.

Small business owners are pretty clear about why they are taking steps to conserve energy: It comes down to cost. Two-thirds of owners who have reduced energy usage, purchased energy from an alternative source, or sought LEED certification took those measures in order to save money. Only 14 percent name the environment as the primary reason for those efforts, while 6 percent say they did so to improve their reputation or brand as a “green” company.

**Figure 7:** Reasons why small business owners are taking steps to conserve energy



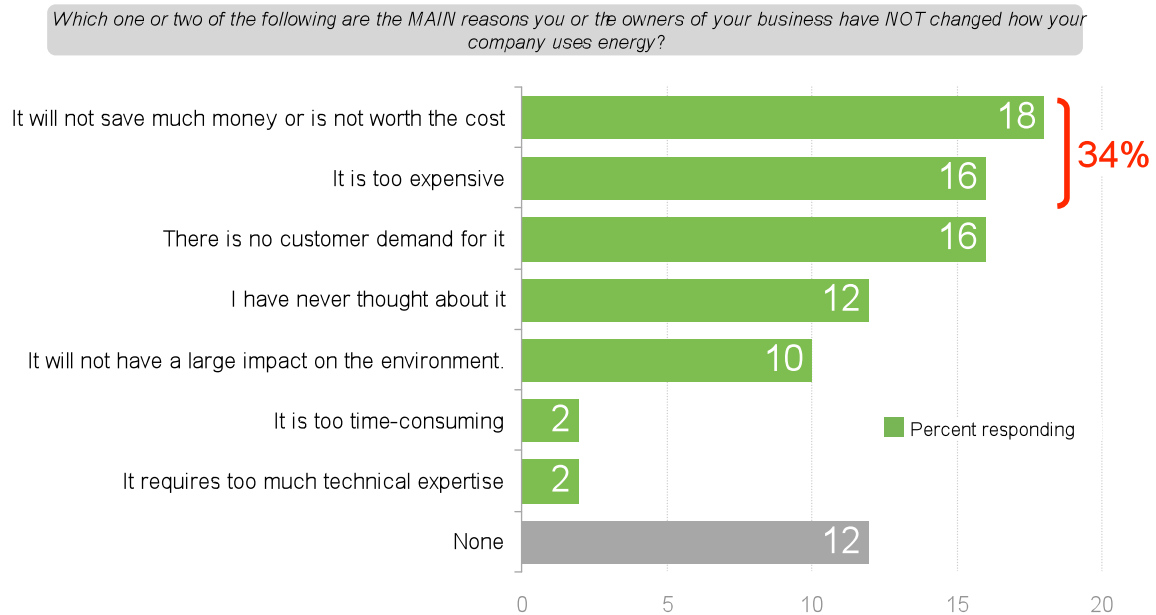
### Owners who are not conserving energy

One-third of small business owners say they have not taken any measures to reduce their businesses' energy usage, nor have they purchased energy from alternative sources or sought LEED certification.

Their reasons for not adopting energy conservation measures also come down to finances and cost. A plurality of these owners say adopting such practices will not actually save money or is not worth the cost of implementing the measures, or that they are financially out-of-reach for their business right now (34 percent). Another 16 percent say there is no customer demand for energy conservation and, therefore, no reason to do it. Ten percent are skeptical that these measures will help the environment at all, or that the positive impact on the environment will not be significant.

enough to justify taking these measures. Finally, 12 percent of owners have simply not thought about adopting energy-efficient practices.

**Figure 8:** Reason owners have not taken measures to conserve energy



Small business owners are split on whether customers or clients feel strongly about businesses adopting energy-efficient practices, but brand and customer demand do not drive energy conservation. Forty-six percent of owners say that being energy-efficient is important to their customers, while 43 percent say it is not. Both African American and Hispanic owners are more likely to say that being a green business is important to their clientele. But, despite these views, few owners seem to have adopted energy-efficient practices because of customer demand.

Overall, cost and finances are driving the decisions about whether to implement measures to conserve energy. They are both the reason that some owners choose to improve their energy efficiency and the reason others choose not to.

Two-thirds of Hispanic-owned small businesses say they have other, more important priorities to focus on (compared to 57 percent of owners in general) than energy conservation.

## Conclusion

Most small business owners recognize that clean energy is part of America’s economic future and they want to be a part of the new economy that embraces it. A majority of small business owners support the potential Senate energy and climate bill described in the survey, and two-thirds are already working to conserve energy. However, many owners remain concerned about the costs of conservation in their own businesses, as well as the costs associated with energy legislation,

especially at a time when they are still adjusting to the reality of a strained economy. Small business owners are more likely to embrace clean energy and climate policies if they include incentives to reduce costs for energy efficiency improvements. The level of small business support for potential clean energy legislation and the current efforts by small enterprises to conserve energy indicate an optimistic outlook for small business participation and leadership in a clean energy future.

## Methodology

Greenberg Quinlan Rosner and American Viewpoint designed and administered this national phone survey among small business owners on behalf of Small Business Majority, American Businesses for Clean Energy and We Can Lead. The interviews were conducted over the phone March 24–April 6, 2010, by professional interviewers.

The survey reached a total of 802 owners/managers/CEO's of businesses with 100 employees or fewer. The base sample consisted of 600 small businesses owners and was supplemented by two minority oversamples: 102 African American and 100 Hispanic small business owners. Percentages in the report and frequency questionnaire may not always add up to 100%, due to rounding or because a question allowed for multiple answers.

Researchers used a random sample of phone numbers obtained from Dunn & Bradstreet, a leading commercial vendor that provides a constantly updated database of businesses in the United States, including approximately 12 million small businesses. Regions were appended to the sample and it was dialed in replicates to maintain the quality of the random sample. The final data were weighted by gender, race, number of employees, and region to ensure an accurate reflection of the population. The total sample size with these weights applied is 600.

For approximately 80% of the sample, the name of the business owner was known and interviewers asked to speak to the owner specifically. When the name was unlisted, the interviewer requested to speak with one of the owners for up to three call-backs. If the owner was ultimately unavailable, the interviewers requested to speak with “someone who would be able to answer specific questions about owning and running the business, such as an owner, partner, president, CEO, COO, principal, or other key decision-maker.” Respondents were then screened to exclude employers with more than 100 employees.

In interpreting survey results, all sample surveys are subject to possible sampling error; that is, the results of a survey may differ from those which would be obtained if the entire population were interviewed. The margin of sampling error for the total sample is +/- 4.0 percentage points. The total number of interviews with African American owners is 124 and has a margin of sampling error of +/- 8.8 percentage points. The total number of interviews with Hispanic owners is 121 and has a margin of sampling error of +/- 8.9 percentage points.

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