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PEPPERDINE | GRAZIADIO
BUSINESS SCHOOL

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I. ABOUT THE PRIVATE CAPITAL ACCESS (PCA) INDEX

The Pepperdine Private Capital Access Index (PCA) is a quarterly indicator produced by Pepperdine Graziadio Business School with the support of Dun & Bradstreet. The index is designed to measure the demand for, activity, and health of the private capital markets. The purpose of the PCA Index is to gauge the demand of small and medium-sized businesses for financing needs, the level of accessibility of private capital, and the transparency and efficiency of private financing markets.

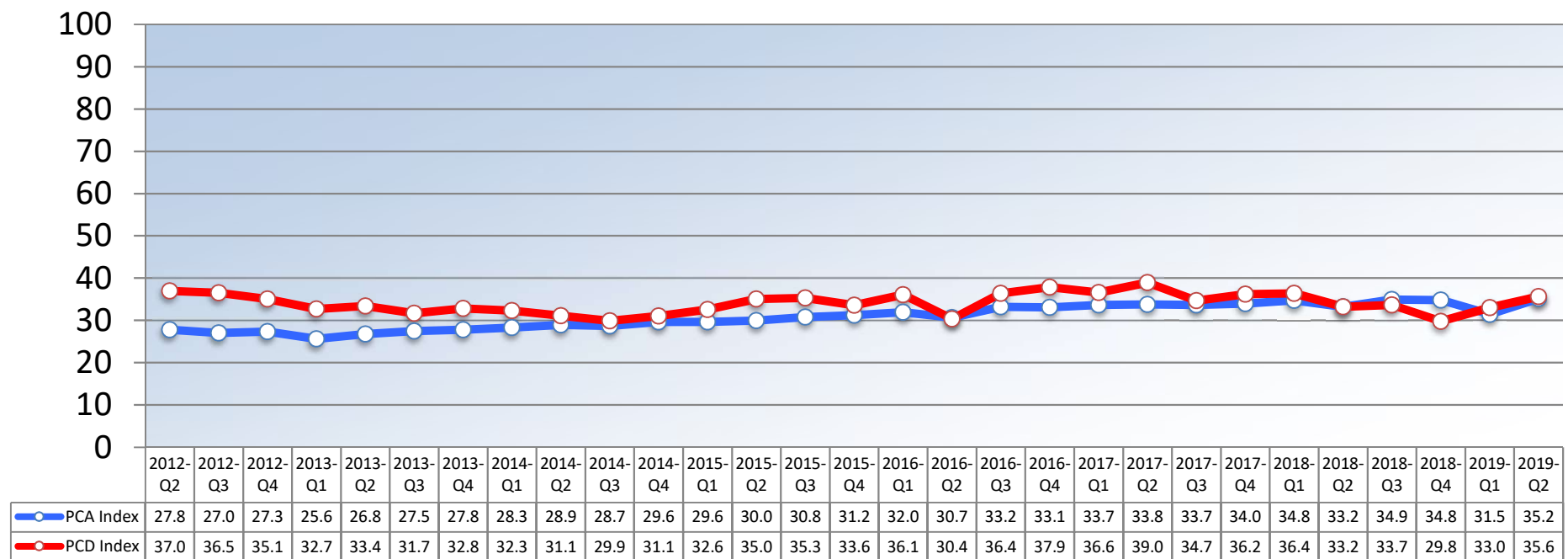
ABOUT THE Q2 2019 PRIVATE CAPITAL ACCESS (PCA) INDEX SURVEY

- 40 questions
- Invited to participate
- Distributed to sample from Dun & Bradstreet's business database
- 848 completed responses
- Where relevant, responses are segmented by revenues sizes (<\$5 million; \$5 million to \$100 million)
- Responses collected from April 8 – May 17, 2019

PRIVATE CAPITAL ACCESS (PCA) AND PRIVATE CAPITAL DEMAND (PCD) INDEX RESULTS - WHOLE SAMPLE

Total Market	PCA Index	PCD Index	Total Market	PCA Index	PCD Index
2012-Q2	27.8	37.0	2016-Q2	30.7	30.4
2012-Q3	27.0	36.5	2016-Q3	33.2	36.4
2012-Q4	27.3	35.1	2016-Q4	33.1	37.9
2013-Q1	25.6	32.7	2017-Q1	33.7	36.6
2013-Q2	26.8	33.4	2017-Q2	33.8	39.0
2013-Q3	27.5	31.7	2017-Q3	33.7	34.7
2013-Q4	27.8	32.8	2017-Q4	34.0	36.2
2014-Q1	28.3	32.3	2018-Q1	34.8	36.4
2014-Q2	28.9	31.1	2018-Q2	33.2	33.2
2014-Q3	28.7	29.9	2018-Q3	34.9	33.7
2014-Q4	29.6	31.1	2018-Q4	34.8	29.8
2015-Q1	29.6	32.6	2019-Q1	31.5	33.0
2015-Q2	30.0	35.0	2019-Q2	35.2	35.6
2015-Q3	30.8	35.3	Change	3.7	2.6
2015-Q4	31.2	33.6	Pct. Change	11.8%	7.9%
2016-Q1	32.0	36.1			

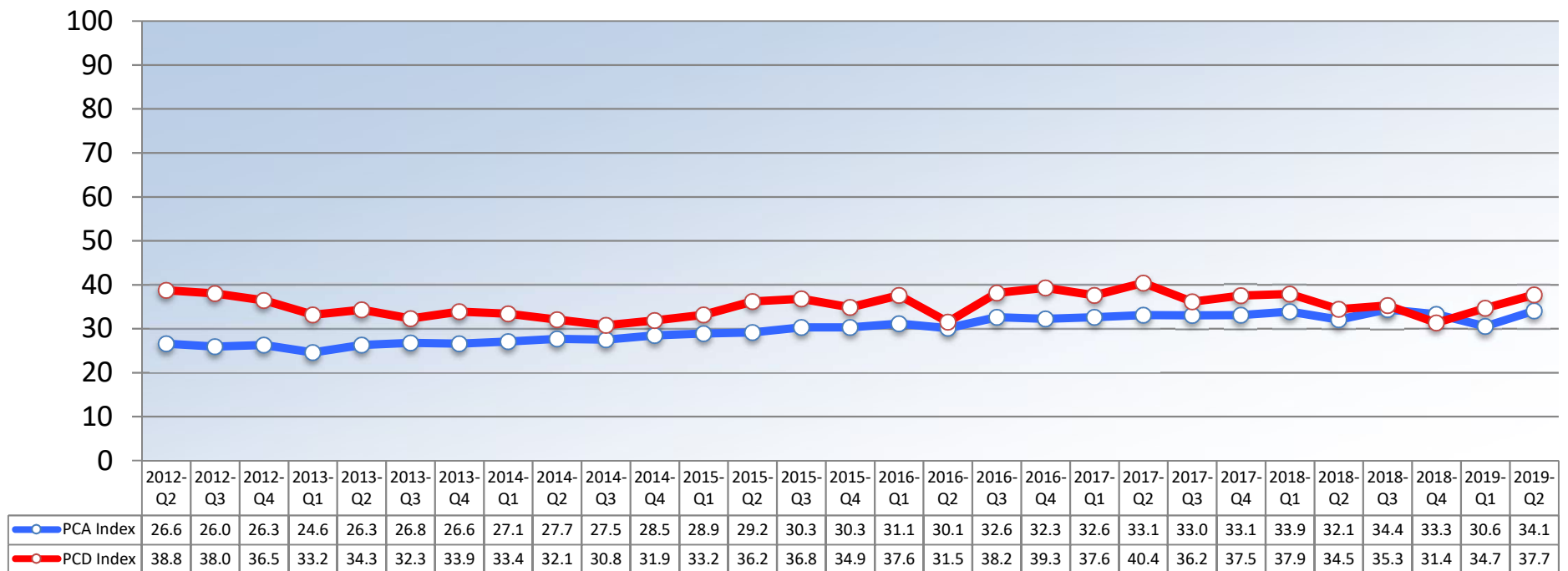
PRIVATE CAPITAL ACCESS (PCA) AND PRIVATE CAPITAL DEMAND (PCD) INDEX RESULTS – WHOLE SAMPLE



SMALL BUSINESS PCA AND PCD INDEX RESULTS (< \$5M IN REVENUES)

Total Market	PCA Index	PCD Index	Total Market	PCA Index	PCD Index
2012-Q3	26.6	38.8	2016-Q2	30.1	31.5
2012-Q4	26.0	38.0	2016-Q3	32.6	38.2
2013-Q1	26.3	36.5	2016-Q4	32.3	39.3
2013-Q2	24.6	33.2	2017-Q1	32.6	37.6
2013-Q3	26.3	34.3	2017-Q2	33.1	40.4
2013-Q4	26.8	32.3	2017-Q3	33.0	36.2
2014-Q1	26.6	33.9	2017-Q4	33.1	37.5
2014-Q1	27.1	33.4	2018-Q1	33.9	37.9
2014-Q2	27.7	32.1	2018-Q2	32.1	34.5
2014-Q3	27.5	30.8	2018-Q3	34.4	35.3
2014-Q4	28.5	31.9	2018-Q4	33.3	31.4
2015-Q1	28.9	33.2	2019-Q1	30.6	34.7
2015-Q2	29.2	36.2	2019-Q2	34.1	37.7
2015-Q3	30.3	36.8	Change	3.5	3.0
2015-Q4	30.3	34.9	Pct. Change	11.4%	8.7%
2016-Q1	31.1	37.6			

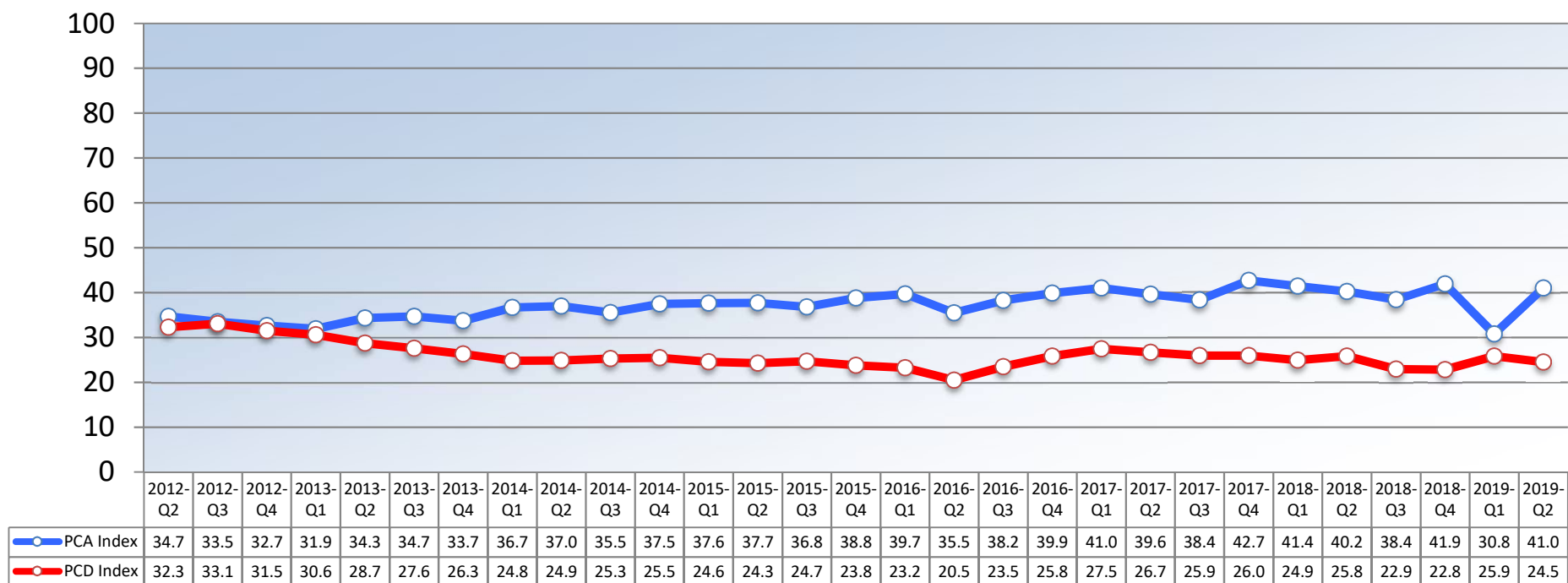
SMALL BUSINESS PCA AND PCD INDEX RESULTS (< \$5M IN REVENUES)



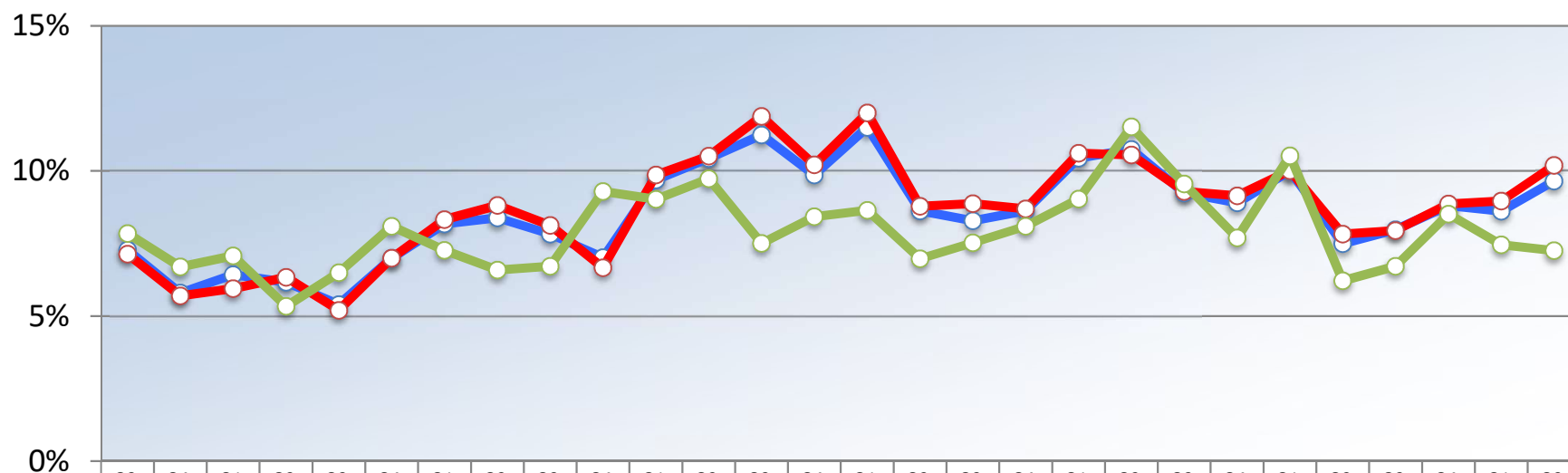
LOWER MIDDLE MARKET PCA AND PCD INDEX RESULTS (\$5M – \$100M IN REVENUES)

Total Market	PCA Index	PCD Index	Total Market	PCA Index	PCD Index
Total Market	34.7	32.3	2016-Q2	35.5	20.5
2012-Q3	33.5	33.1	2016-Q3	38.2	23.5
2012-Q4	32.7	31.5	2016-Q4	39.9	25.8
2013-Q1	31.9	30.6	2017-Q1	41.0	27.5
2013-Q2	34.3	28.7	2017-Q2	39.6	26.7
2013-Q3	34.7	27.6	2017-Q3	38.4	25.9
2013-Q4	33.7	26.3	2017-Q4	42.7	26.0
2014-Q1	36.7	24.8	2018-Q1	41.4	24.9
2014-Q2	37.0	24.9	2018-Q2	40.2	25.8
2014-Q3	35.5	25.3	2018-Q3	38.4	22.9
2014-Q4	37.5	25.5	2018-Q4	41.9	22.8
2015-Q1	37.6	24.6	2019-Q1	30.8	25.9
2015-Q2	37.7	24.3	2019-Q2	41.0	24.5
2015-Q3	36.8	24.7	Change	10.3	-1.3
2015-Q4	38.8	23.8	Pct. Change	33.4%	-5.2%
2016-Q1	39.7	23.2			

LOWER MIDDLE MARKET PCA AND PCD INDEX RESULTS (\$5M – \$100M IN REVENUES)



ANNUAL REVENUE CHANGE EXPECTATIONS BY REVENUE SIZE



	Q3, 2012	Q4, 2012	Q1, 2013	Q2, 2013	Q3, 2013	Q4, 2013	Q1, 2014	Q2, 2014	Q3, 2014	Q4, 2014	Q1, 2015	Q2, 2015	Q3, 2015	Q4, 2015	Q1, 2016	Q2, 2016	Q3, 2016	Q4, 2016	Q1, 2017	Q2, 2017	Q3, 2017	Q4, 2017	Q1, 2018	Q2, 2018	Q3, 2018	Q4, 2018	Q1, 2019	Q2, 2019
Whole sample	7.3%	5.8%	6.4%	6.2%	5.4%	7.0%	8.2%	8.4%	7.8%	7.0%	9.7%	10.4%	11.2%	9.9%	11.5%	8.6%	8.3%	8.6%	10.4%	10.7%	9.2%	8.9%	10.0%	7.5%	8.0%	8.8%	8.6%	9.7%
< \$5 million	7.1%	5.7%	5.9%	6.3%	5.2%	7.0%	8.3%	8.8%	8.1%	6.7%	9.9%	10.5%	11.9%	10.2%	12.0%	8.8%	8.9%	8.7%	10.6%	10.6%	9.3%	9.1%	10.0%	7.8%	7.9%	8.9%	9.0%	10.2%
\$5-\$100 million	7.8%	6.7%	7.1%	5.3%	6.5%	8.1%	7.3%	6.6%	6.7%	9.3%	9.0%	9.7%	7.5%	8.4%	8.6%	7.0%	7.5%	8.1%	9.0%	11.5%	9.6%	7.7%	10.5%	6.2%	6.7%	8.5%	7.5%	7.3%

II. DEMAND FOR EXTERNAL FINANCING

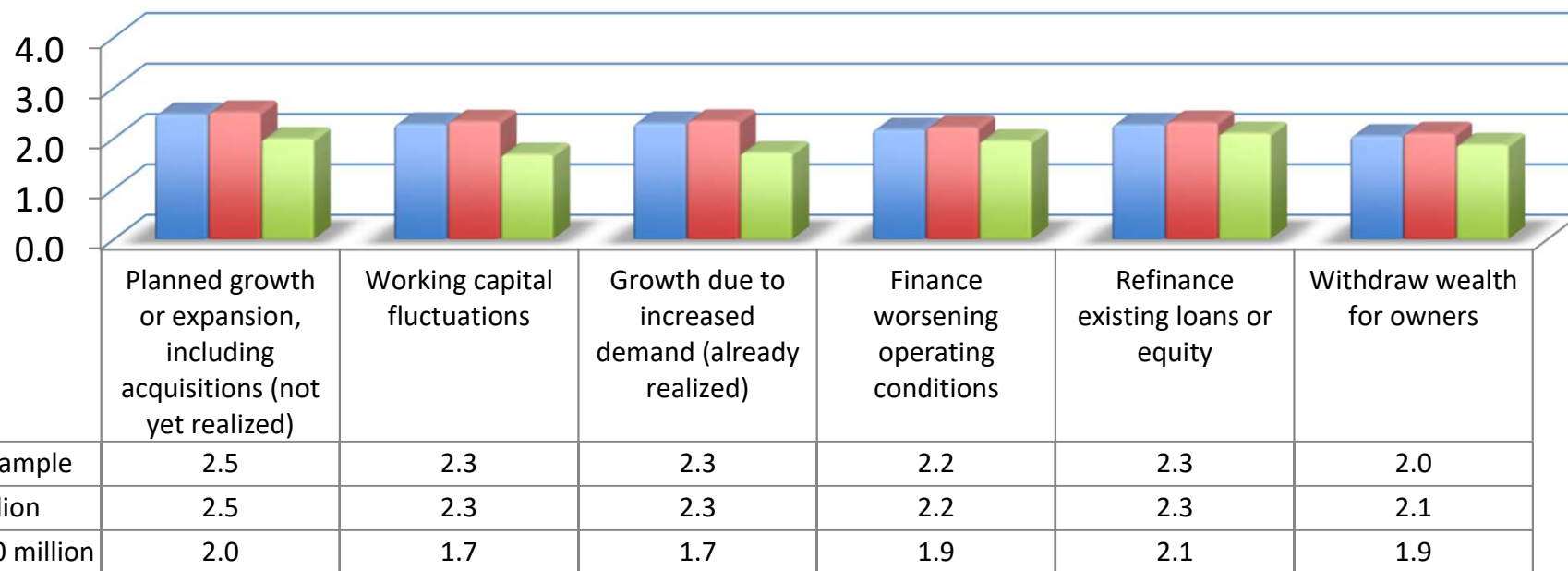
DEMAND FOR FINANCING BY PURPOSE (% WITH ANY NEED REPORTED)



	Planned growth or expansion, including acquisitions (not yet realized)	Working capital fluctuations	Growth due to increased demand (already realized)	Finance worsening operating conditions	Refinance existing loans or equity	Withdraw wealth for owners
Whole sample	65.4%	61.8%	55.1%	30.5%	32.0%	20.8%
< \$5 million	66.8%	65.0%	57.1%	32.7%	33.9%	20.5%
\$5-\$100 million	53.9%	45.2%	50.4%	17.3%	21.8%	23.5%

STRENGTH OF DEMAND FOR FINANCING (AMONG THOSE INDICATING DEMAND)

Scale 1-4: slight, moderate, high, extremely high need

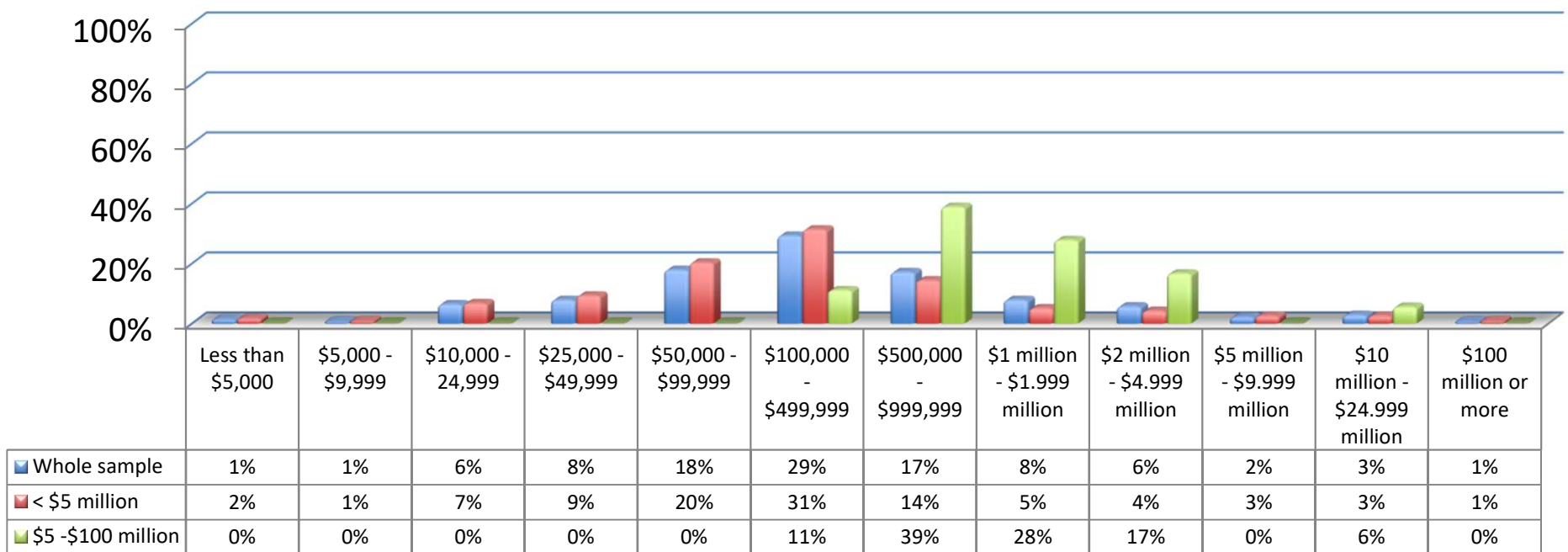


RESPONDENTS INDICATING HIGH AND EXTREMELY HIGH DEMAND FOR FINANCING (AMONG THOSE INDICATING DEMAND)

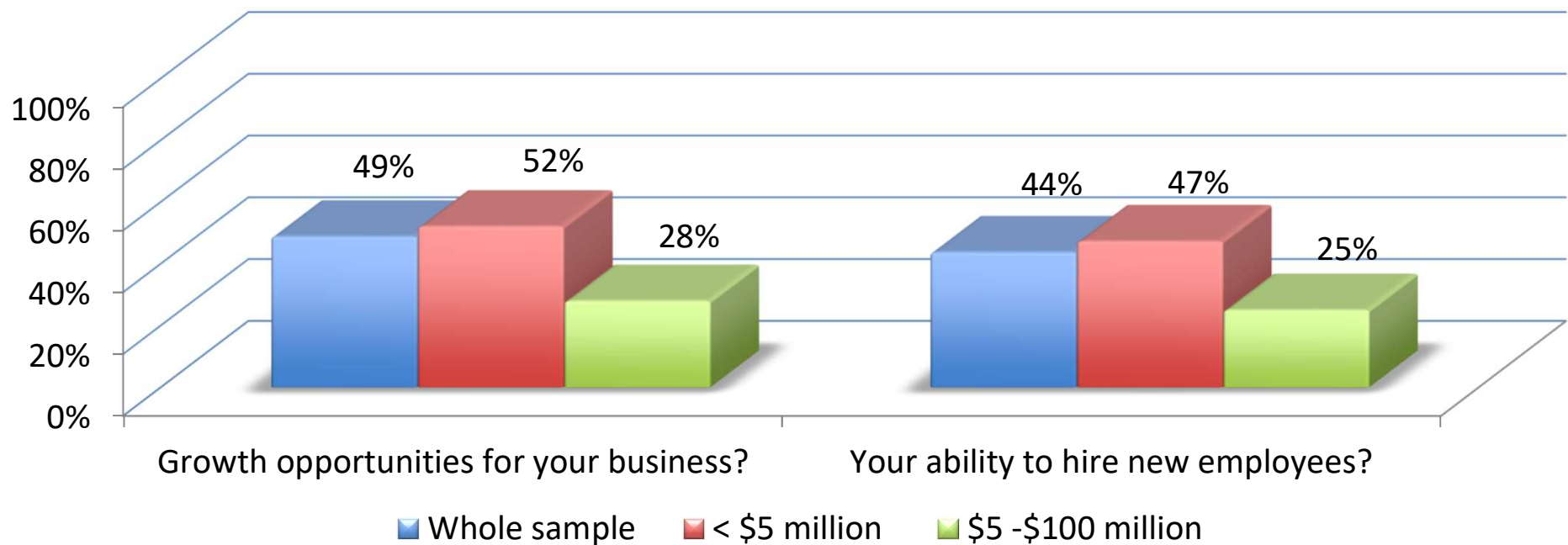


	Planned growth or expansion, including acquisitions (not yet realized)	Working capital fluctuations	Growth due to increased demand (already realized)	Finance worsening operating conditions	Refinance existing loans or equity	Withdraw wealth for owners
Whole sample	47.0%	39.4%	40.8%	34.9%	37.3%	29.7%
< \$5 million	48.4%	41.9%	43.0%	37.2%	39.4%	30.3%
\$5-\$100 million	32.3%	19.2%	20.7%	38.9%	36.4%	30.4%

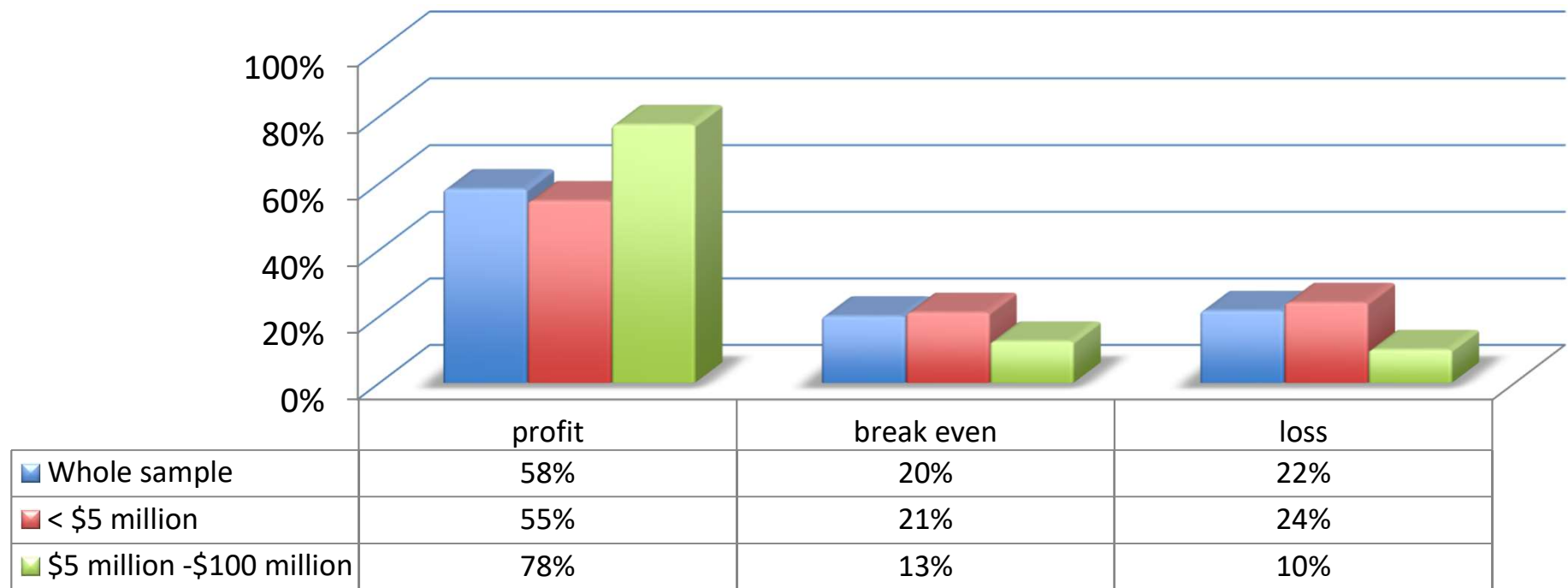
HOW MUCH FINANCING RESPONDENTS ARE SEEKING



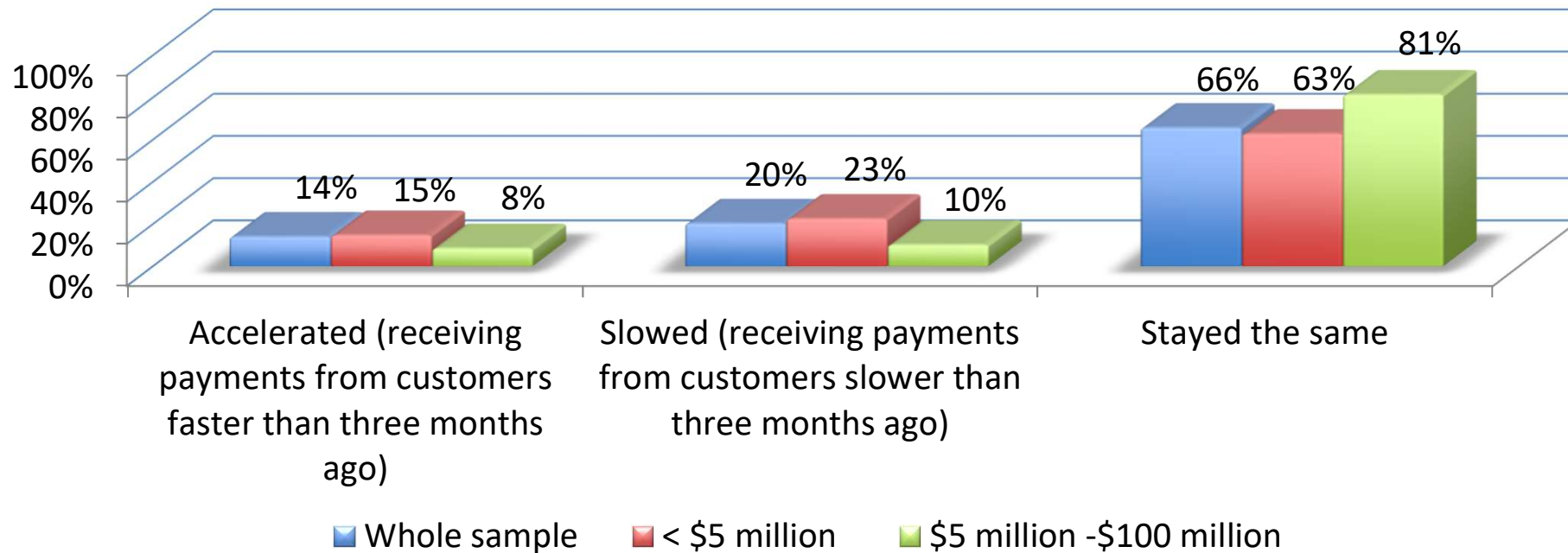
PERCENTAGE INDICATING “YES” TO “IS THE CURRENT BUSINESS FINANCING ENVIRONMENT RESTRICTING...”



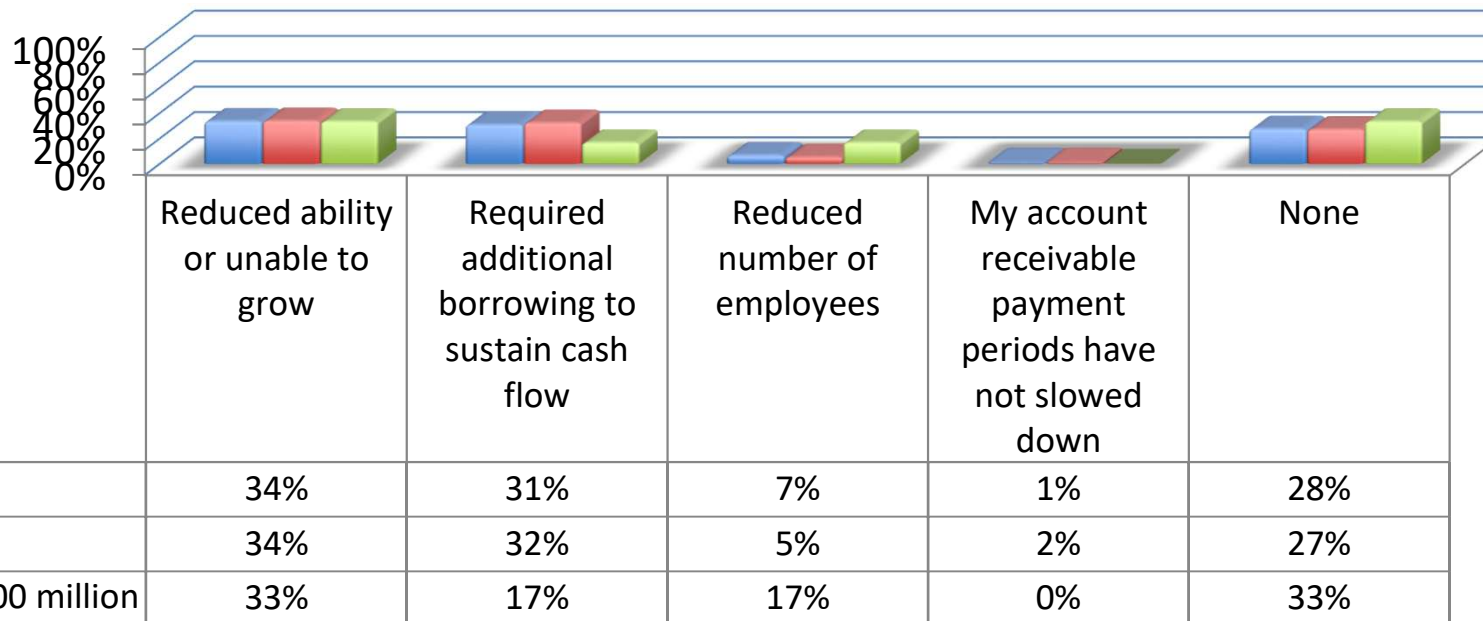
HOW DID RESPONDENTS BUSINESS OPERATE IN THE LAST QUARTER



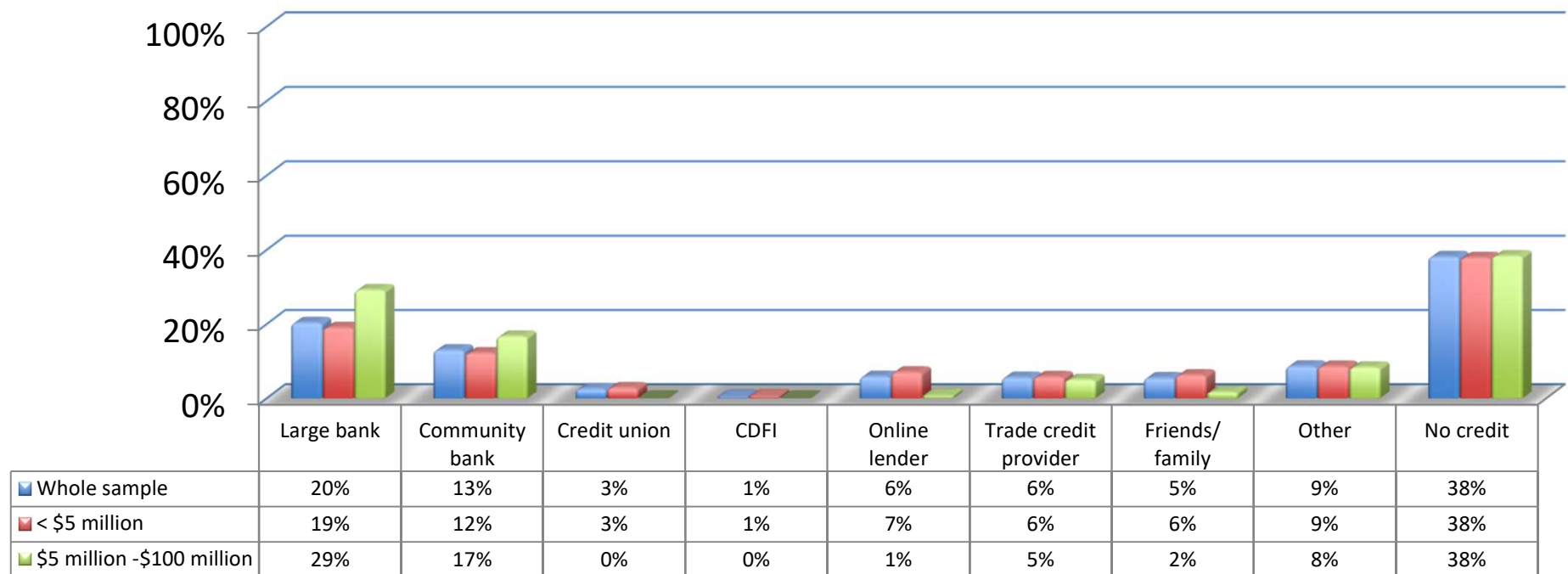
TRADE ACCOUNTS (ACCOUNTS RECEIVABLE) PAYMENT PERIOD TRENDS OVER THE PAST THREE MONTHS



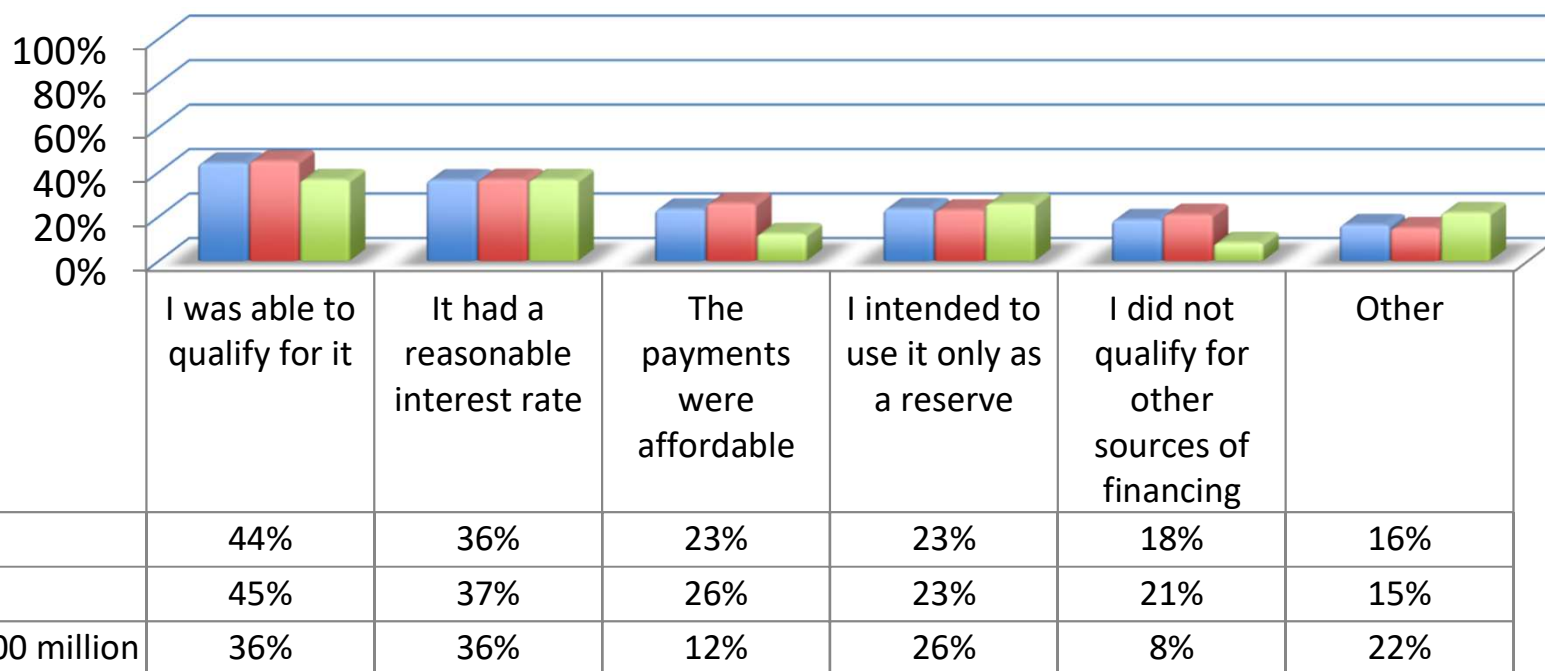
HOW HAVE SLOWED ACCOUNTS RECEIVABLE PAYMENT PERIODS IMPACTED RESPONDENTS BUSINESS



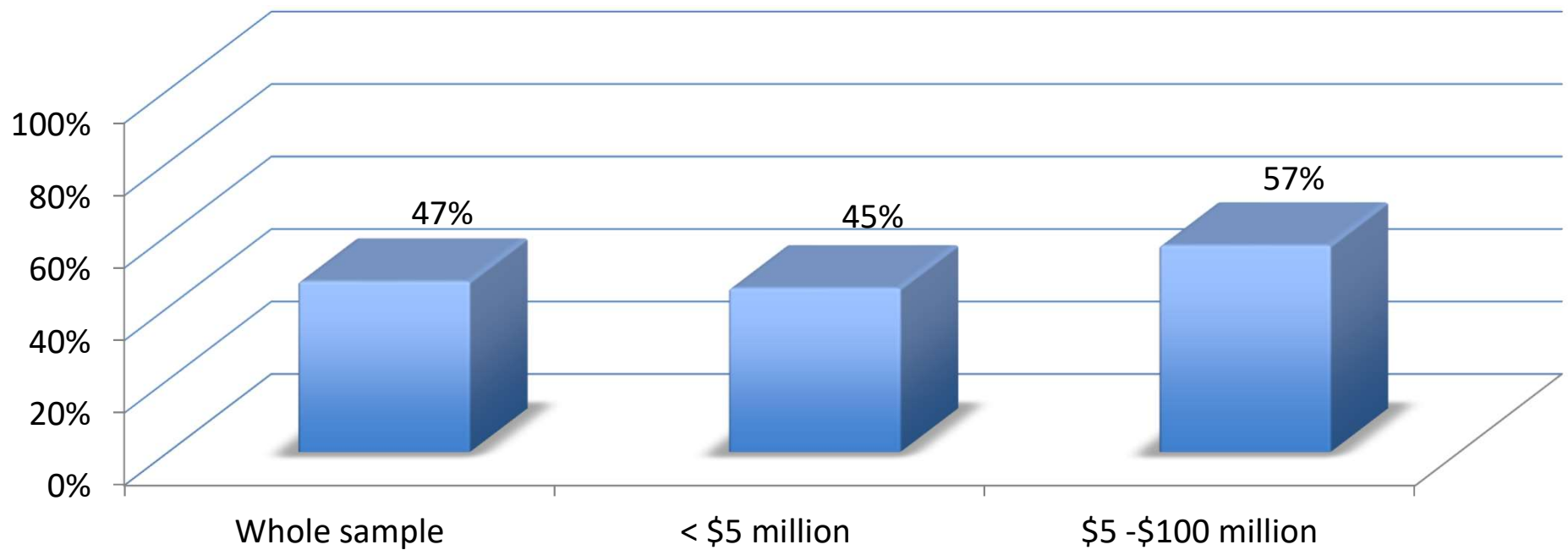
RESPONDENTS PRIMARY SOURCE OF CREDIT IN THE LAST QUARTER



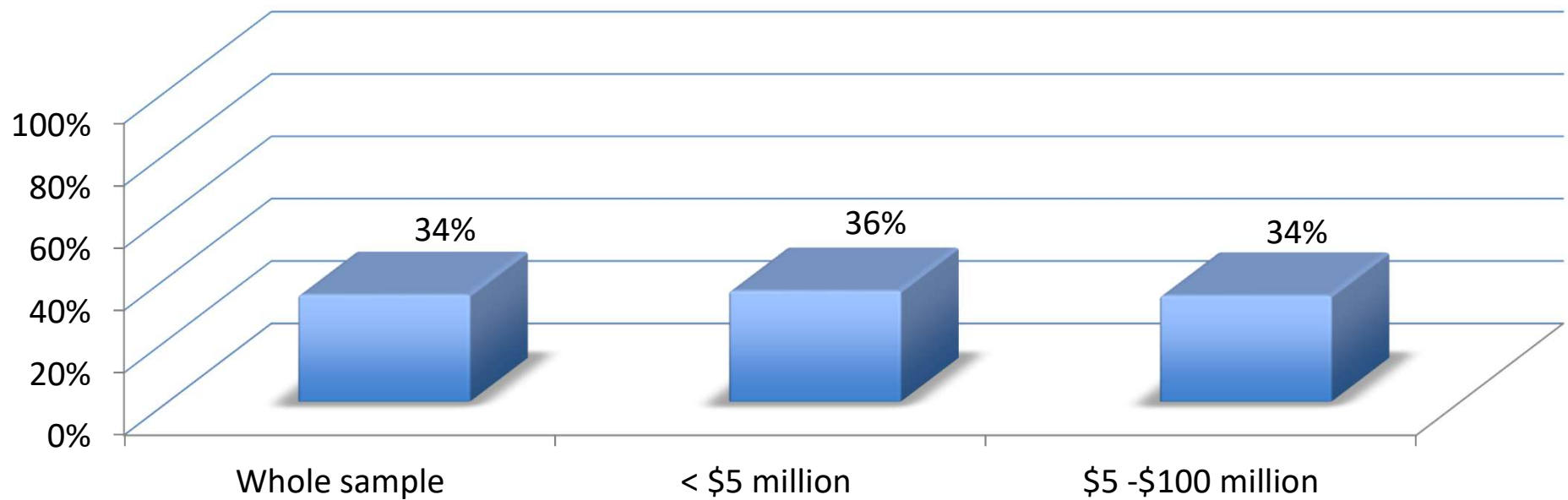
WHY WAS THAT THE PRIMARY SOURCE OF CREDIT IN LAST QUARTER



PERCENTAGE OF BUSINESSES THAT HAVE FINANCING COMING FROM OUTSIDE SOURCES



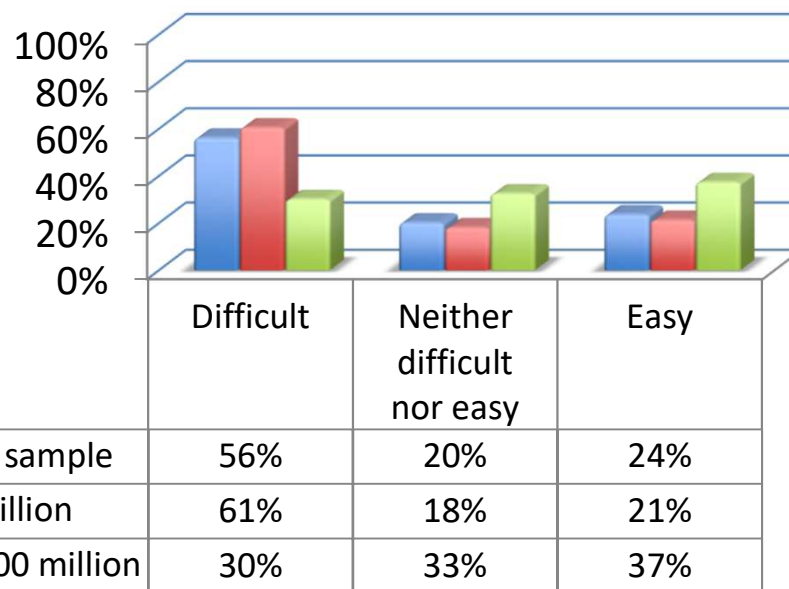
PERCENTAGE OF RESPONDENTS WHO ATTEMPTED TO RAISE OUTSIDE FINANCING IN THE LAST THREE MONTHS



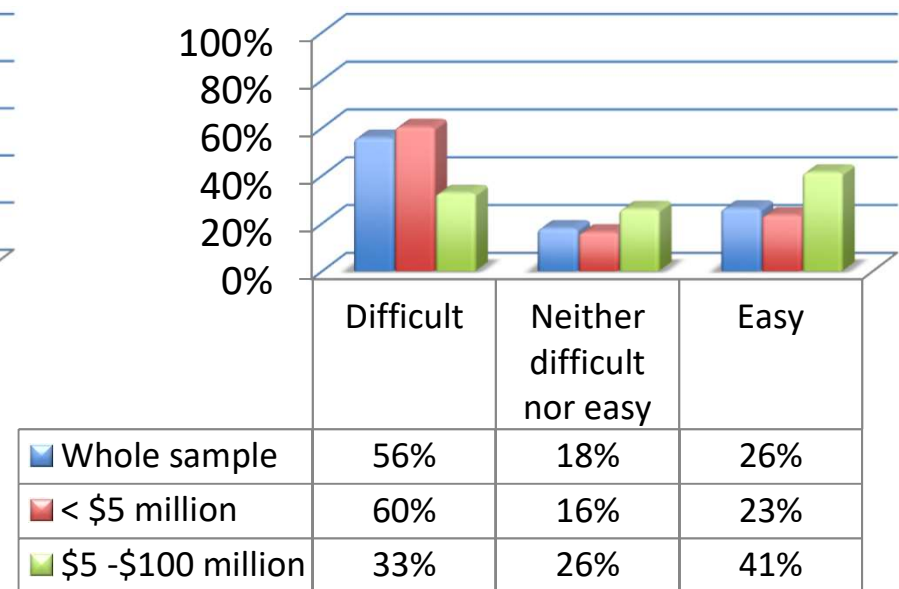
III. ACCESSIBILITY/SUCCESS RATE

IS IT DIFFICULT OR EASY TO RAISE NEW EXTERNAL FINANCING?

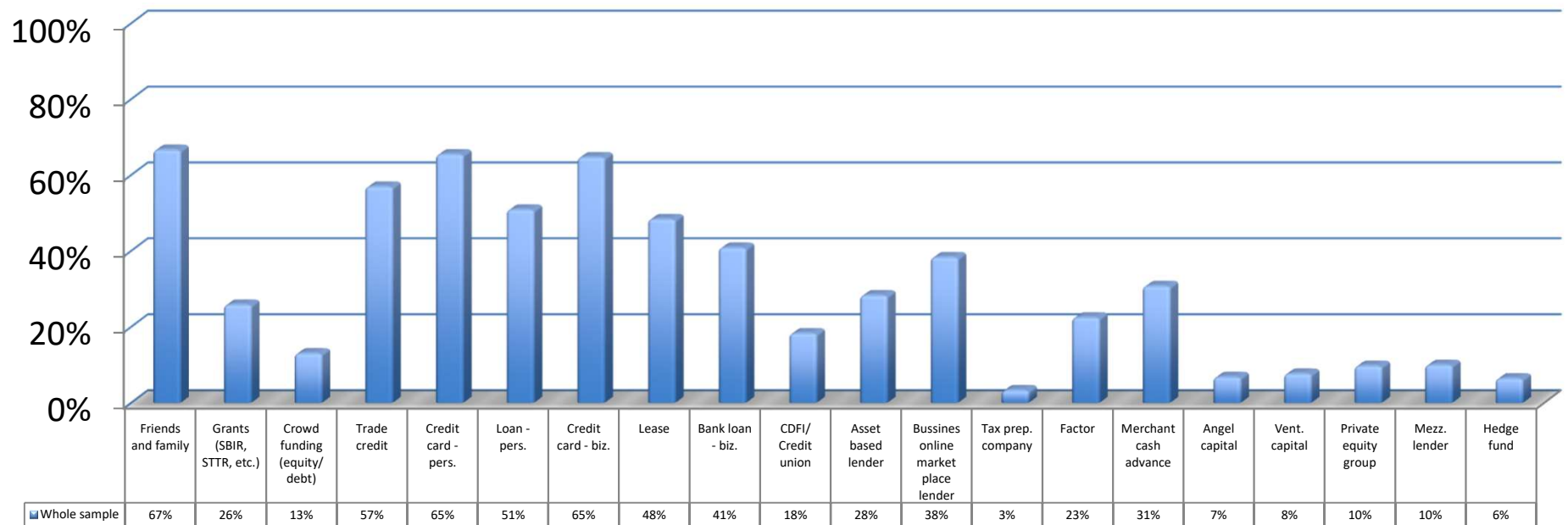
Equity financing



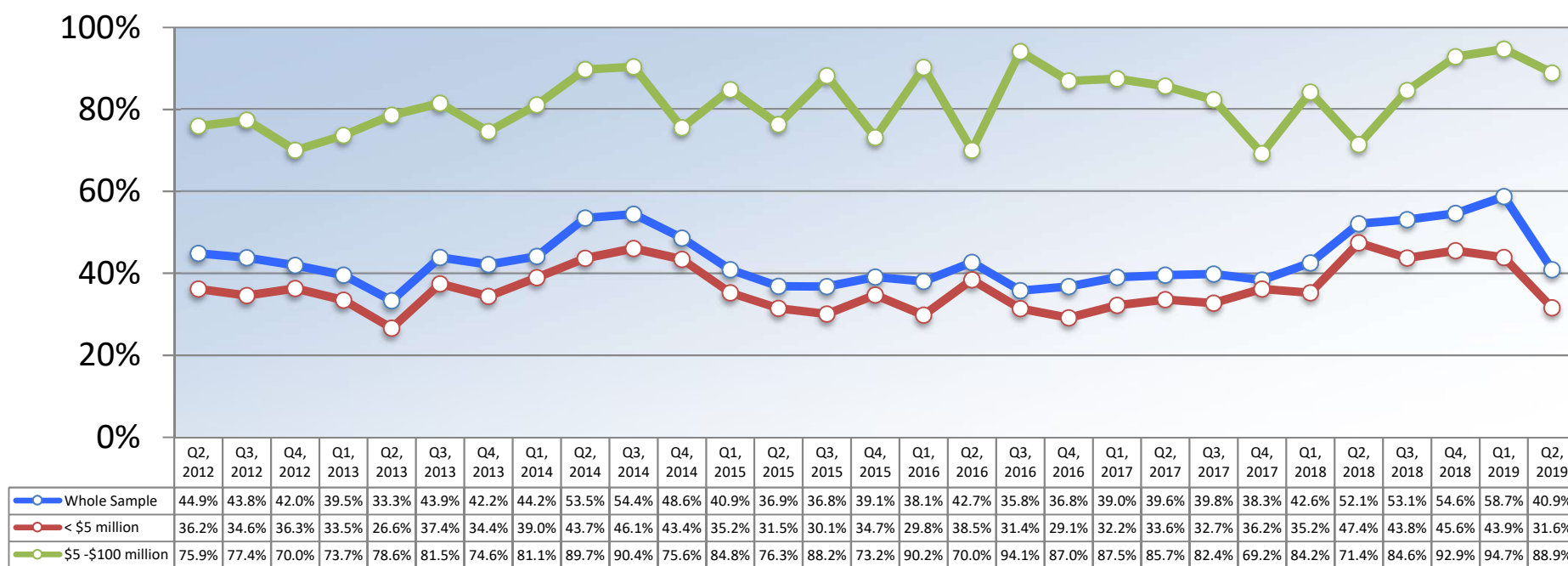
Debt financing



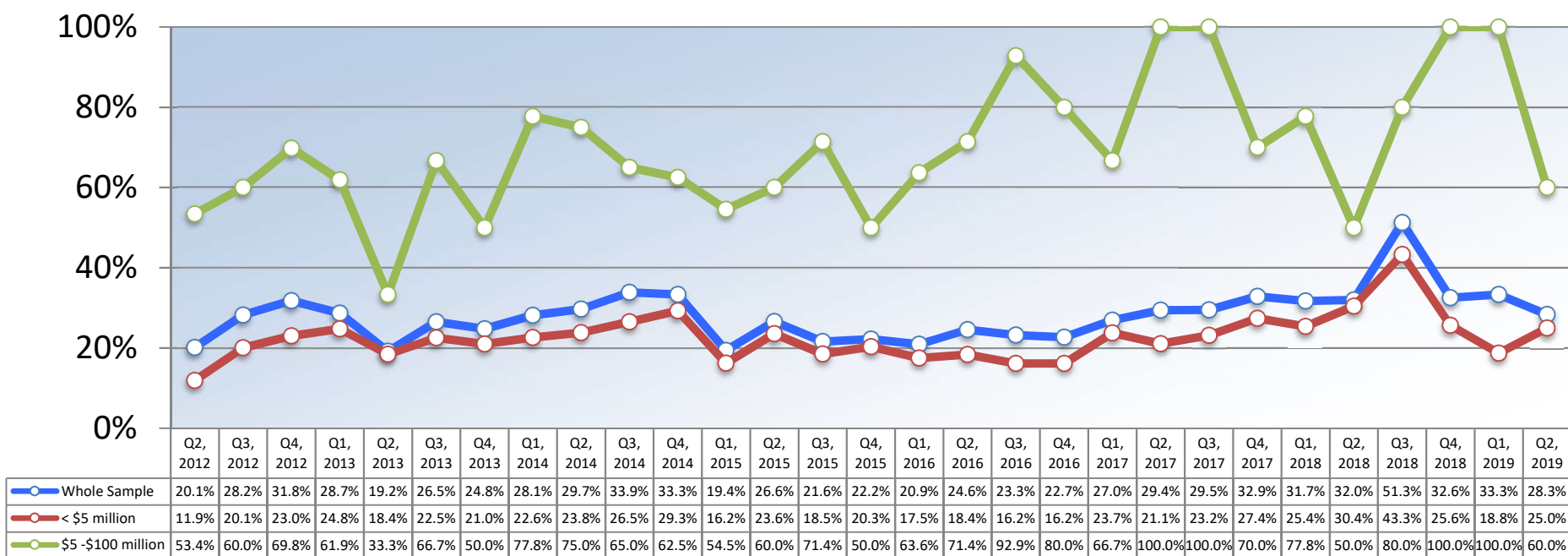
FINANCING SUCCESS RATES BY TYPE AND BUSINESS SIZE FOR PRIOR THREE MONTHS



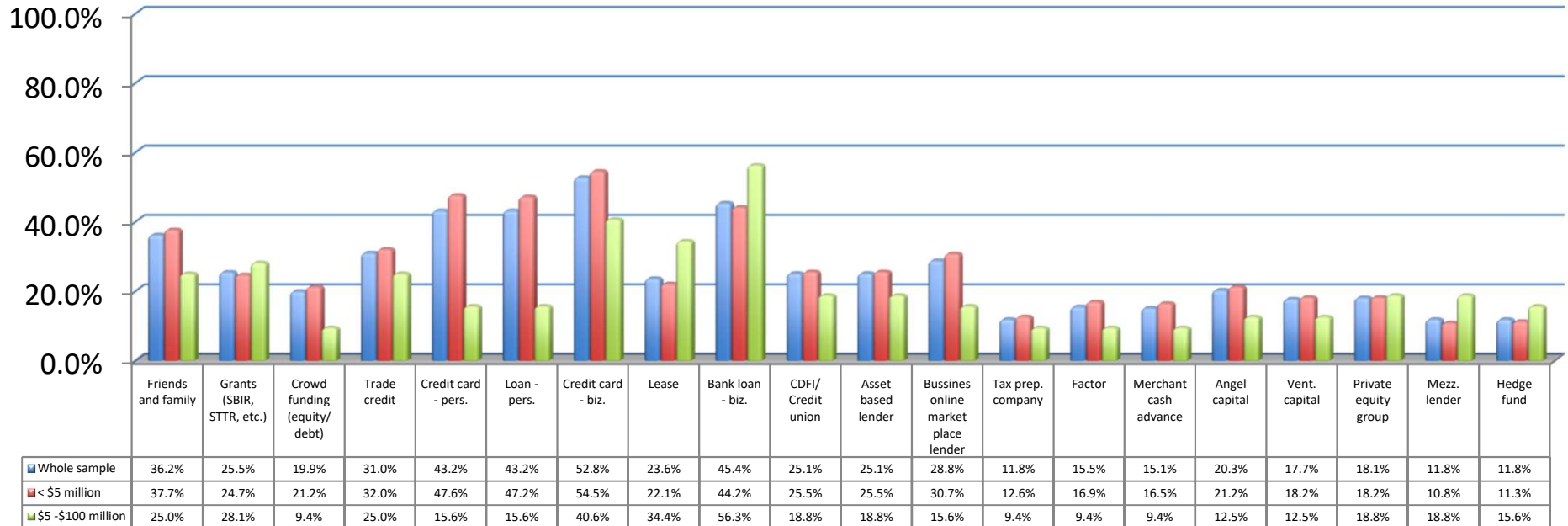
BANK LOANS: FINANCING SUCCESS RATES BY BUSINESS SIZE FOR PRIOR THREE MONTHS



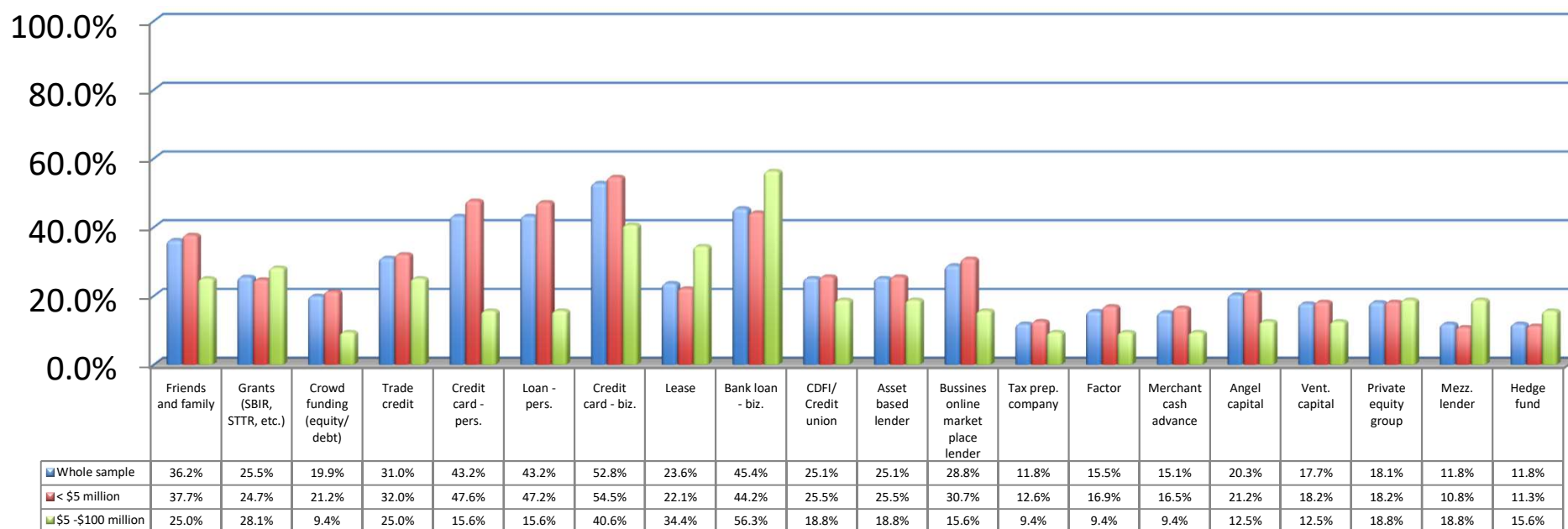
ASSET BASED LOANS: FINANCING SUCCESS RATES BY BUSINESS SIZE FOR PRIOR THREE MONTHS



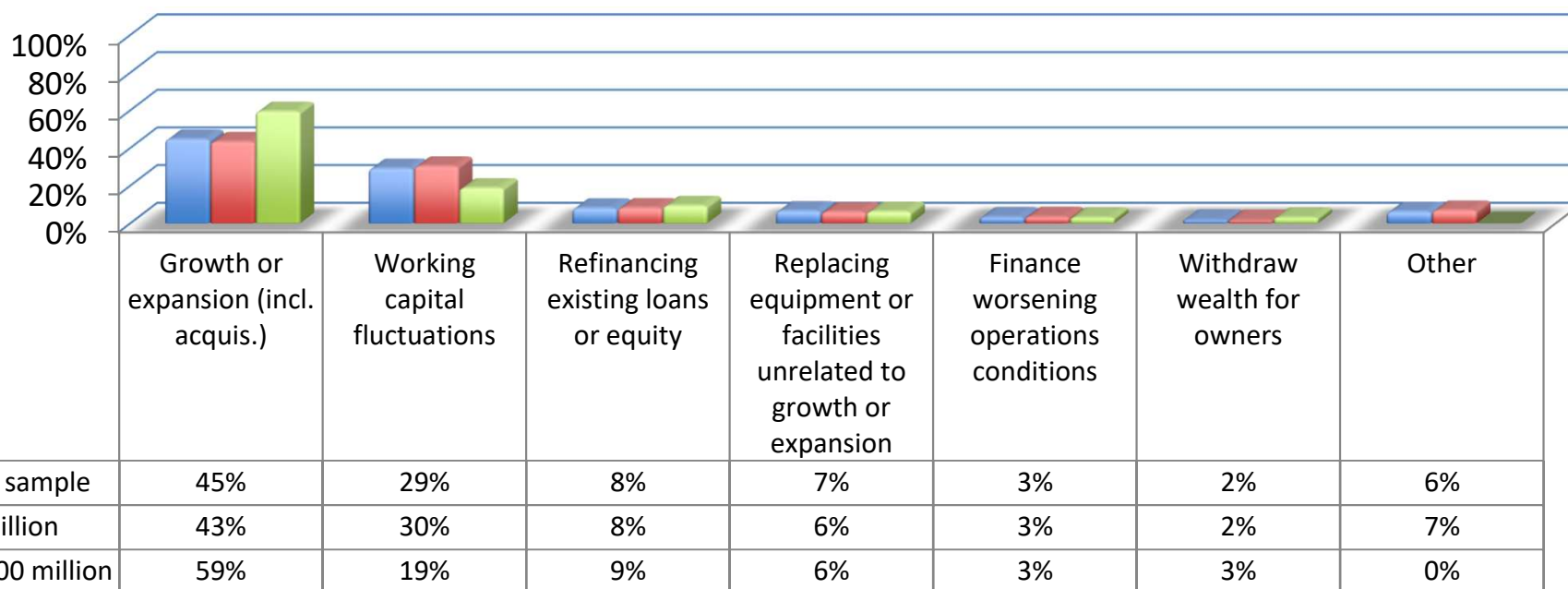
PERCENTAGE OF RESPONDENTS THAT HAVE CONSIDERED SBA LOAN FOR THEIR BUSINESSES



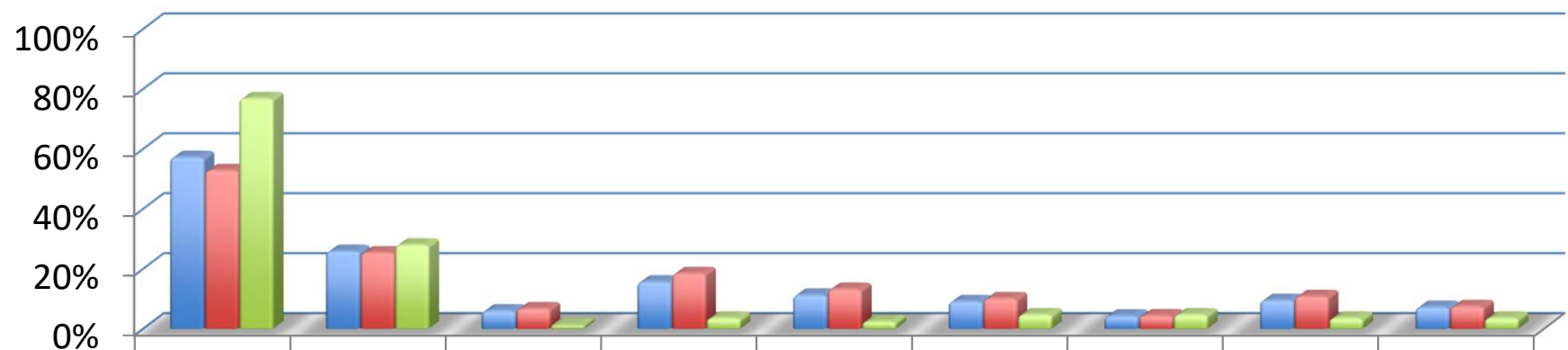
PERCENTAGE OF THOSE WHO ATTEMPTED TO RAISE FINANCING BY TYPE OF FINANCING FOR PRIOR THREE MONTHS



MAIN PURPOSE FOR RAISING OR ATTEMPTING TO RAISE FINANCING



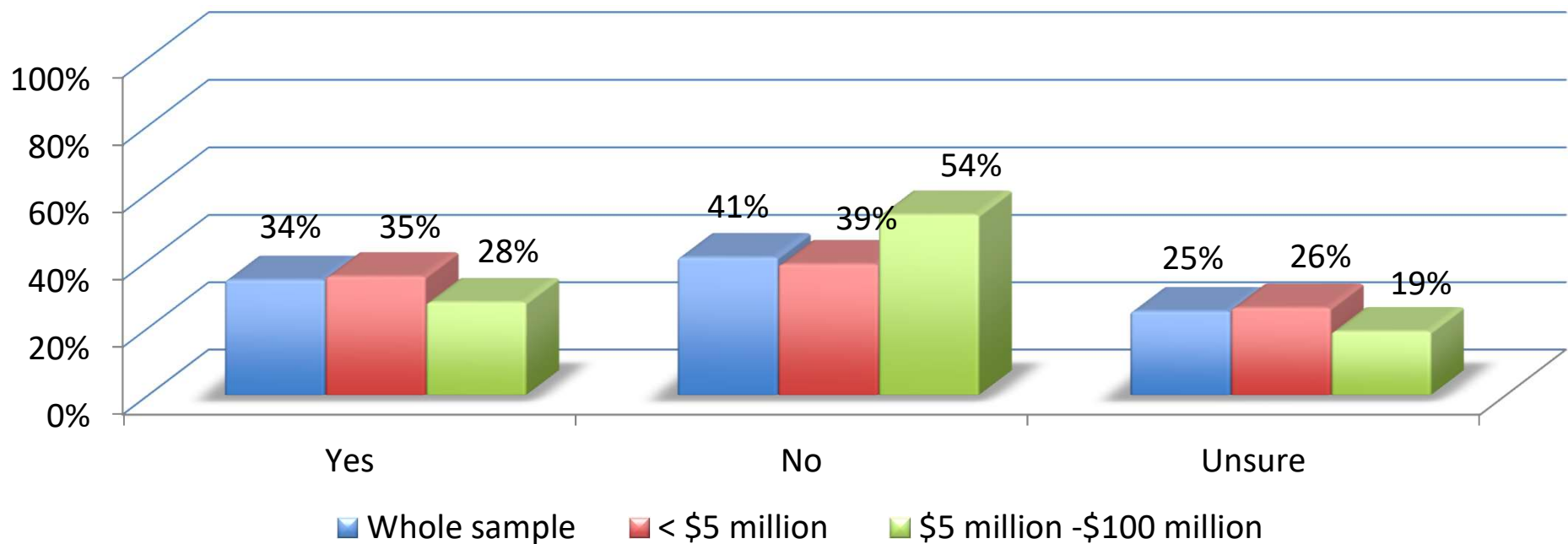
REASONS FOR BUSINESSES NOT ATTEMPTING TO RAISE EXTERNAL FINANCING (MULTIPLE SELECTIONS)



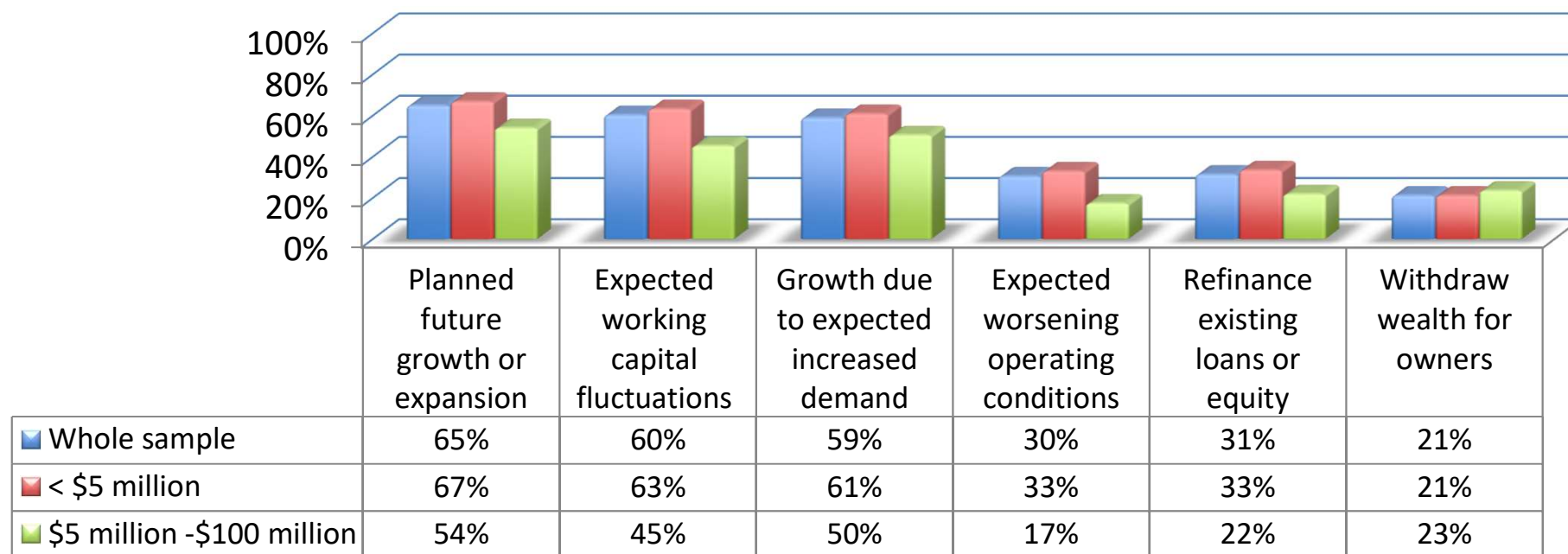
Whole sample	57%	26%	6%	16%	11%	9%	4%	9%	7%
< \$5 million	53%	25%	7%	18%	13%	10%	4%	11%	7%
\$5 - \$100 million	77%	28%	1%	3%	2%	5%	5%	3%	3%

IV. EXPECTED DEMAND FOR EXTERNAL FINANCING

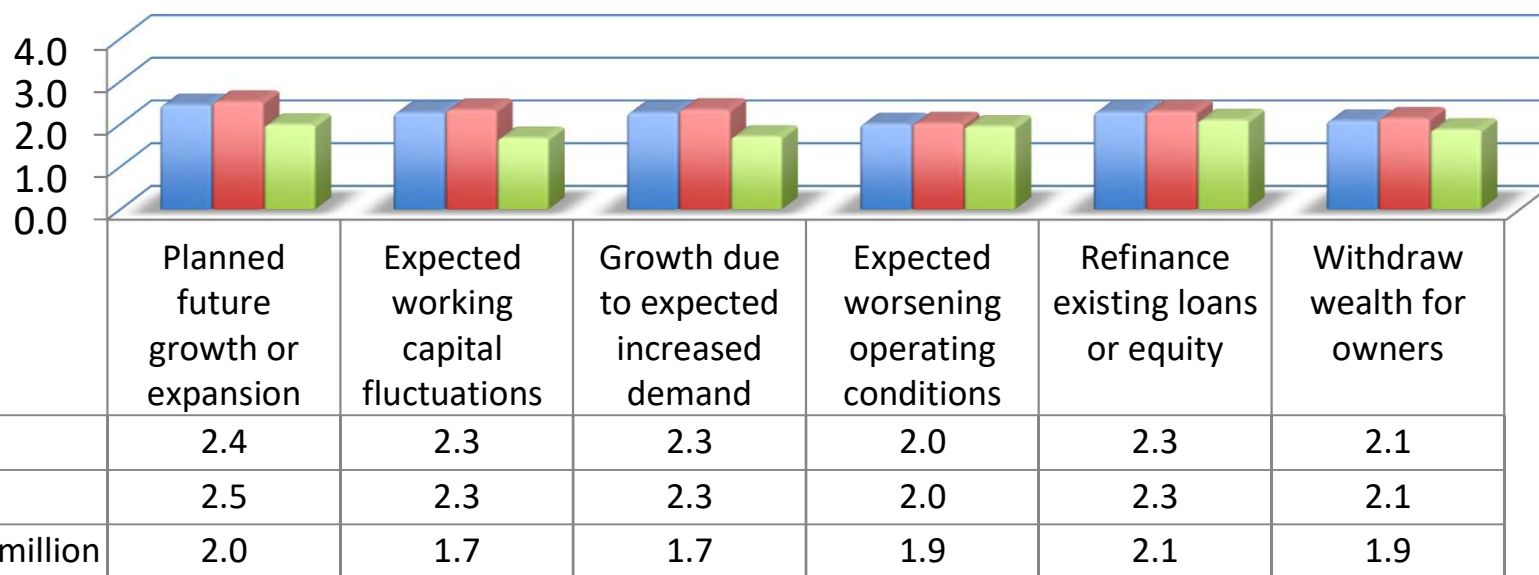
PERCENTAGE OF BUSINESSES PLANNING TO RAISE FINANCING IN THE NEXT SIX MONTHS



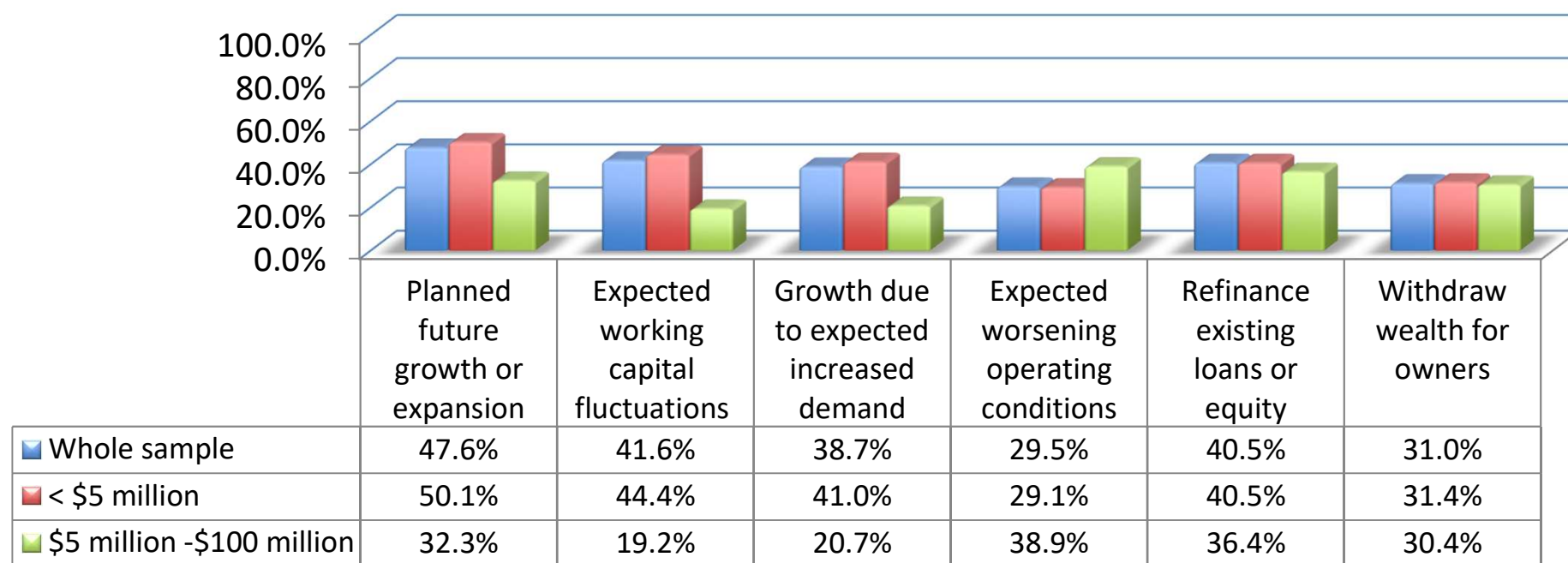
PERCENTAGE OF RESPONDENTS INDICATING DEMAND FOR NEW FINANCING IN THE NEXT SIX MONTHS



STRENGTH OF EXPECTED DEMAND FOR NEW EXTERNAL FINANCING IN THE NEXT SIX MONTHS (SCALE 1-4: SLIGHT, MODERATE, HIGH, EXTREMELY HIGH)



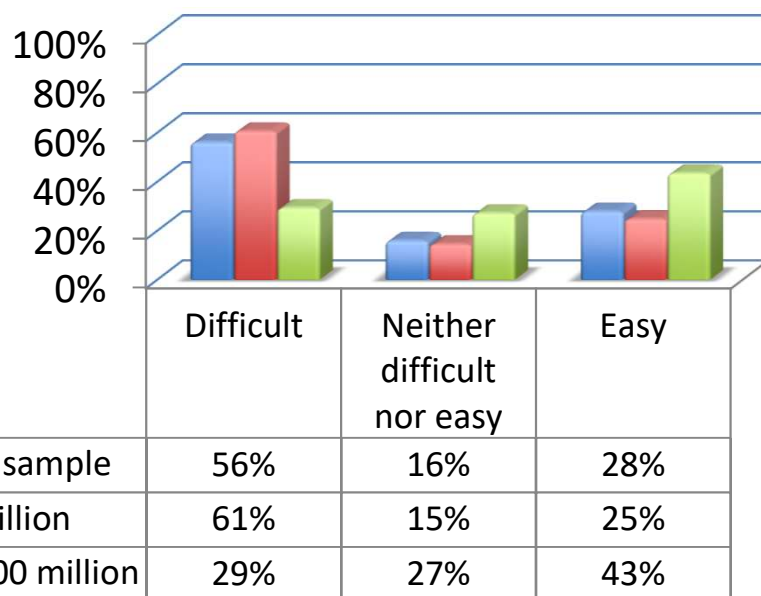
RESPONDENTS INDICATING HIGH OR EXTREMELY HIGH EXPECTED DEMAND FOR NEW EXTERNAL FINANCING IN THE NEXT SIX MONTHS



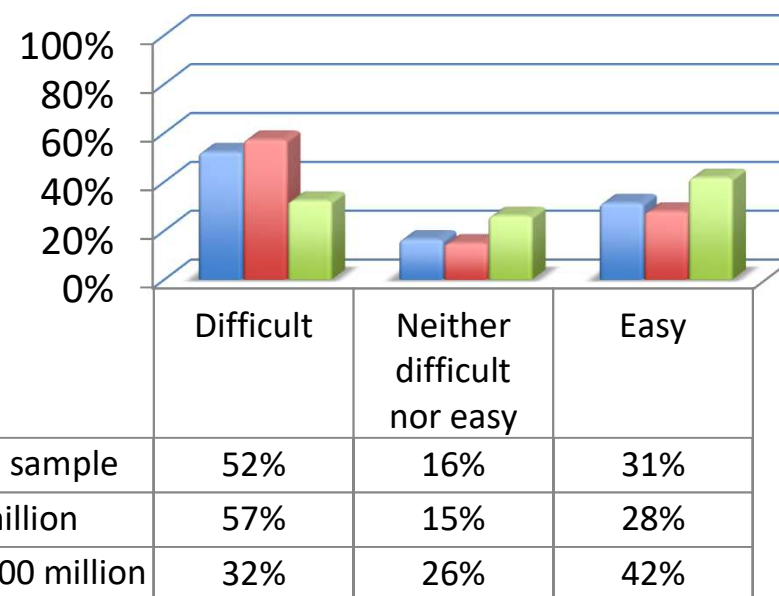
V. EXPECTED ACCESS RATES

DO YOU EXPECT IT WOULD BE EASY OR DIFFICULT TO RAISE NEW FINANCING IN THE NEXT SIX MONTHS?

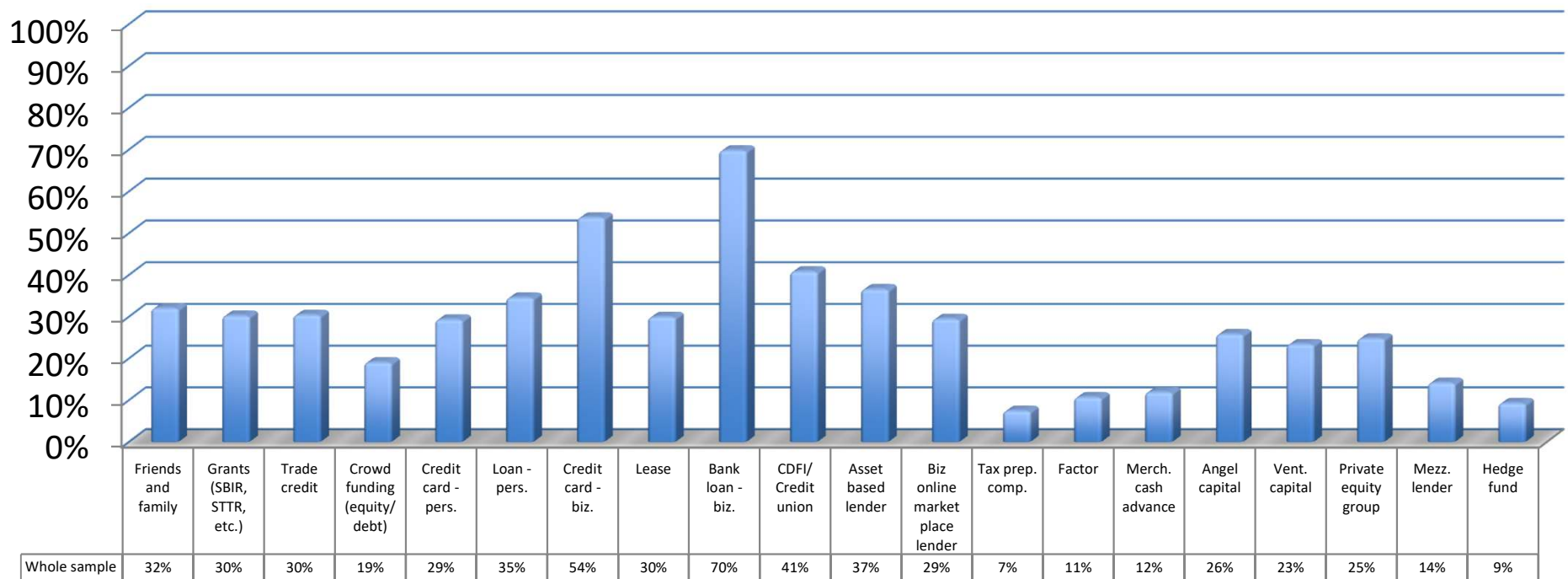
Equity financing



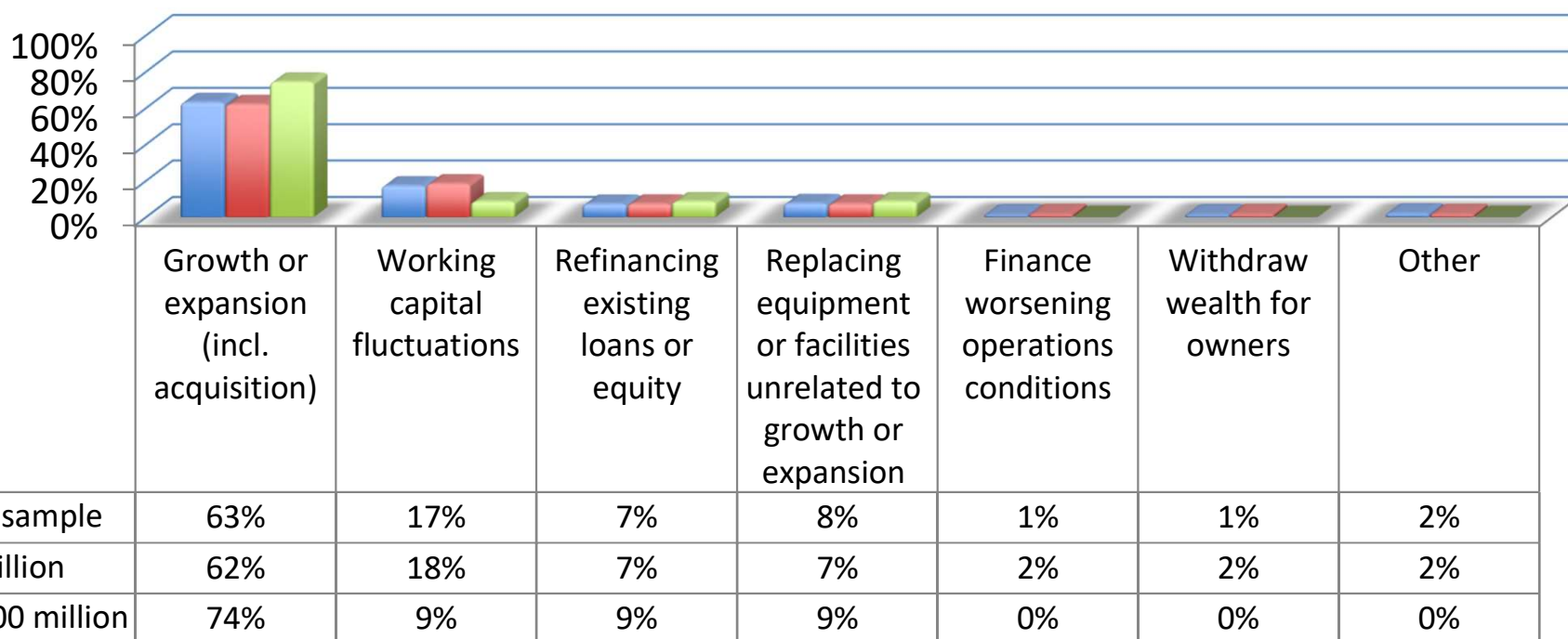
Debt financing



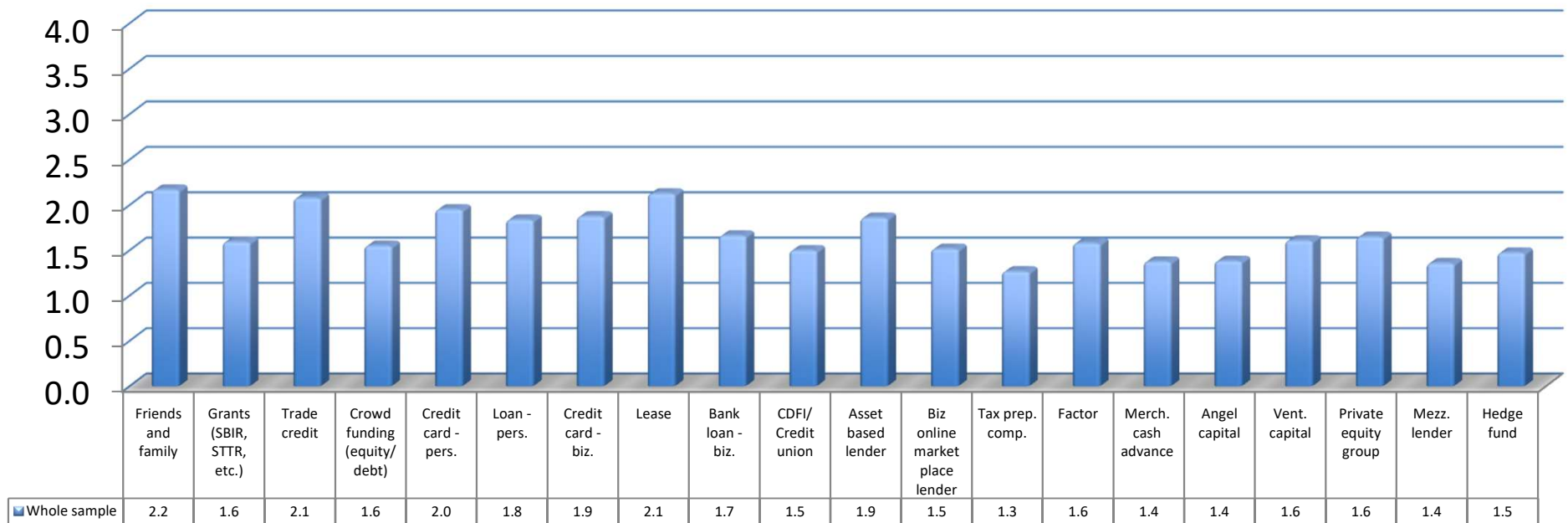
LIKELY SOURCES OF FINANCING



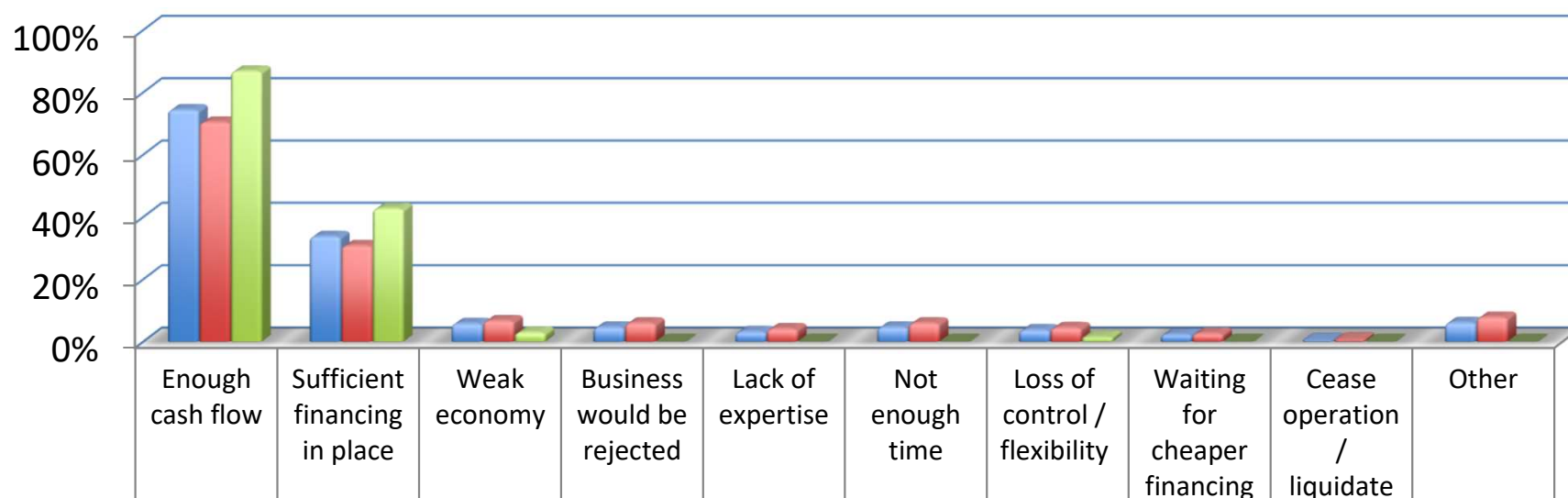
MAIN PURPOSE FOR RAISING EXPECTED FINANCING



LEVEL OF CONFIDENCE FOR SUCCESSFUL FINANCING (SCALE 0-4: NONE; SOME; MODERATELY; VERY; COMPLETELY)

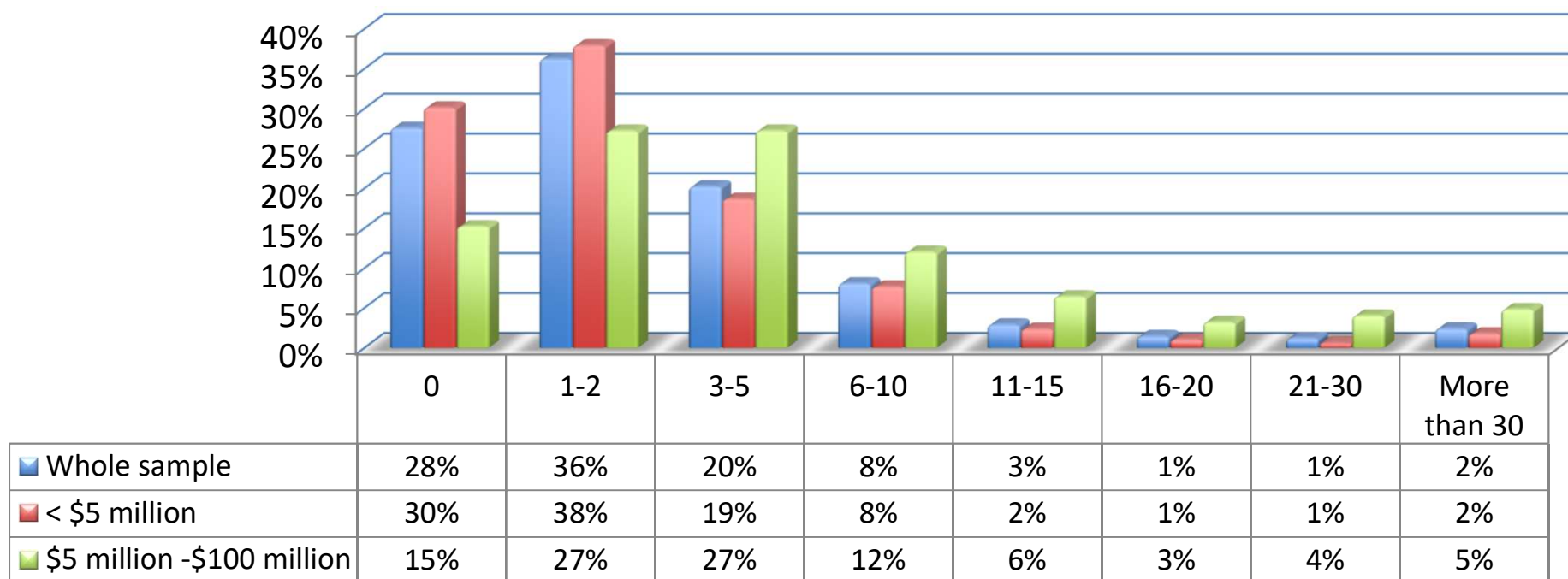


REASONS FOR NOT PLANNING ON RAISING FINANCING

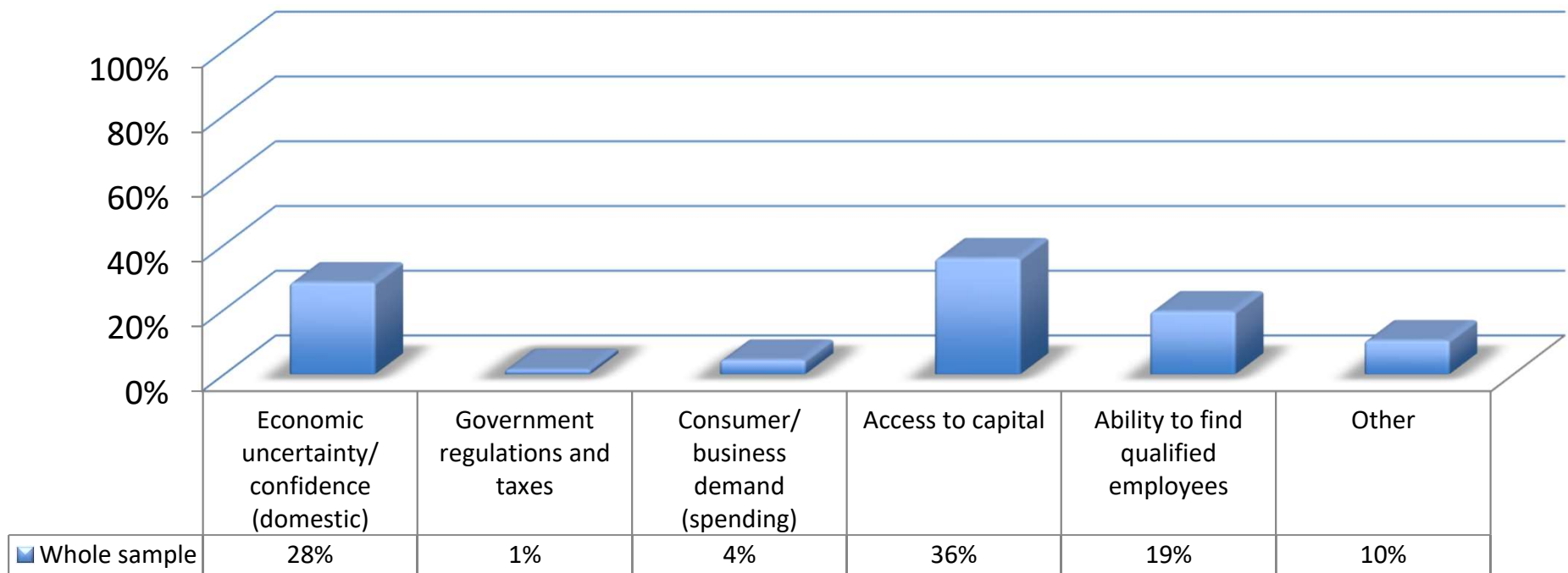


VI. HIRING / GROWTH OUTLOOKS AND FINANCING FAILURE IMPACTS

NUMBER OF EMPLOYEES PLANNED TO BE HIRED IN THE NEXT SIX MONTHS



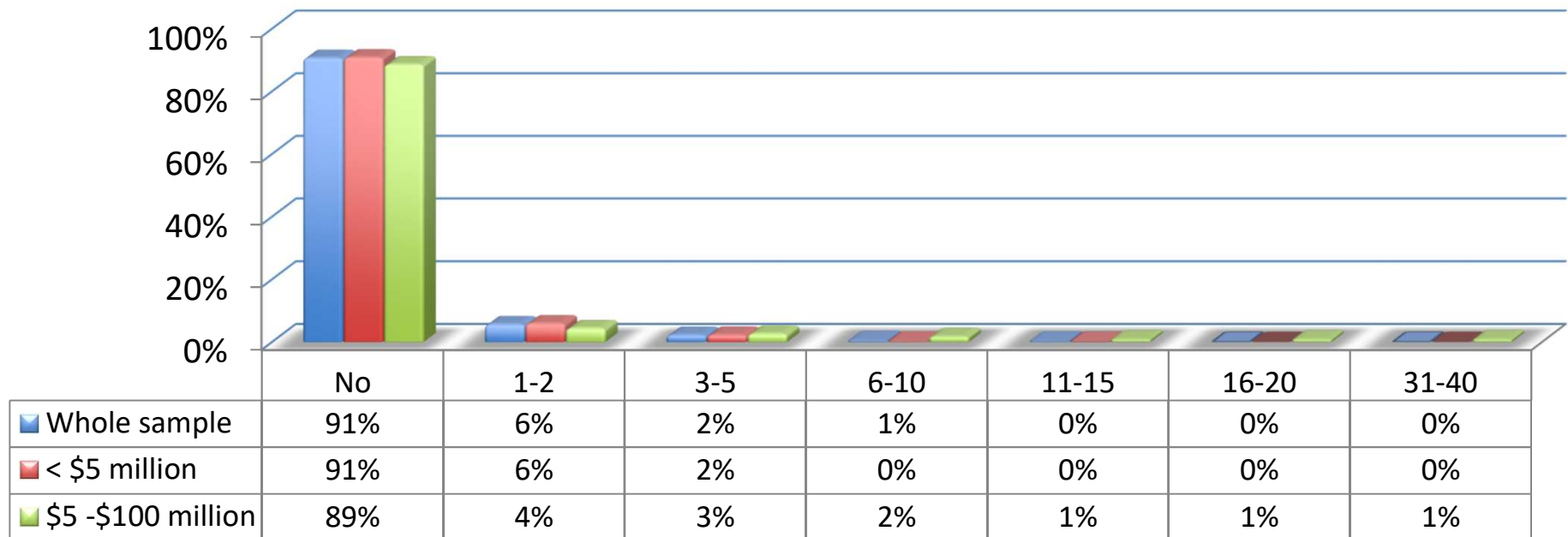
REASONS PREVENTING RESPONDENTS FROM HIRING



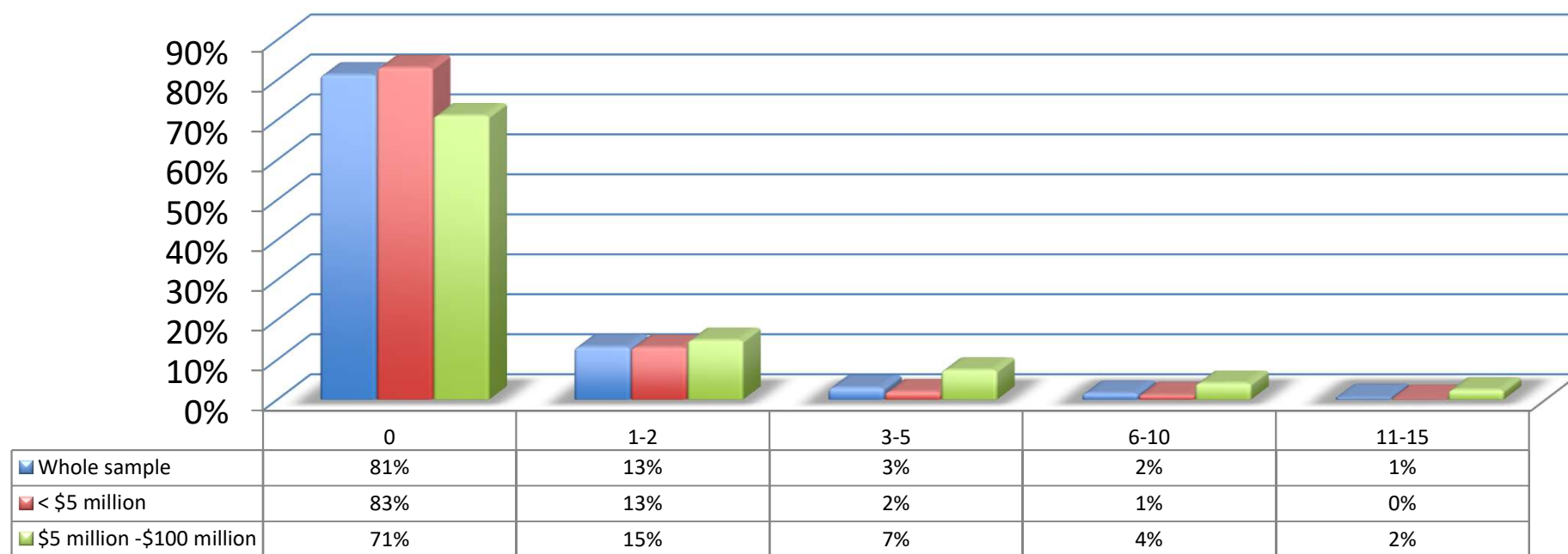
WILL EMPLOYEES PLANNED TO BE HIRED BE FULL-TIME OR PART-TIME



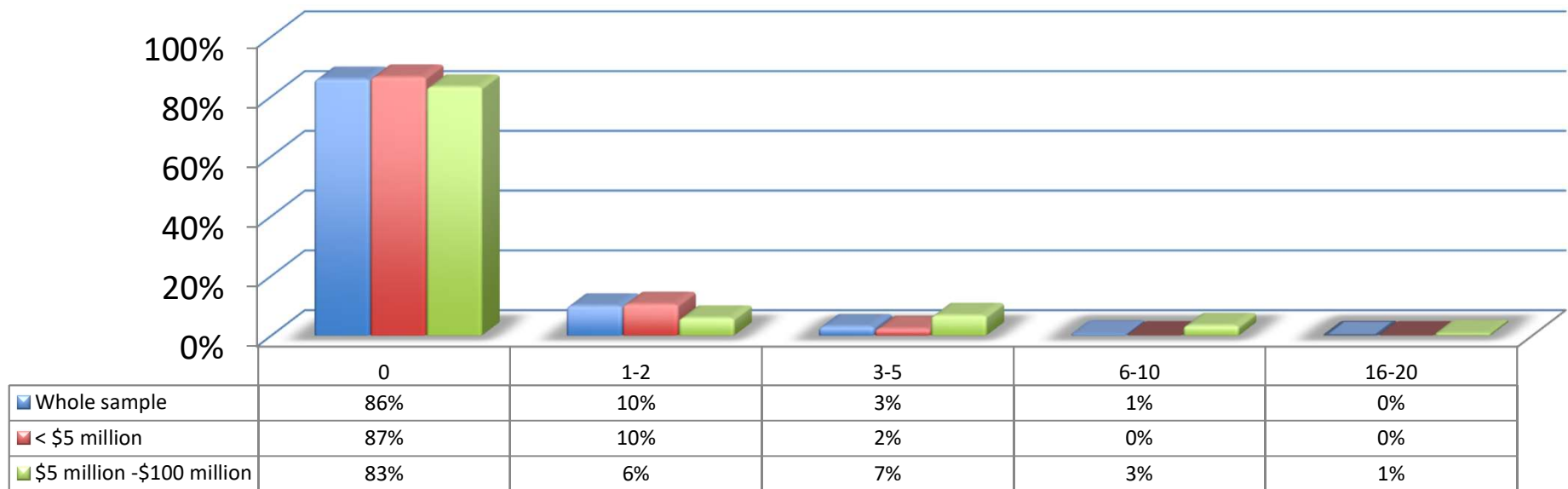
DO RESPONDENTS EXPECT TO DECREASE THE NUMBER OF EMPLOYEES IN THE NEXT SIX MONTHS



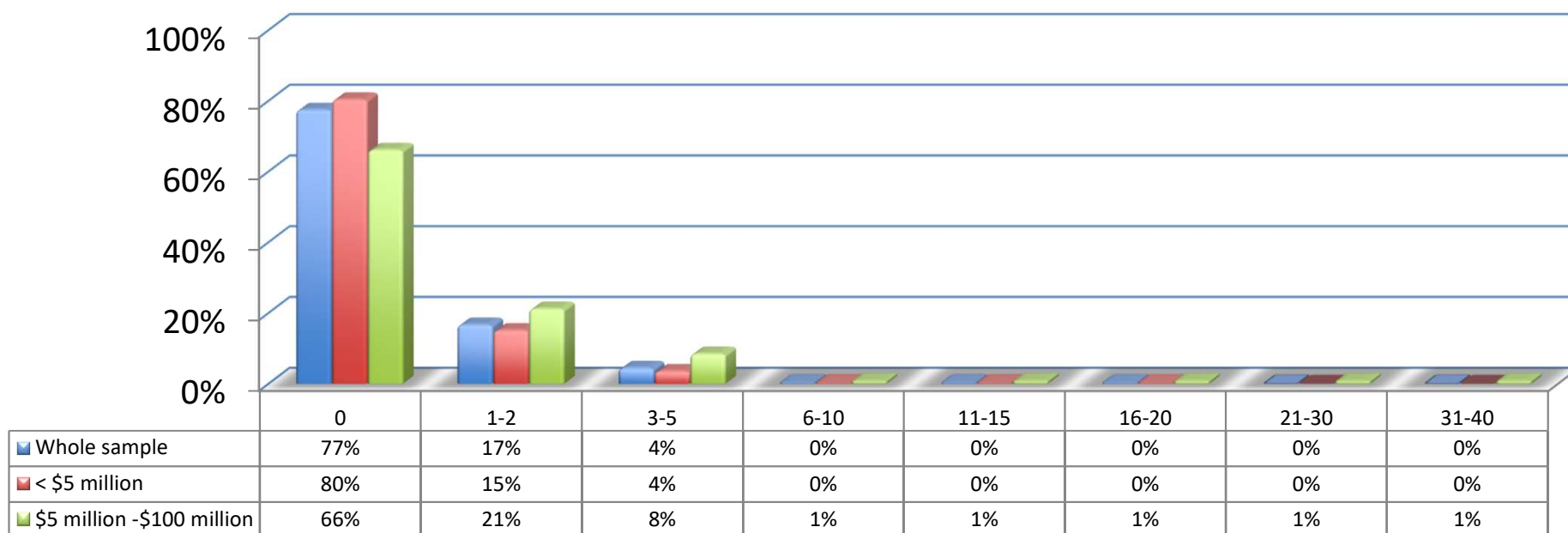
HOW MANY FULL-TIME EMPLOYEES RESPONDENTS REPLACED WITH (OR CONVERTED TO) PART-TIME EMPLOYEES IN THE LAST SIX MONTHS



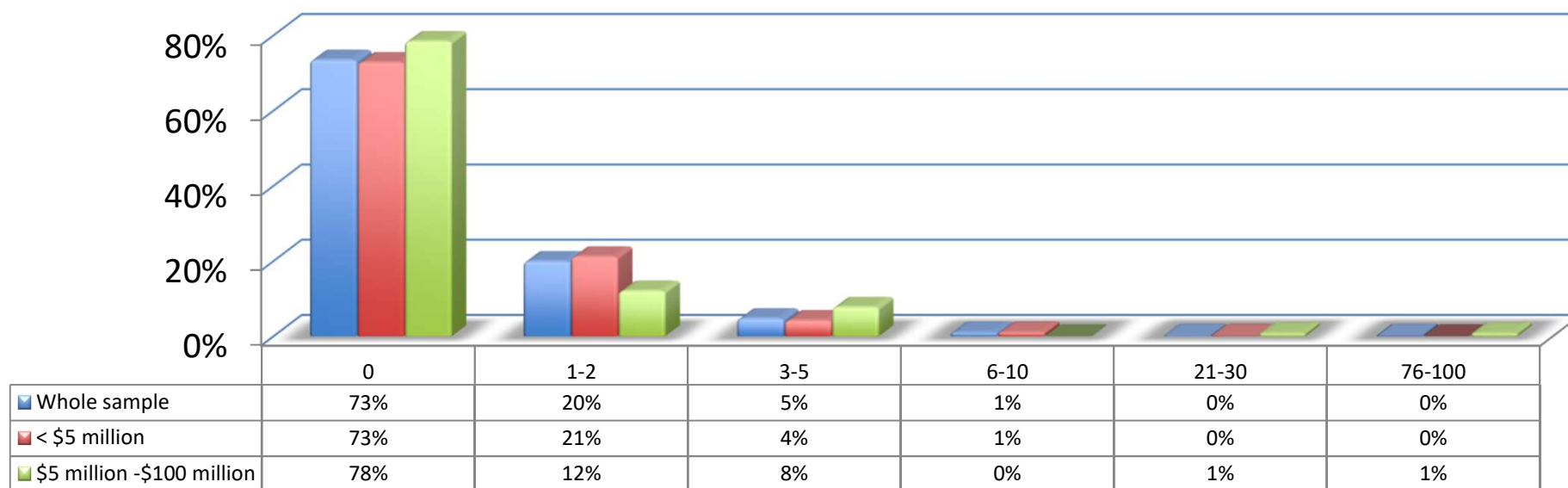
HOW MANY FULL-TIME EMPLOYEES RESPONDENTS ARE PLANNING TO REPLACE WITH (OR CONVERT TO) PART-TIME EMPLOYEES IN THE NEXT SIX MONTHS



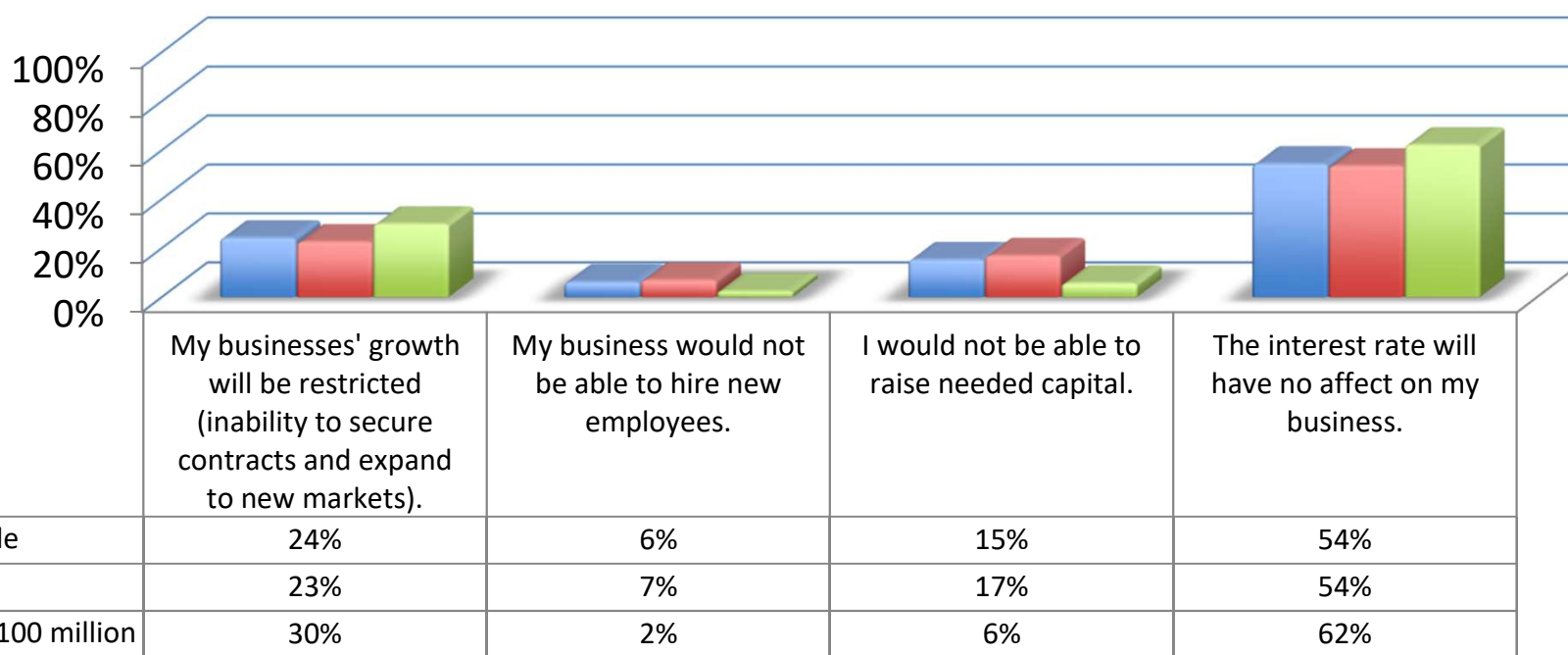
HOW MANY PART-TIME EMPLOYEES RESPONDENTS REPLACED WITH (OR CONVERTED TO) FULL-TIME EMPLOYEES IN THE LAST SIX MONTHS



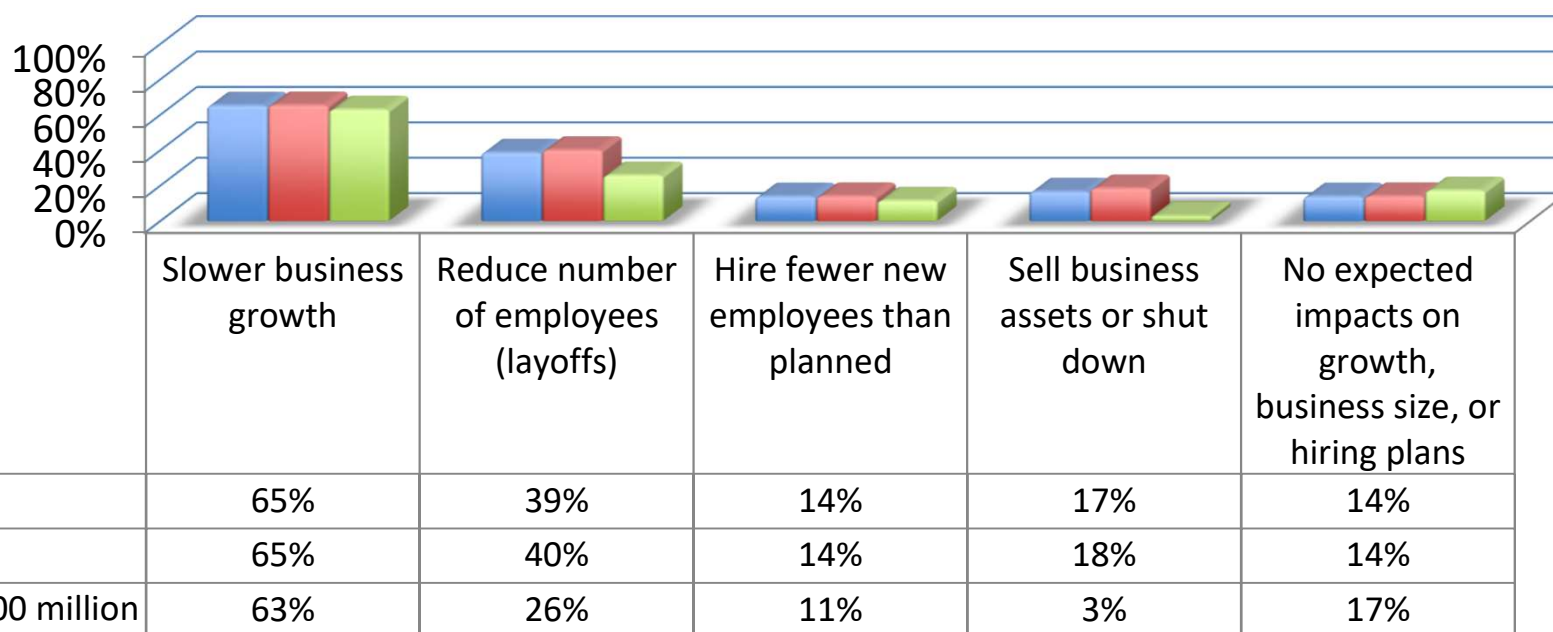
HOW MANY PART-TIME EMPLOYEES RESPONDENTS ARE PLANNING TO REPLACE WITH (OR CONVERT TO) FULL-TIME EMPLOYEES IN THE NEXT SIX MONTHS



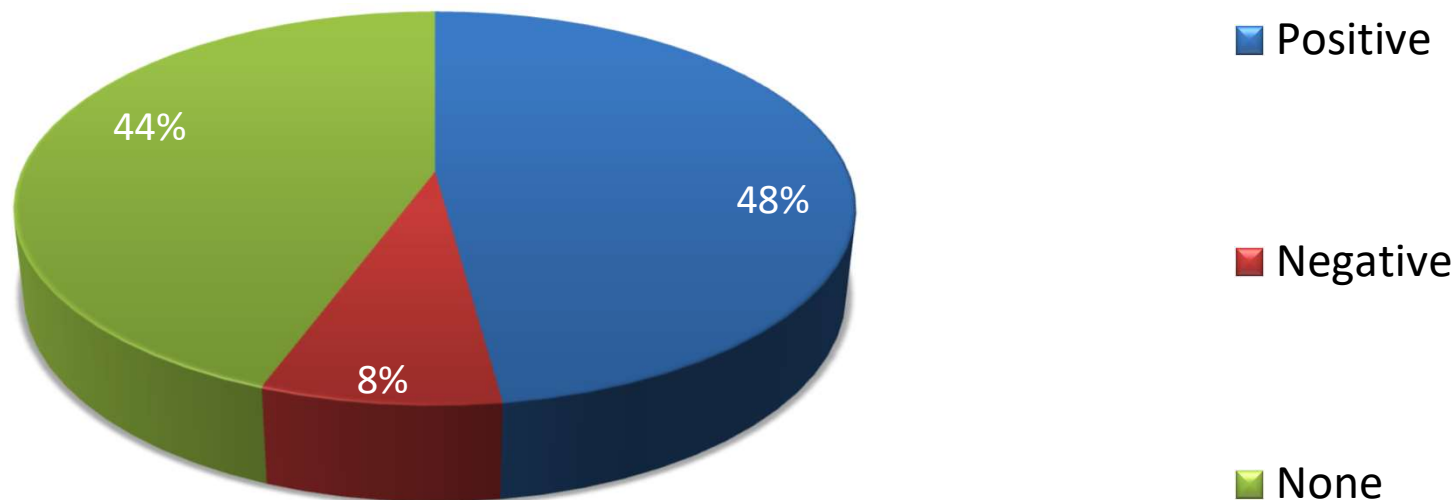
HOW THE FEDERAL INTEREST RATE HIKE COULD IMPACT RESPONDENTS BUSINESS



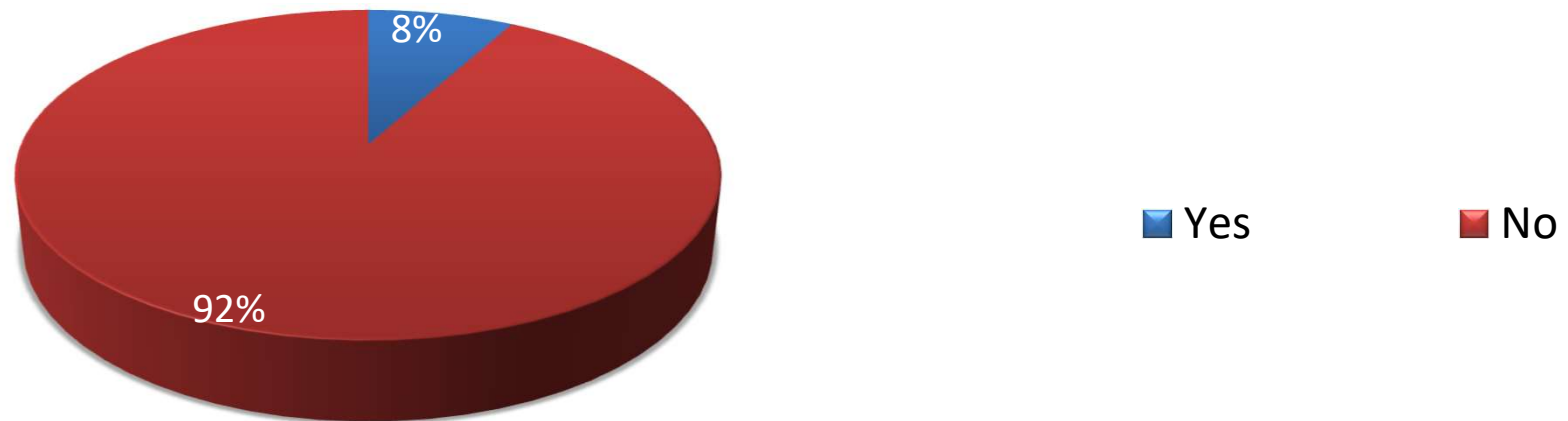
IMPACTS OF UNSUCCESSFUL FINANCING EVENT IN THE NEXT SIX MONTHS FOR THOSE PLANNING TO RAISE CAPITAL (MULTIPLE SELECTIONS)



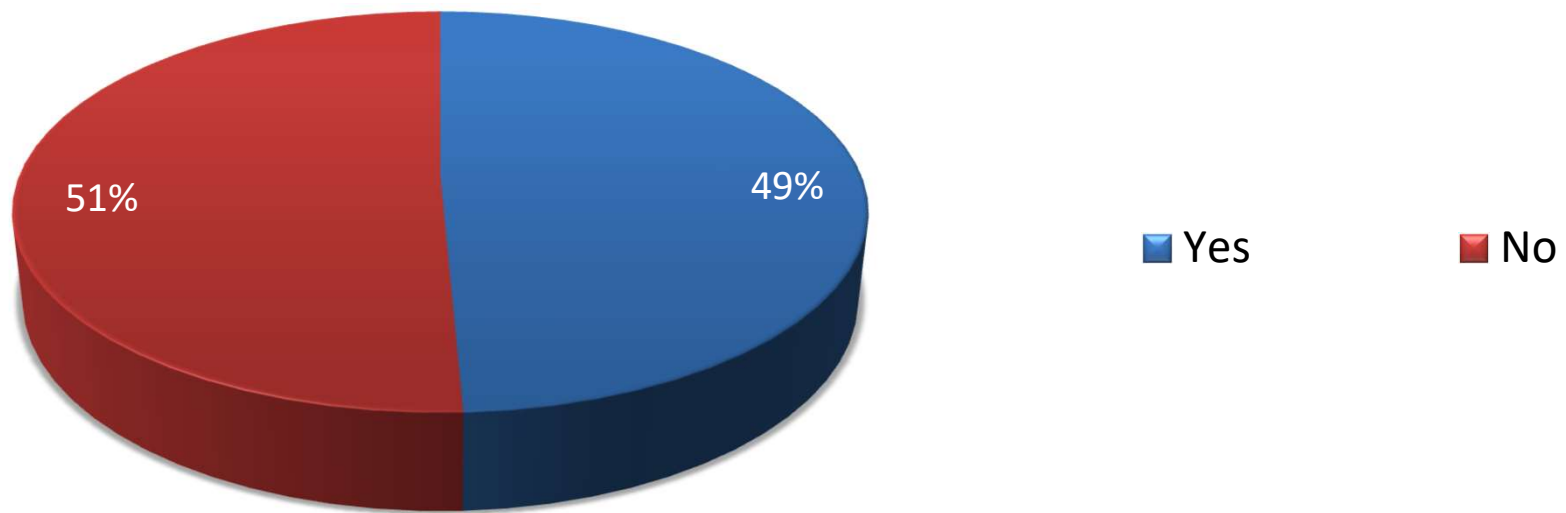
HOW ARE ADJUSTMENTS TO THE CORPORATE TAX CODE (CUT FROM 35% TO 21%) IMPACTING RESPONDENTS BUSINESS



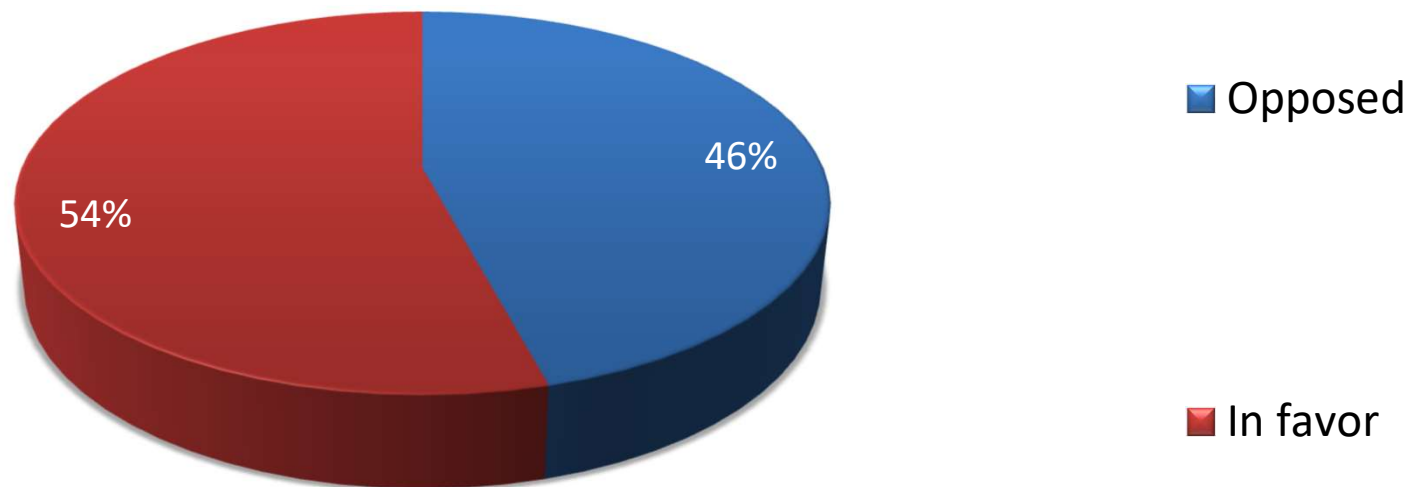
LAST YEAR, CALIFORNIA ENACTED THE CALIFORNIA CONSUMER PRIVACY ACT (CCPA), GOING INTO EFFECT ON JANUARY 1, 2020. THE CCPA LETS CALIFORNIA RESIDENTS ASK FOR THE DATA A COMPANY HAS COLLECTED ON THEM AND THE CATEGORIES OF RECIPIENTS TO WHOM THE DATA HAS BEEN SOLD TO. THE IMPACT OF THIS LAW COULD LIMIT HOW BUSINESSES CAN TARGET USERS IN THEIR ONLINE MARKETING. HAS CONSUMER PRIVACY LAW IMPACTED RESPONDENTS ABILITY TO MARKET THEIR COMPANY.



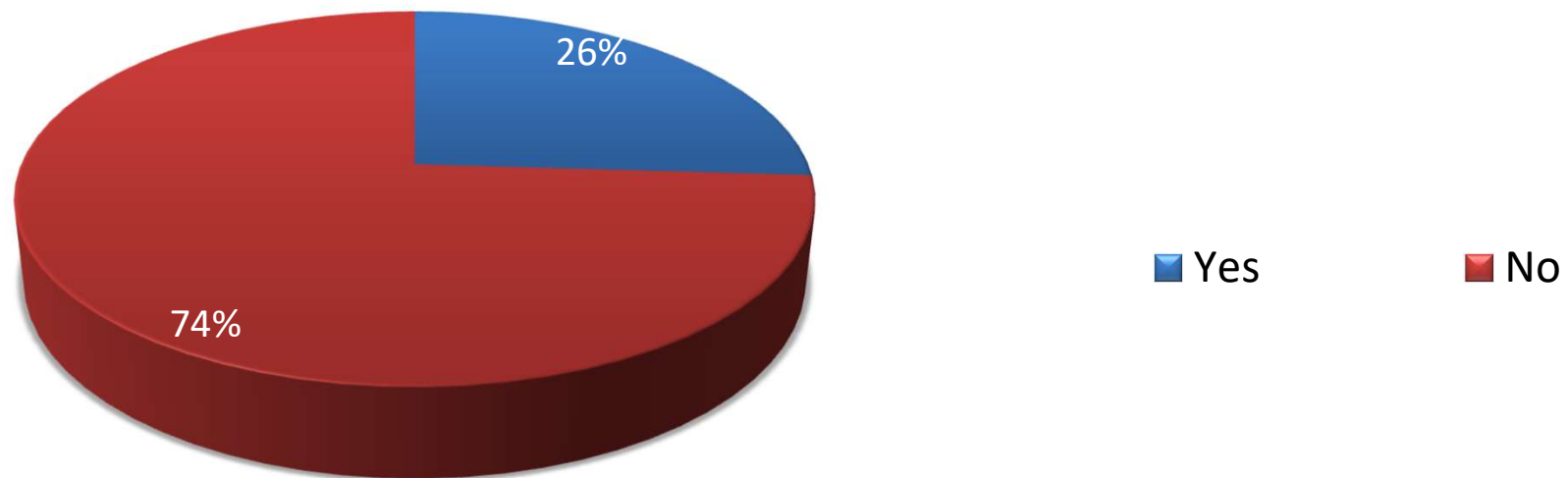
DO RESPONDENTS USE TARGETED ONLINE ADVERTISING THROUGH PLATFORMS SUCH AS GOOGLE OR FACEBOOK



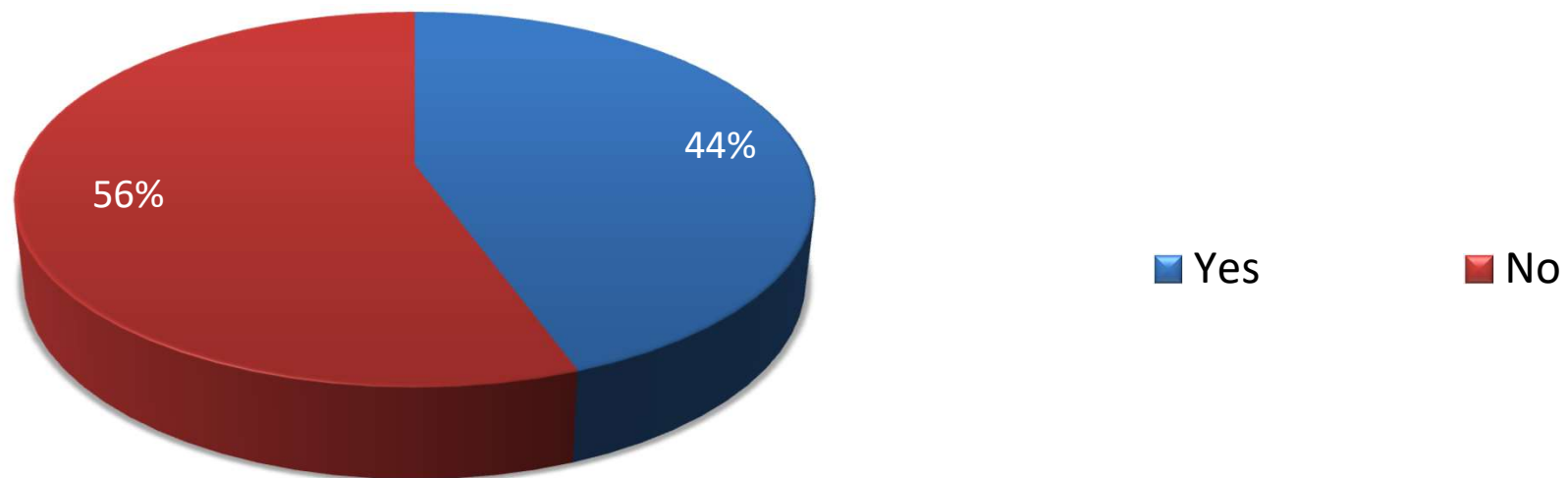
ARE RESPONDENTS OPPOSED OR IN FAVOR OF RESTRICTIONS ON ONLINE MARKETING AND ADVERTISING



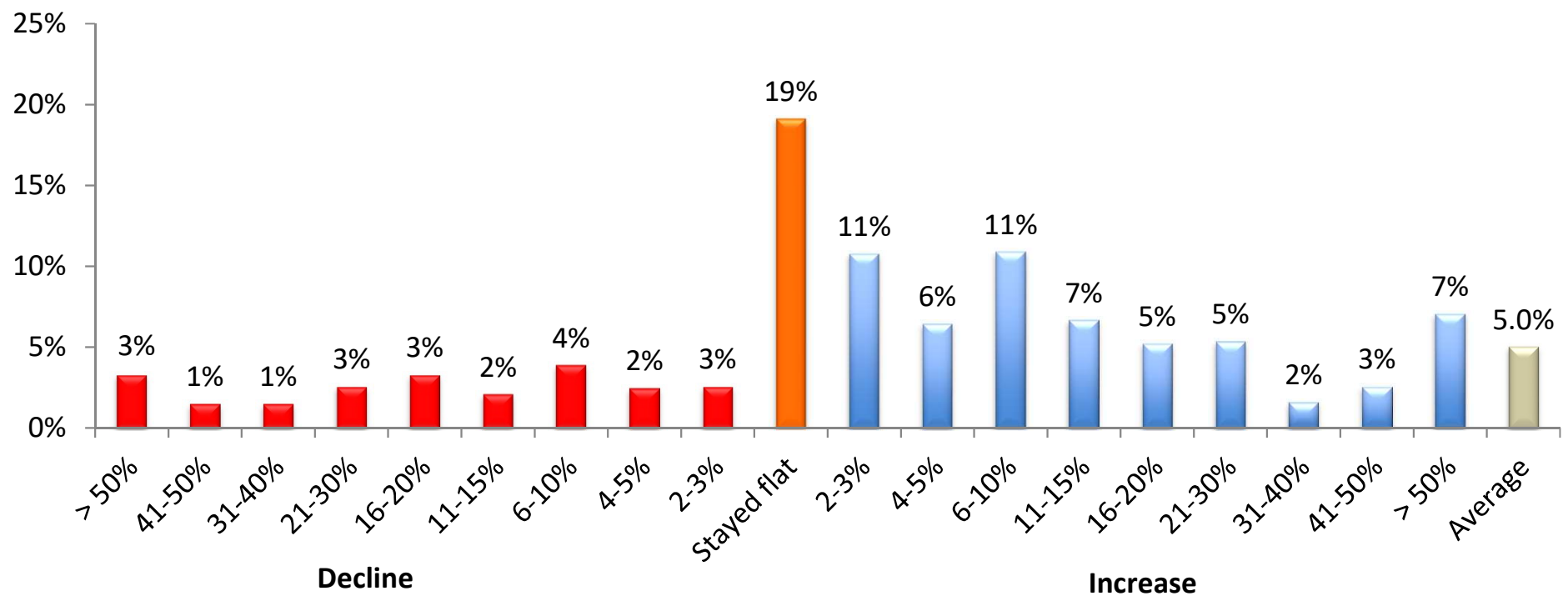
DO RESPONDENTS ANTICIPATE THEIR BUSINESS BEING IMPACTED BY SEVERE WEATHER CONDITIONS IN 2019, SUCH AS HURRICANES, TROPICAL STORMS, WILDFIRES, ETC.?



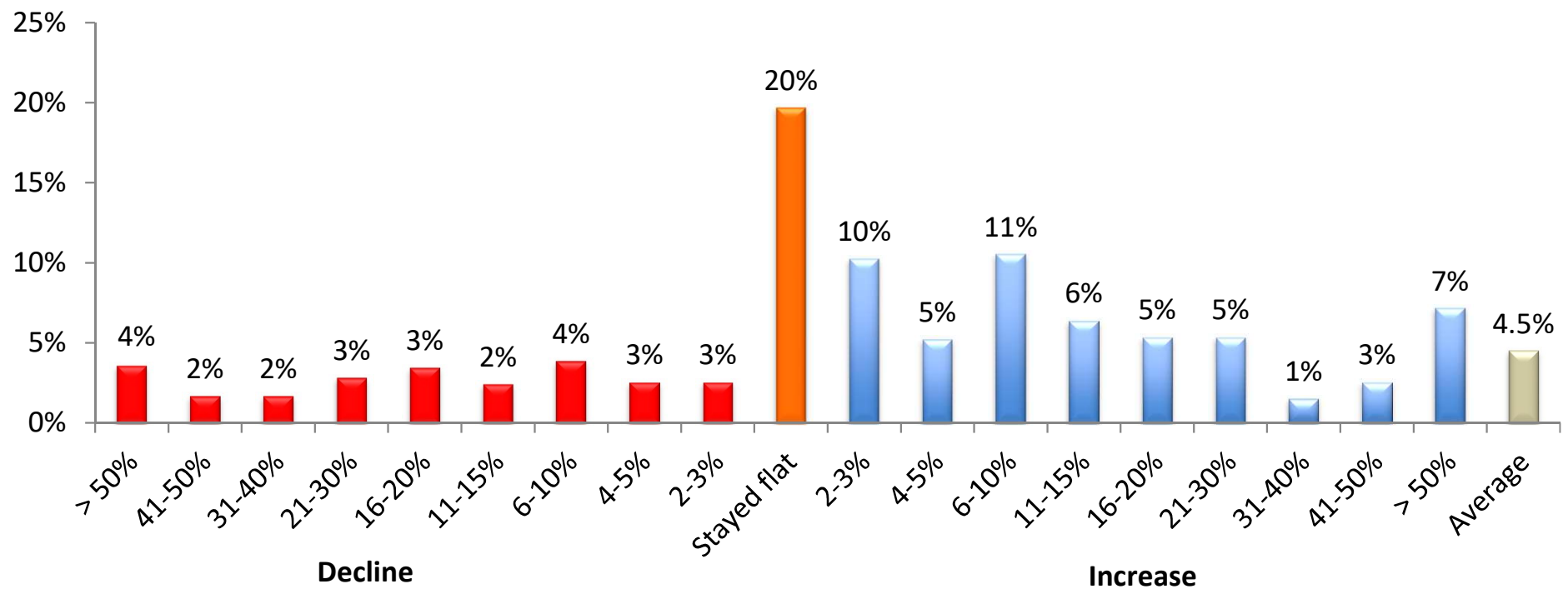
DOES RESPONDENTS BUSINESS HAVE AN EMERGENCY FUND OF CASH ON HAND FOR AN EMERGENCY AS A RESULT OF SEVERE WEATHER CONDITIONS, SUCH AS DAMAGED PROPERTY OR LOSS OF BUSINESS DUE TO UNEXPECTED CLOSURES OR A HALT IN SERVICE?



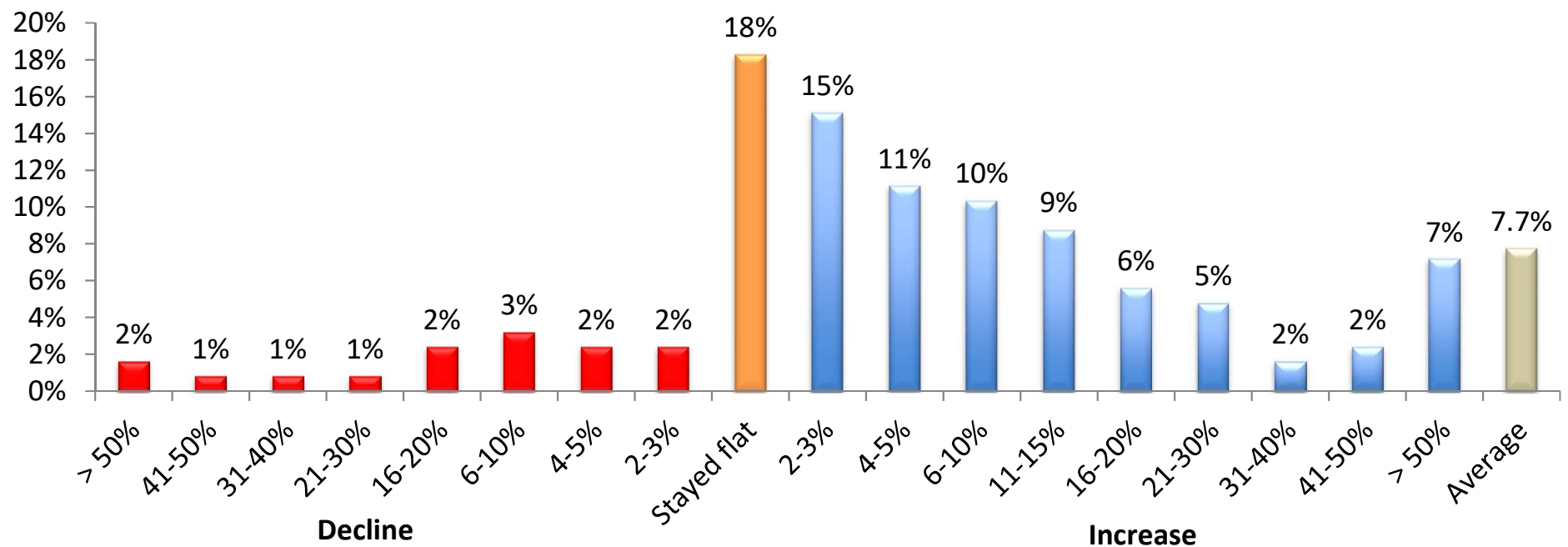
ANNUAL REVENUES CHANGE FOR LAST 12 MONTHS: WHOLE SAMPLE



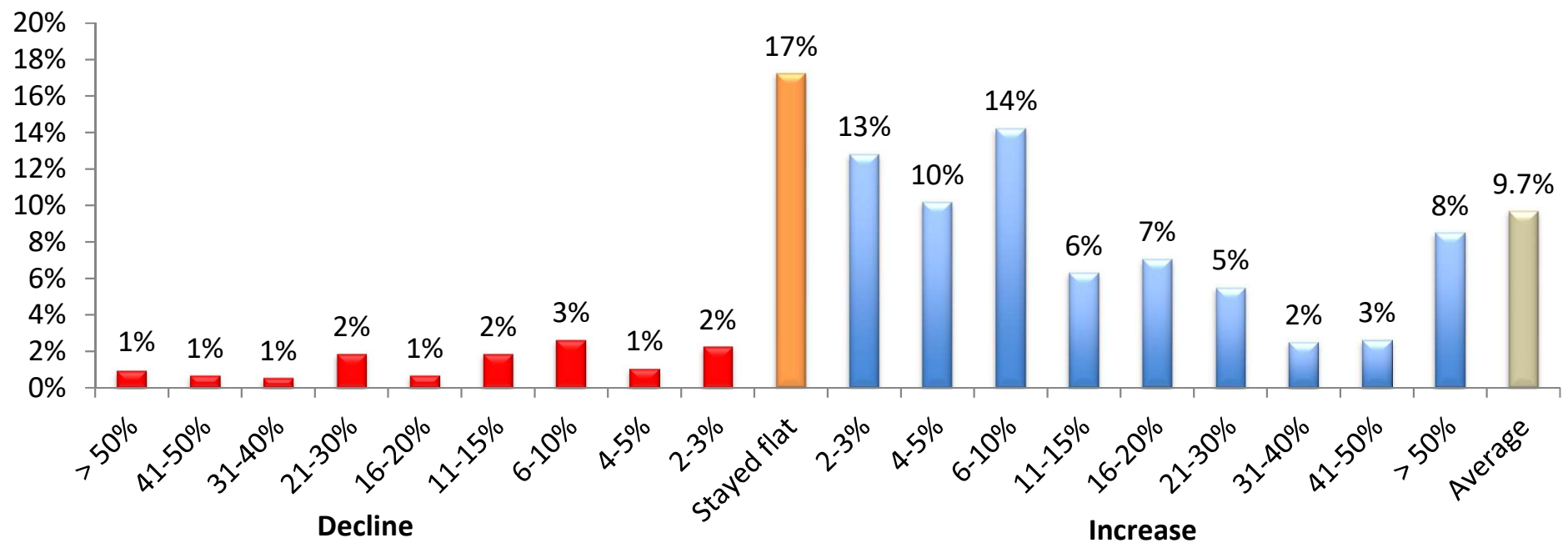
ANNUAL REVENUES CHANGE FOR LAST 12 MONTHS : REVENUES UNDER \$5M



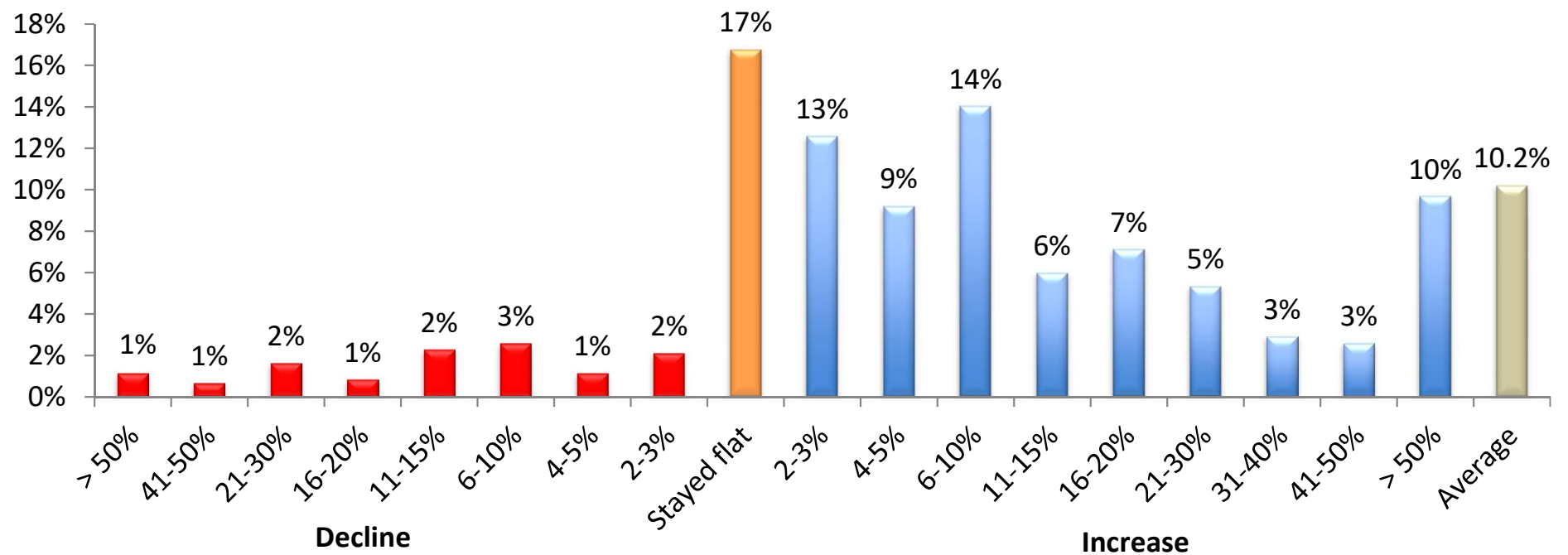
ANNUAL REVENUES CHANGE FOR LAST 12 MONTHS : REVENUES FROM \$5M TO \$100M



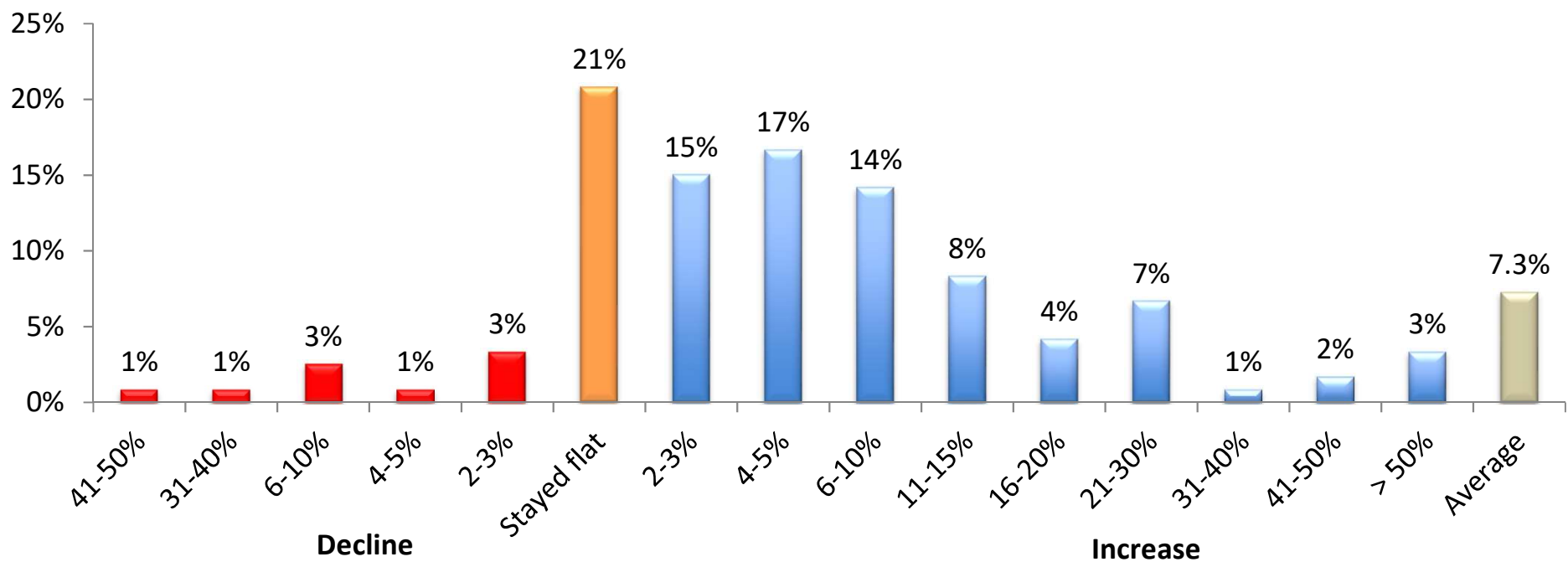
ANNUAL REVENUE CHANGE EXPECTATIONS (NEXT 12 MONTHS): WHOLE SAMPLE



ANNUAL REVENUE CHANGE EXPECTATIONS (NEXT 12 MONTHS): REVENUES UNDER \$5M

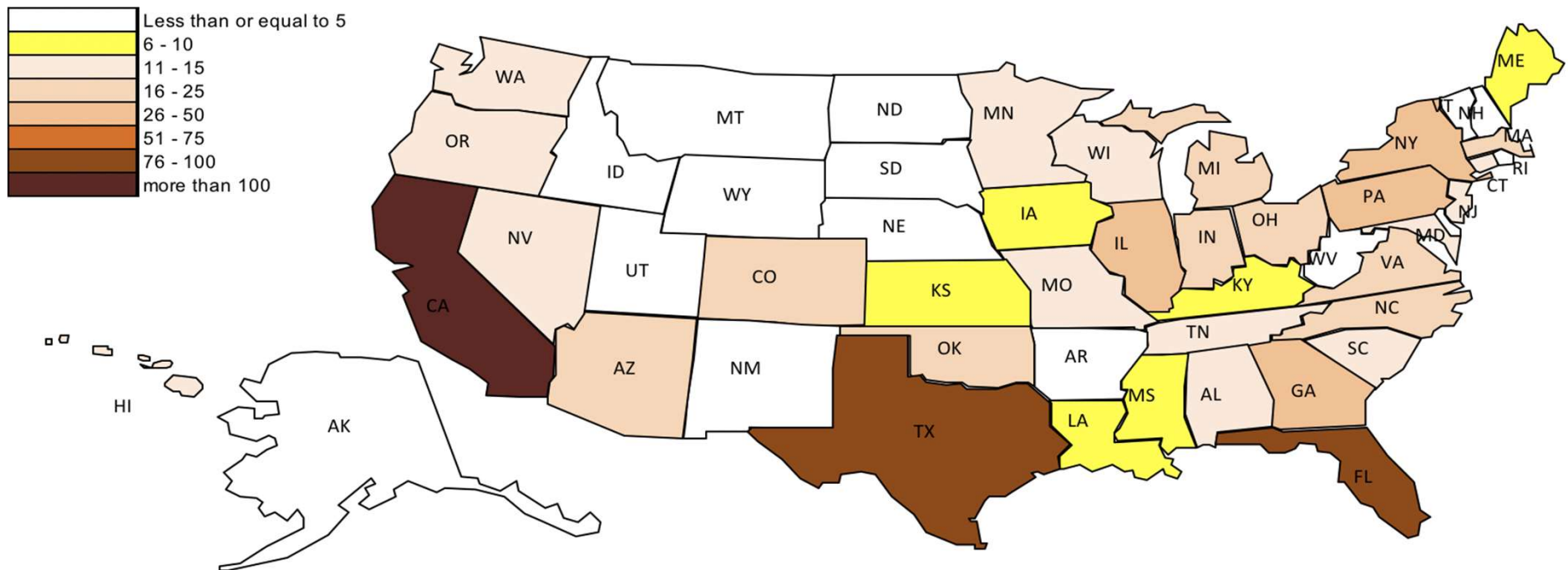


ANNUAL REVENUE CHANGE EXPECTATIONS (NEXT 12 MONTHS): REVENUES \$5M TO \$100M

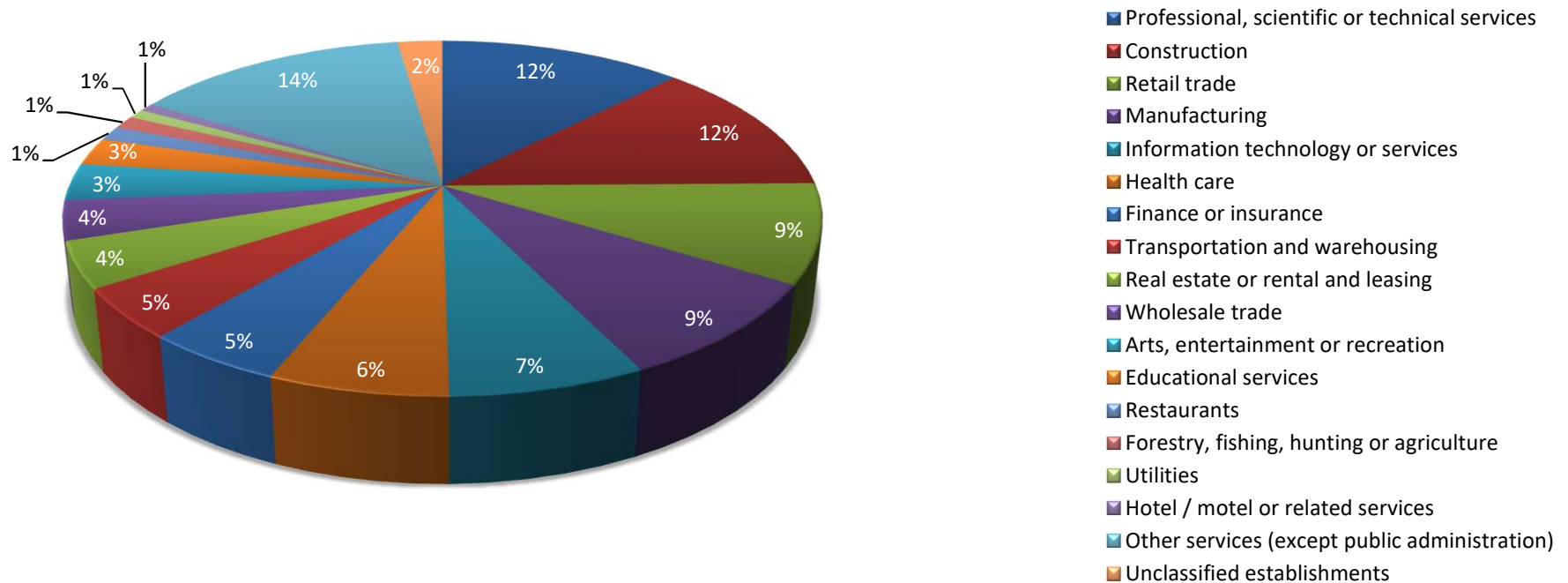


VII. ABOUT THE RESPONDENTS

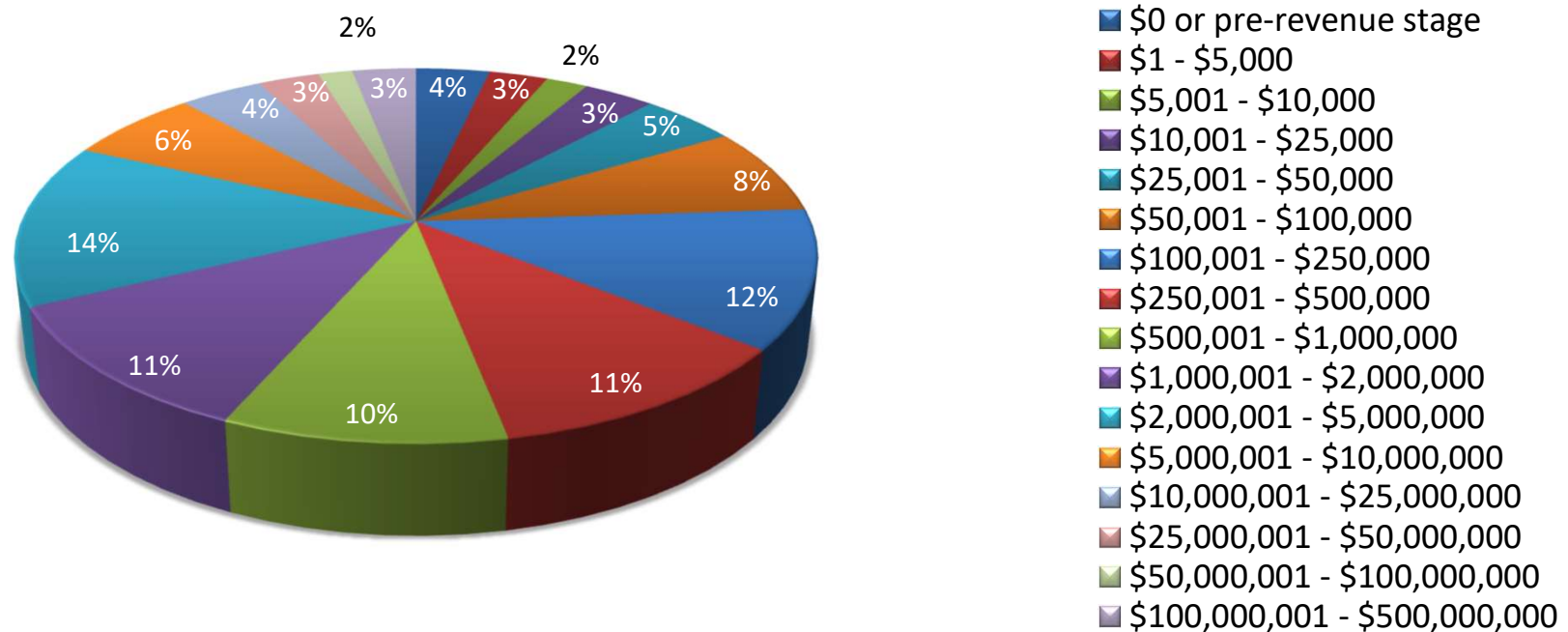
DETAILS ABOUT THE RESPONDENTS GEOGRAPHIC LOCATION



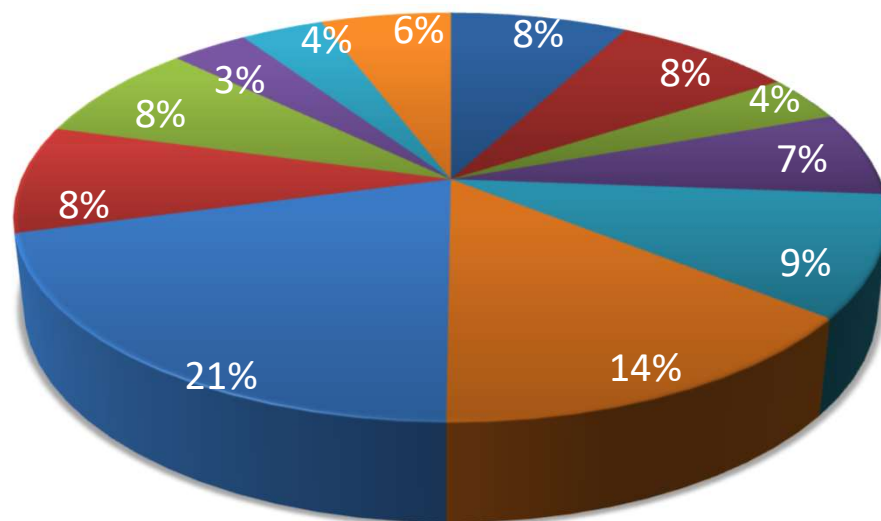
DETAILS ABOUT THE RESPONDENTS INDUSTRY



DETAILS ABOUT THE RESPONDENTS ANNUAL REVENUES

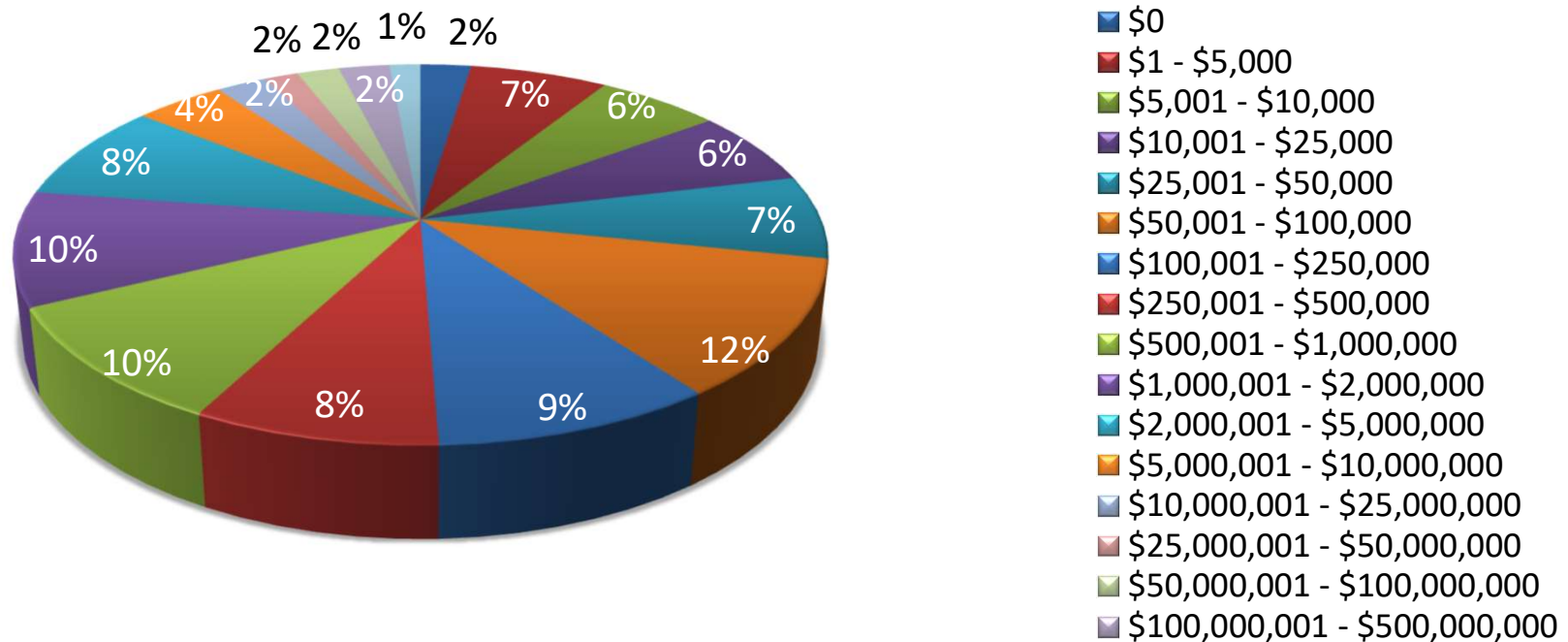


DETAILS ABOUT THE RESPONDENTS ANNUAL INCOME

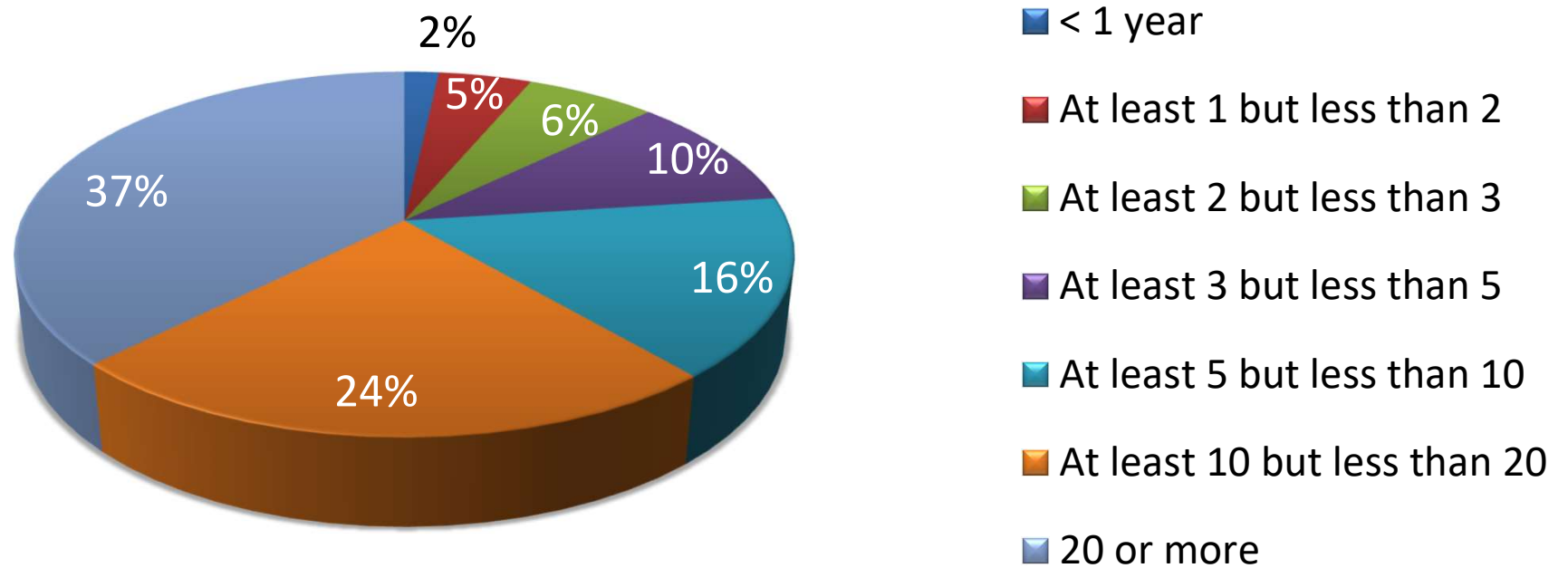


- Negative (net loss)
- \$1 - \$5,000
- \$5,001 - \$10,000
- \$10,001 - \$25,000
- \$25,001 - \$50,000
- \$50,001 - \$100,000
- \$100,001 - \$250,000
- \$250,001 - \$500,000
- \$500,001 - \$1,000,000
- \$1,000,001 - \$2,000,000
- \$2,000,001 - \$5,000,000
- Greater than \$5,000,000

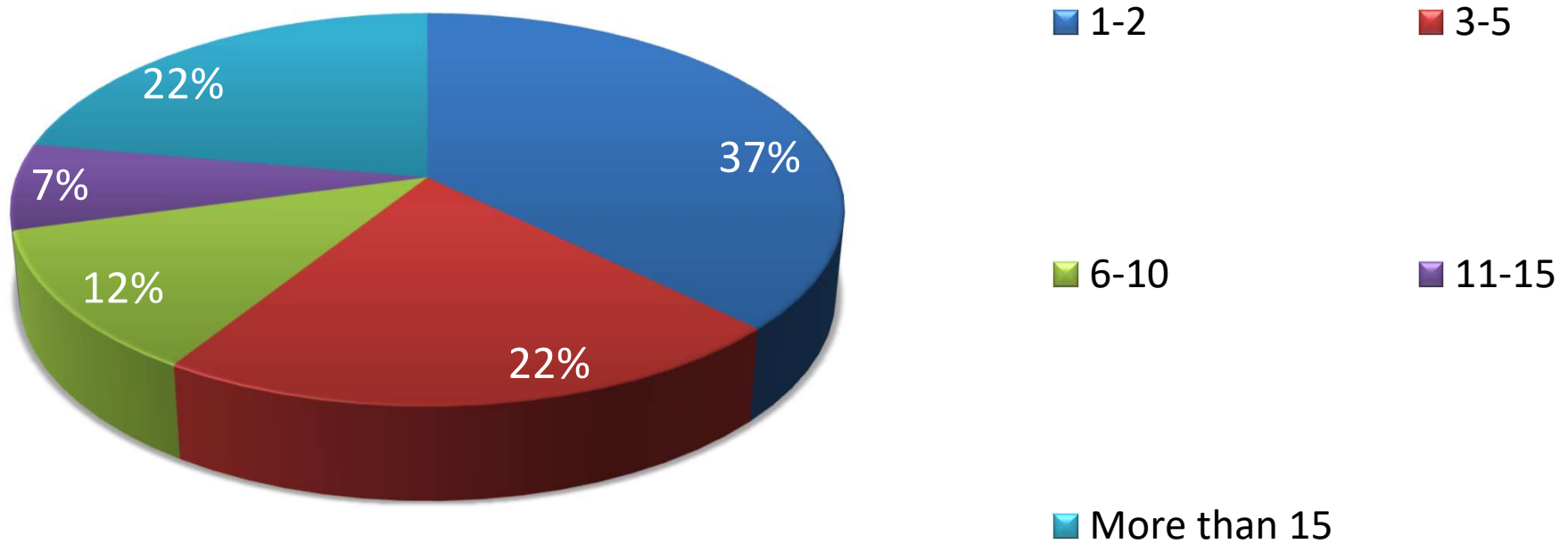
DETAILS ABOUT THE RESPONDENTS TOTAL BUSINESS ASSETS



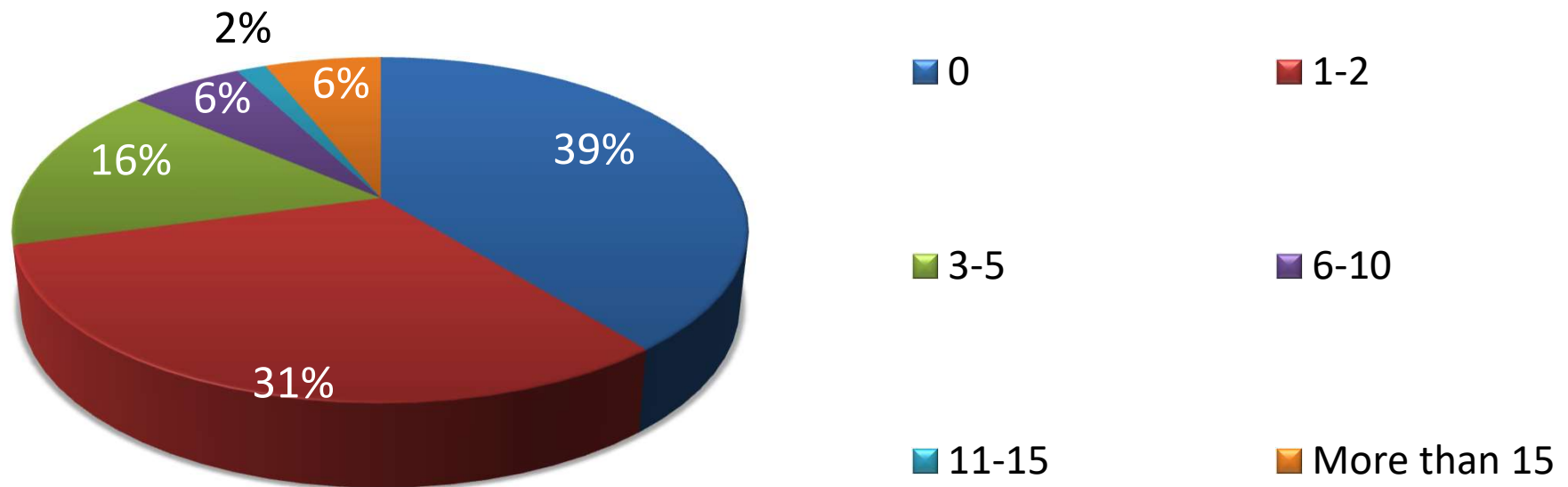
DETAILS ABOUT THE RESPONDENTS FIRM AGE



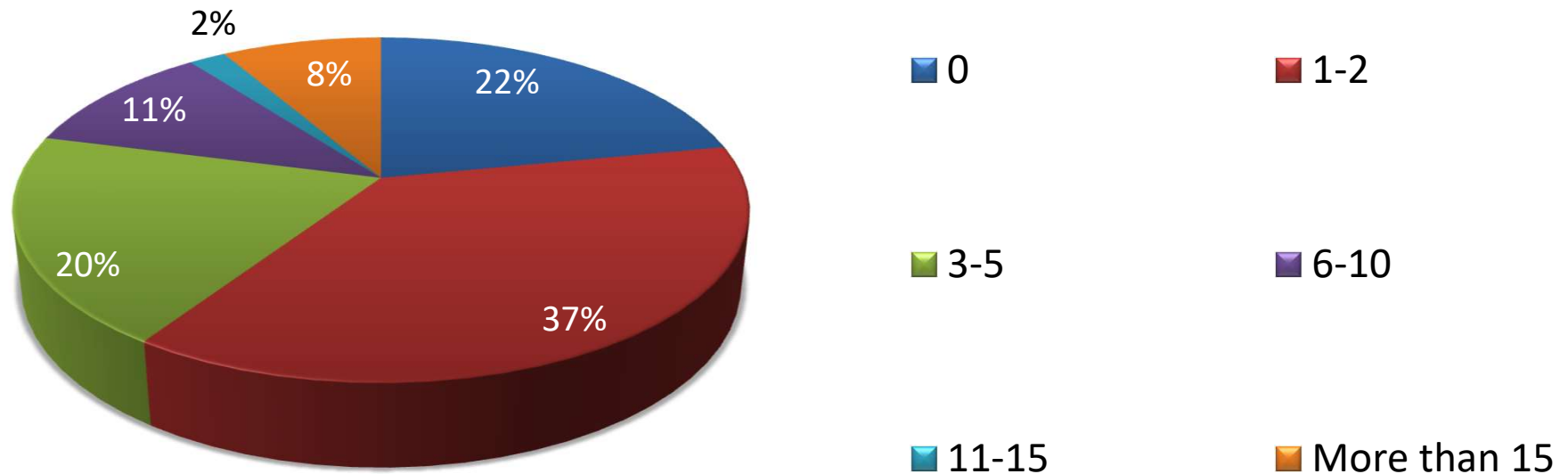
DETAILS ABOUT THE RESPONDENTS NUMBER OF FULL-TIME EMPLOYEES



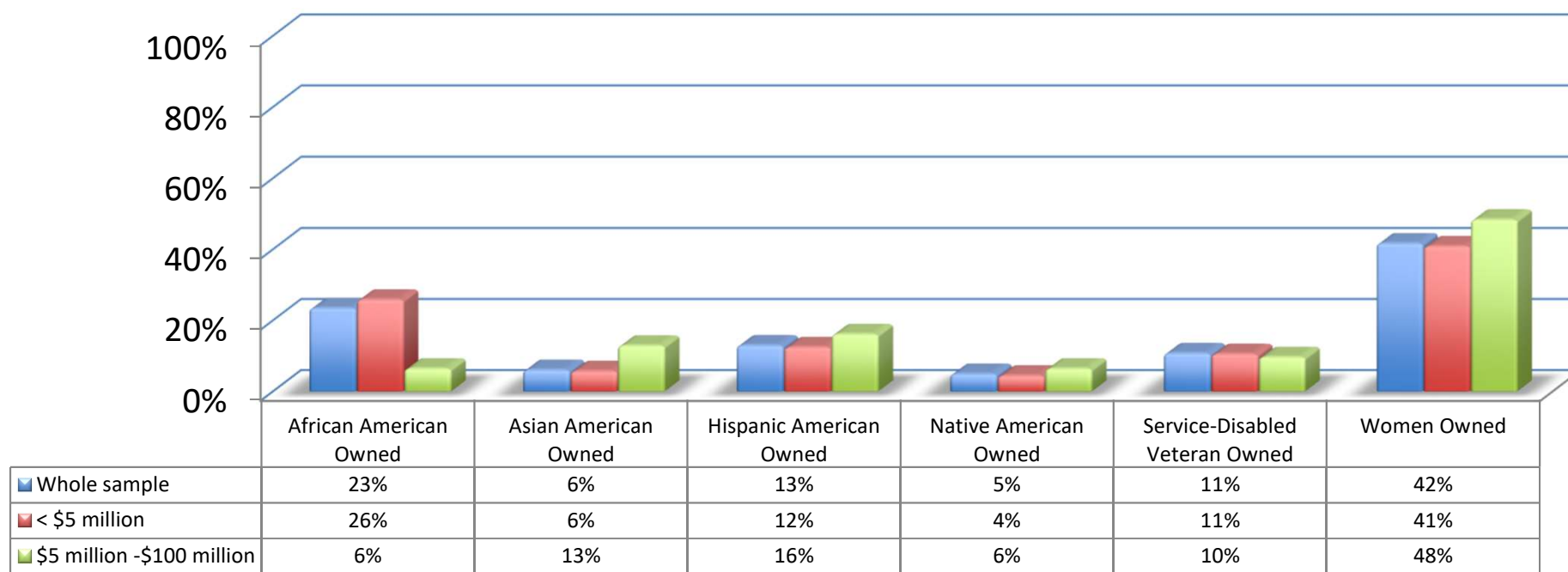
DETAILS ABOUT THE RESPONDENTS NUMBER OF PART-TIME EMPLOYEES



DETAILS ABOUT THE RESPONDENTS NUMBER OF FEMALE EMPLOYEES



DETAILS ABOUT THE RESPONDENTS MINORITY-OWNED TYPES



About Pepperdine Private Capital Markets Project

The Pepperdine Private Capital Markets Project at the Graziadio School is the first simultaneous, comprehensive, and on-going investigation of the major private capital market segments. The research seeks to understand the true cost of private capital across market types and the investment expectations of privately-held business owners; providing lenders, investors and the businesses that depend on them with critical data to make optimal investment and financing decisions, and better determine where the opportunities to create lasting economic value may be realized. Download reports and find more information at <http://bschool.pepperdine.edu/privatecapital>.

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Anchored in the core values of integrity and innovation, the [Pepperdine Graziadio Business School](http://bschool.pepperdine.edu) challenges individuals to think boldly and drive meaningful change that positively impacts their organizations and communities. With an entrepreneurial spirit, the Graziadio School advances experiential learning in small classes that deepen connections and stimulate critical thinking. Through our wide continuum of MBA, MS and Executive degree programs offered across six California campuses, Graziadio faculty inspire full time students and working professionals to realize their greatest potential as values-centered, Best *for* the World Leaders. Follow Pepperdine Graziadio on [Facebook](#), [Twitter](#) at [@GraziadioSchool](#), [Instagram](#) and [LinkedIn](#).

Thank You

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

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Pepperdine University