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Intuit Indexes: Small Business Employment Declined Since May; Revenues Fall for Seventh Consecutive Month

New Methodology Provides Better Picture of Economy's Effect on Entrepreneurs

MOUNTAIN VIEW, Calif.--(BUSINESS WIRE)-- The latest edition of Intuit Inc.'s (Nasdaq: INTU) [Small Business Revenue and Employment Indexes](#) shows an ongoing decline in small business employment since May. Intuit has revised the Employment Index to provide a better measure of employment for U.S. firms with fewer than 20 employees. Methodology for the Revenue Index is based on a separate model and remains unchanged.

The October Employment Index indicates that small business employment decreased by 0.05 percent, at an annualized decline of 0.6 percent, equating to approximately 10,000 fewer jobs than in September. Based on October's numbers and the latest national employment data from the Bureau of Labor Statistics (BLS), Intuit revised downward the previously reported September employment rate to a decline of 0.06 percent, also a monthly decrease of approximately 10,000 jobs.

The Intuit Small Business Employment Index model has added four main inputs to the methodology and has been revised to align with the quarterly Business Employment Dynamics data from BLS. The new inputs include an expanded set of Intuit small business payroll customers and monthly BLS private payroll, construction payroll and self-employment data. The BLS total payroll data used in the previous model will continue to be a data input in the new model. Detailed information on the new index methodology can be found at index.intuit.com.

"The employment and revenue indexes have long been the only source of near real-time employment and revenue data for the smallest of small businesses," said [Susan Woodward](#), the economist who worked with Intuit to create the indexes. "Now that Intuit has added new data inputs to its methodology and more than doubled its anonymized sample size of payroll customers from approximately 80,000 to 170,000, we're in an even better place to report on the growth of U.S. small businesses."

Small Business Employment Index

The October decrease in employment continues a mild decline that began in May. From March 2010 to May 2012, small business employment grew by 150,000 jobs, totaling 19.9 million. Since May, small business employment has fallen by 65,000 jobs, bringing total recovery to 85,000 small business jobs.

"The absence of a strong rise in small business employment during the recovery reflects two forces," said Woodward. "First, while construction shows some recovery, residential construction activity remains far below where it was in 2006. Second, small business employment has been a declining share of private sector employment for at least 60 years. The decline tends to be abrupt in recessions and slower the rest of the time. The jobs lost are primarily non-manual routine work, such as word processing and checkout services in retail. These jobs are also lost in larger firms, but small businesses start with more of these jobs and thus lose more."

October's employment index is based on data from [Intuit Online Payroll](#) and [QuickBooks Online Payroll](#), and covers the period from Sept. 24 through Oct. 23.

Decrease in Hours Worked and Compensation

Small business hourly employees worked an average of 107.1 hours in October, a decrease of 0.7 percent, or about 42 minutes, from the revised figure of 107.8 hours in September, making for a 24.7-hour workweek.

Average monthly pay for small business employees dropped to \$2,791 in October, or 0.1 percent, from the September revised figure of \$2,794 per month. This equates to a decrease of \$3—down from the growth of \$17 seen from August to September. The equivalent annual wages would be about \$33,500 per year, which is part-time work for many small business employees.

Small Business Employment by Geography

The Employment Index showed mixed growth in the U.S. census divisions, with decreases in all regions except the Pacific, Mountain and West South Central divisions, which saw growth, and the West North Central region, which remained flat. A state-by-state breakdown showed the largest employment increases in Arizona, Indiana and Texas, while Oregon, Louisiana and Michigan saw the largest decreases.

U.S. Census Division Percent Change in Employment

East North Central	- 0.03%
West North Central	0.0%
Middle Atlantic	- 0.04%
Mountain	+ 0.04%
New England	- 0.06%
Pacific	+ 0.01%
South Atlantic	- 0.02%
East South Central	- 0.02%
West South Central	+ 0.05%

Small Business Employment by U.S. Census Division is mixed in most parts of the country. The data reflects employment from approximately 170,000 small business employers, a subset of small businesses that use Intuit Online Payroll and QuickBooks Online Payroll. The month-to-month changes are seasonally adjusted and informative about the overall economy.

State	Change in Employment (%)
Alabama	+0.08
Arizona	+0.13
California	+0.02
Colorado	+0.05
Connecticut	-0.08
Florida	0
Georgia	+0.01
Illinois	+0.01
Indiana	+0.11
Kansas	+0.03
Louisiana	-0.10
Maryland	+0.08
Massachusetts	-0.03
Michigan	-0.09
Minnesota	+0.02
Missouri	+0.05
Nevada	-0.01
New Jersey	-0.01
New York	-0.02
North Carolina	-0.08
Ohio	-0.05
Oklahoma	+0.08
Oregon	-0.11
Pennsylvania	+0.01
South Carolina	-0.04
Tennessee	-0.05
Texas	+0.11
Utah	+0.04
Virginia	-0.04
Washington	-0.01
Wisconsin	0

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

Small Business Revenue Index

Small business revenue overall fell by 0.3 percent in September. Since February 2012, small business revenues have declined by 2.5 percent, equating to an annualized decline of 4.3 percent.

"The decline in small business revenue is consistent with the decline in small business employment over roughly the same period," said Woodward. "During the recession, small business revenue fell a dramatic 13 percent, but then recovered strongly. The rise in revenue from the lowest point in the recession — April 2009 — to February 2012 was 15 percent, which surpassed even the previous peak in revenue. Unfortunately, we've seen only a decline these past seven months."

Sector	September Change in Revenue (%)
All	-0.3
Construction	-0.8
Accommodation, food services, and drinking places	-0.5
Professional, scientific, and technical services	-0.5
Retail trade	-0.5
Health care and social assistance	-0.2
Other services	-0.1
Real estate and rental and leasing	-0.1

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.

By industry, the September Revenue Index indicates that construction saw the biggest decline, at 0.8 percent, followed by retail, professional services, and accommodation and food services, each declining by 0.5 percent. The real estate and health care industries saw the smallest declines, at 0.1 and 0.2 percent respectively. The health care sector has seen the biggest continual decline, falling 6.5 percent since December 2011.

The index is based on data from [QuickBooks Online](#) and covers the period from Sept. 1 -30.

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 Employment Index is based on anonymized, aggregated data from 170,000 small business employers, a subset of users that use [Intuit Online Payroll](#) and [QuickBooks Online Payroll](#). 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. 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](#).

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](#).

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