

# Small Businesses: How the Threat of Lawsuits Impacts Their Operations



WEST VIRGINIA SAMPLE

*Conducted for*

**US Chamber Institute for Legal Reform  
May 10, 2007**

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# Research Objectives, Sample and Methodology

## ■ Research Objectives:

- To examine the attitudes and experiences of small business owners and managers in West Virginia who are concerned about frivolous and unfair lawsuits and to learn how the legal environment, specifically the tort system, impacts their businesses.

## ■ Sample:

- Small business owners obtained from Dun & Bradstreet.
- Small business definition: companies who have revenues of \$10 million or less and have at least one employee in addition to the business owner.
- Must be somewhat or very concerned about the liability system in West Virginia.

## ■ Sample size:

- West Virginia oversample (230) and West Virginia completes from Nationwide Sample (7).
- Total: 237. A total of 1,304 were contacted of which 237 qualified. After correctly weighting the data, the qualified sample represents 60% of small businesses in West Virginia – 26% who are very concerned and 34% who are somewhat concerned. Nonqualified respondents included 25% who were not too concerned and 15% who were not at all concerned.
- All the findings in this report are based on the 60% of small business owners and managers who are very or somewhat concerned that they maybe sued in a frivolous or unfair lawsuit.

## ■ Data Collection Method:

- Telephone interviews using the computer-assisted telephone interviewing (CATI) system
- Interviews conducted November 6, 2006 – February 26, 2007

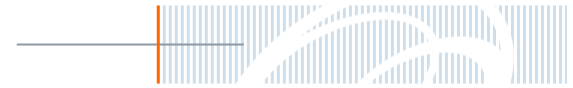
## ■ Data were weighted using Dun and Bradstreet data to ensure a representative sample

## ■ Sampling error at the 95% confidence level for N=237 is $\pm 6.4\%$

## ■ Small base is < 50 respondents and very small base is < 30



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# Summary of Major Findings

## Major Findings

Among West Virginia business owners/managers who are very or somewhat concerned about lawsuits:

- Almost two-thirds (65%) make business decisions to avoid such suits. These decisions have had the following effects:
  - Made their products and services more expensive: 72%
  - Made a product or service unavailable to customers: 46%
  - Forced them to either reduce employee benefits or lay off employees: 28%
- Almost six in ten (59%) feel they would be able to increase revenues if they were assured that they would be protected from frivolous/unfair lawsuits. Only 13% would not be able to do this at all.

## Major Findings (Cont.)

- Of those 59% who said they would increase revenues if protected from unfair/frivolous lawsuits, they would largely reinvest these additional revenues in their businesses, and in the following ways:
  - Improve the facilities or purchase new equipment: 86%
  - Increase compensation to employees: 84%
  - Expand the market for what they offer: 73%
  - Hire additional employees: 71%
  - Increase benefits offered to employees: 69%
  - Develop new products or services: 58%
- A majority of these small business owners/managers (54%) have been threatened with an actual lawsuit. These threats have had the following effects:
  - Added time and expense to their business operations: 71%
  - Made owners feel more constrained in making business decisions generally: 67%
  - Caused them to make business decisions they would not otherwise have made: 63%.

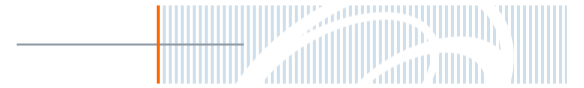
## Major Findings (Cont.)

- More than a third of qualified small businesses (35%) have had a lawsuit filed against them in the past ten years. These suits have had the following effects on owners/managers and their businesses:
  - Felt more constrained in making business decisions generally: 72%
  - Made a business decision would not otherwise have made: 63%
  - Business suffered because litigation was very time consuming : 62%
  - Business suffered because litigation was very expensive: 60%
  - Changed business practices in ways that do not benefit customers: 43%
- Almost half of qualified small business owners/managers (47%) would describe the fairness and reasonableness of the West Virginia lawsuit system as poor.
- Less than one in ten (8%) believe the current laws are sufficient to protect businesses from frivolous/unfair lawsuits.



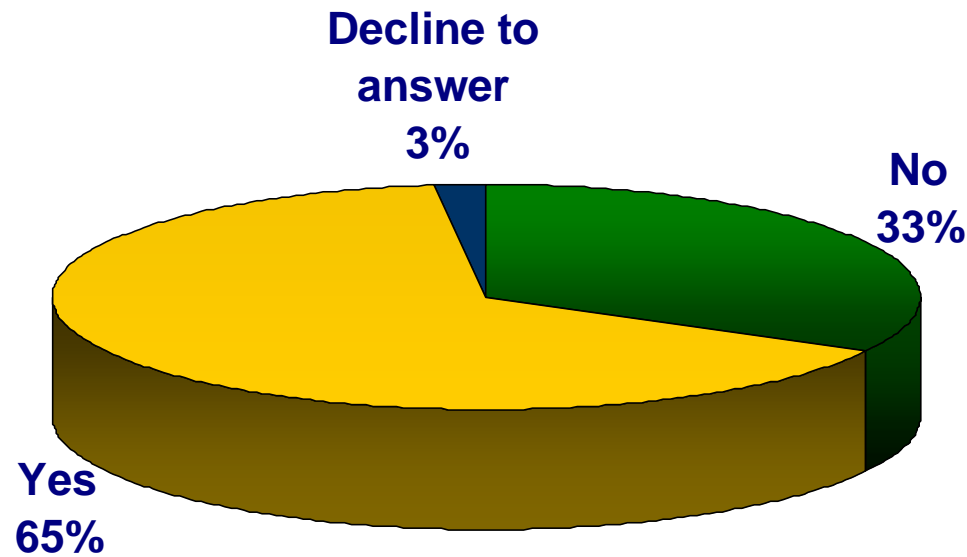
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# Detailed Findings



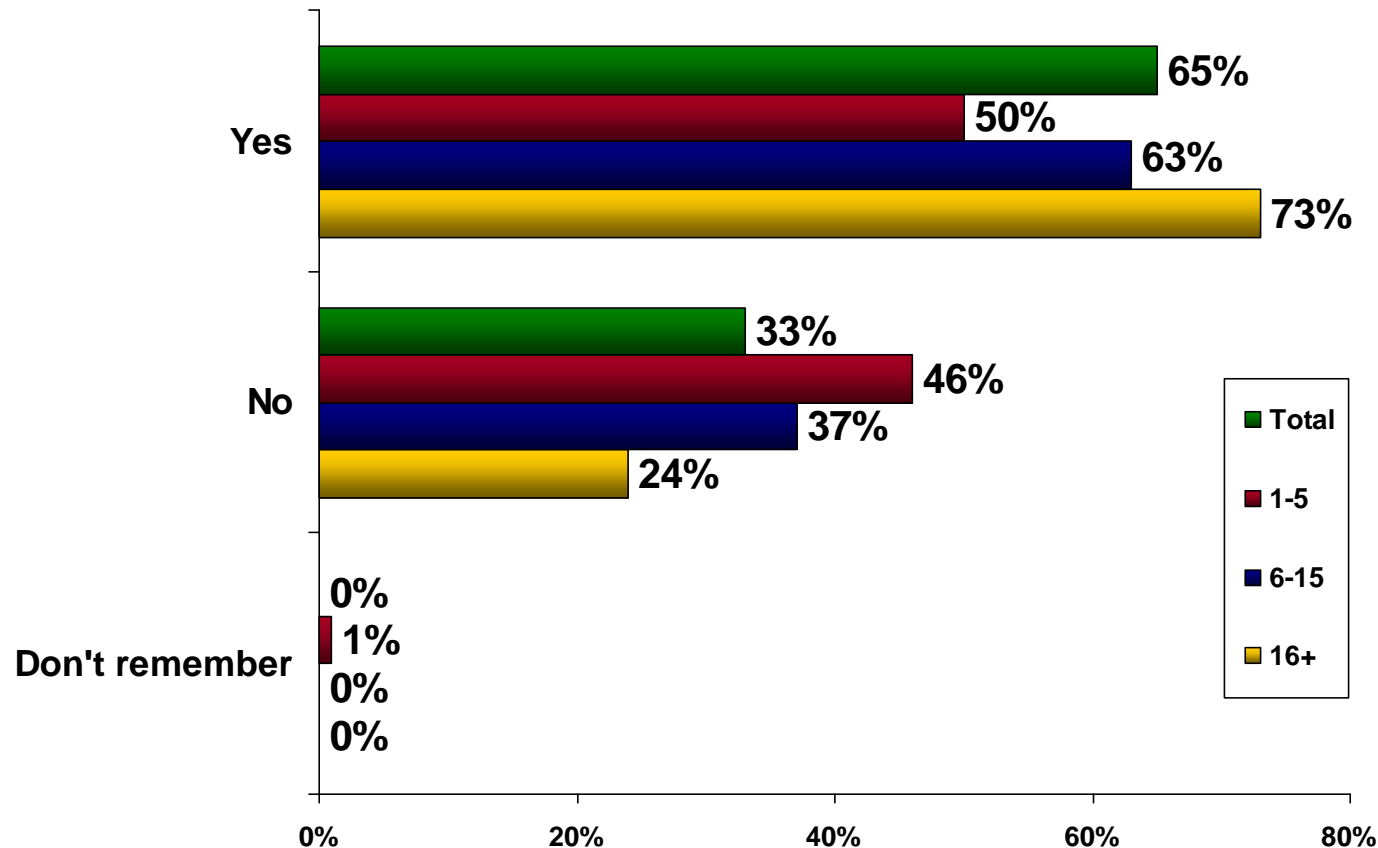
## Made Business Decision to Avoid Frivolous/ Unfair Lawsuits

- The threat of frivolous/unfair lawsuits has caused almost two-thirds (65%) of respondents in West Virginia to make business decisions to avoid such suits.



## Made Business Decision to Avoid Frivolous/Unfair Lawsuits (by Employee Size)

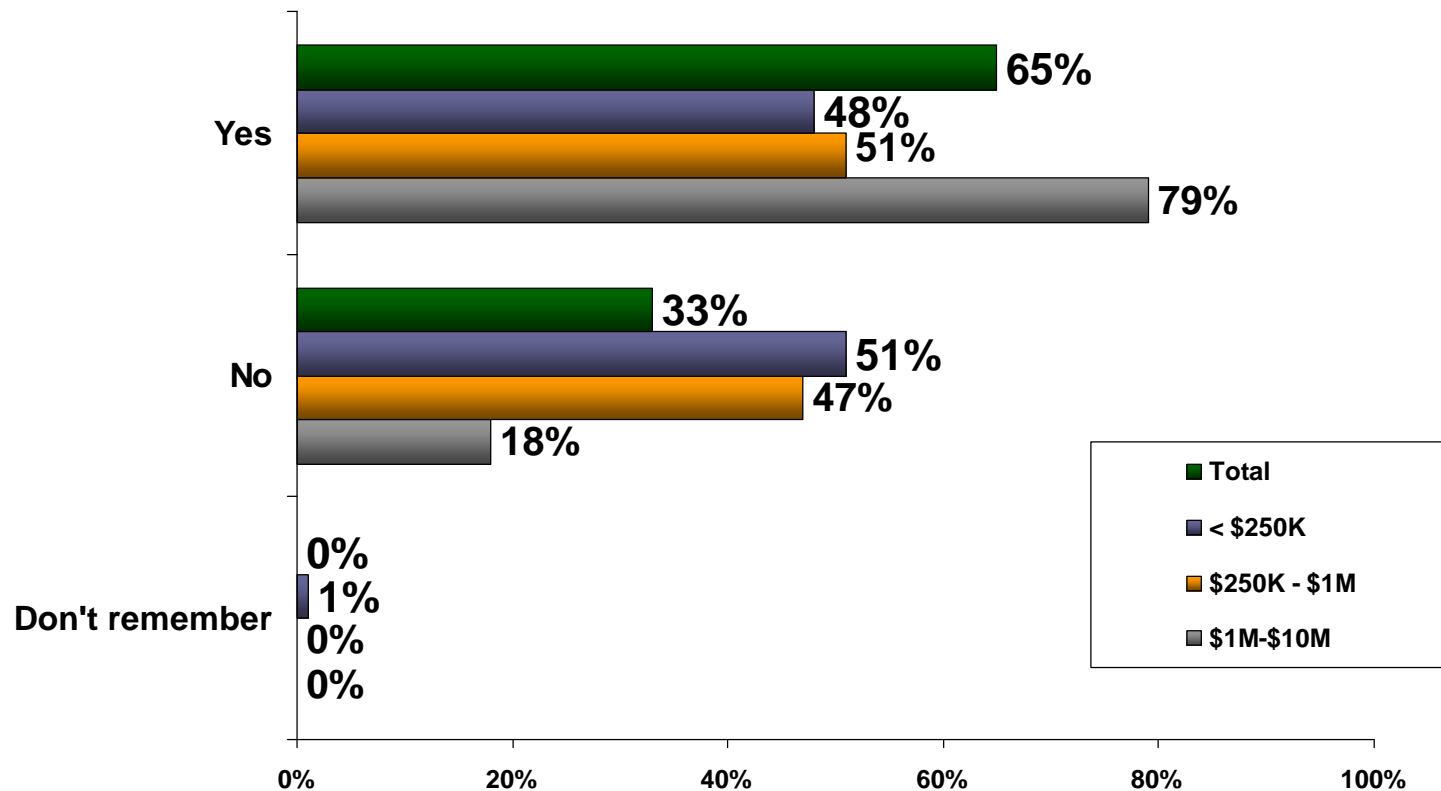
- The more employees a company has, the more likely the company has made business decisions to avoid frivolous/unfair lawsuits. In fact, almost three-quarters of those companies with 16+ employees have made such a decision.



Base: Concerned, Small Business Owners (n = 237)  
Q500 Have you ever made a business decision primarily to avoid such suits?

## Made Business Decision to Avoid Frivolous/Unfair Lawsuits (by Revenue)

- Companies with \$1-\$10 Million in revenue are significantly more likely to make business decisions to avoid suits than those with revenue under \$1M.



Base: Concerned, Small Business Owners (n = 237)  
Q500 Have you ever made a business decision primarily to avoid such suits?

# Effect on Company of Actions Made to Avoid Lawsuits

- Actions made to avoid frivolous/unfair lawsuits are most likely to affect companies monetarily, regardless of employees size or revenue.
- Smaller companies with 1-5 employees or <\$250K in revenue are more likely to cut products or services than larger small companies.
- Larger small companies with \$1-\$10M in revenue are more likely to see their products/services become more expensive for consumers.

	<u>Employees</u>				<u>Revenue</u>		
	Total	1-5	6-15	16+	< 250K	250K - 1M	1-10M
Base	(129)	(60)	(30)*	(39)*	(51)	(37)*	(41)*
	%	%	%	%	%	%	%
They have made my products/services more expensive.	72	56	79	75	61	61	79
They raised my costs and adversely affected the company's revenue.	68	66	67	69	68	54	74
They made me hesitant to make major business decisions.	52	58	67	44	51	66	46
They made a product or service unavailable to customers.	46	61	40	43	51	37	49
They forced me to cut employee benefits.	18	21	15	18	20	21	17
They forced me to lay off employees.	10	14	15	6	22	19	3
Any other actions	8	11	7	8	2	9	9
Not sure	5	5	--	7	4	11	2

Base: Made Decision to Protect Against Litigation (n = 129)

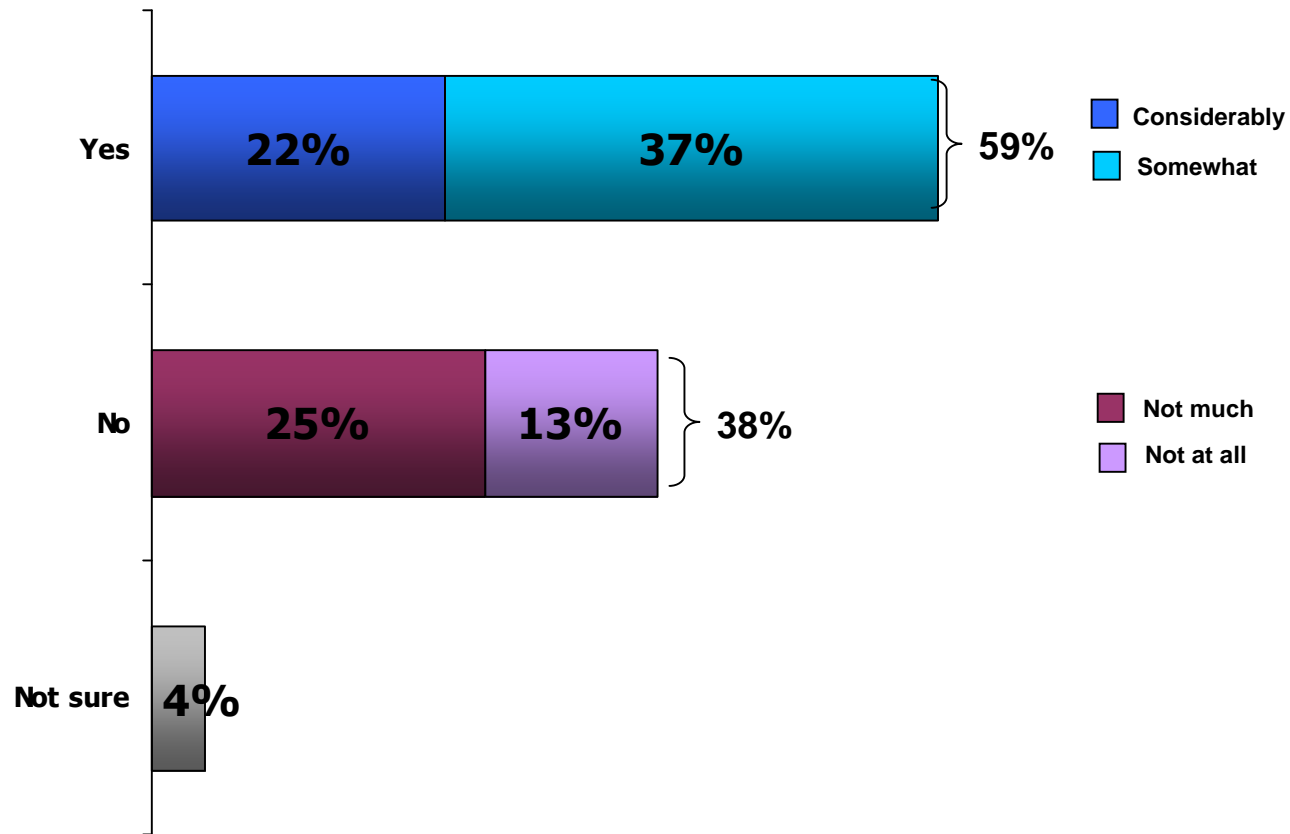
Q505 How have these actions intended to avoid frivolous or unfair lawsuits affected your company? Multiple Response

Q510 What other ways have these actions affected your company?

\*Small base size

# Increasing Revenue if Protected from Lawsuits

- Almost six in ten (59%) respondents feel they would be able to increase revenue if there was assurance that they would be protected from frivolous/unfair lawsuits; only 13% would not be able to do this at all.

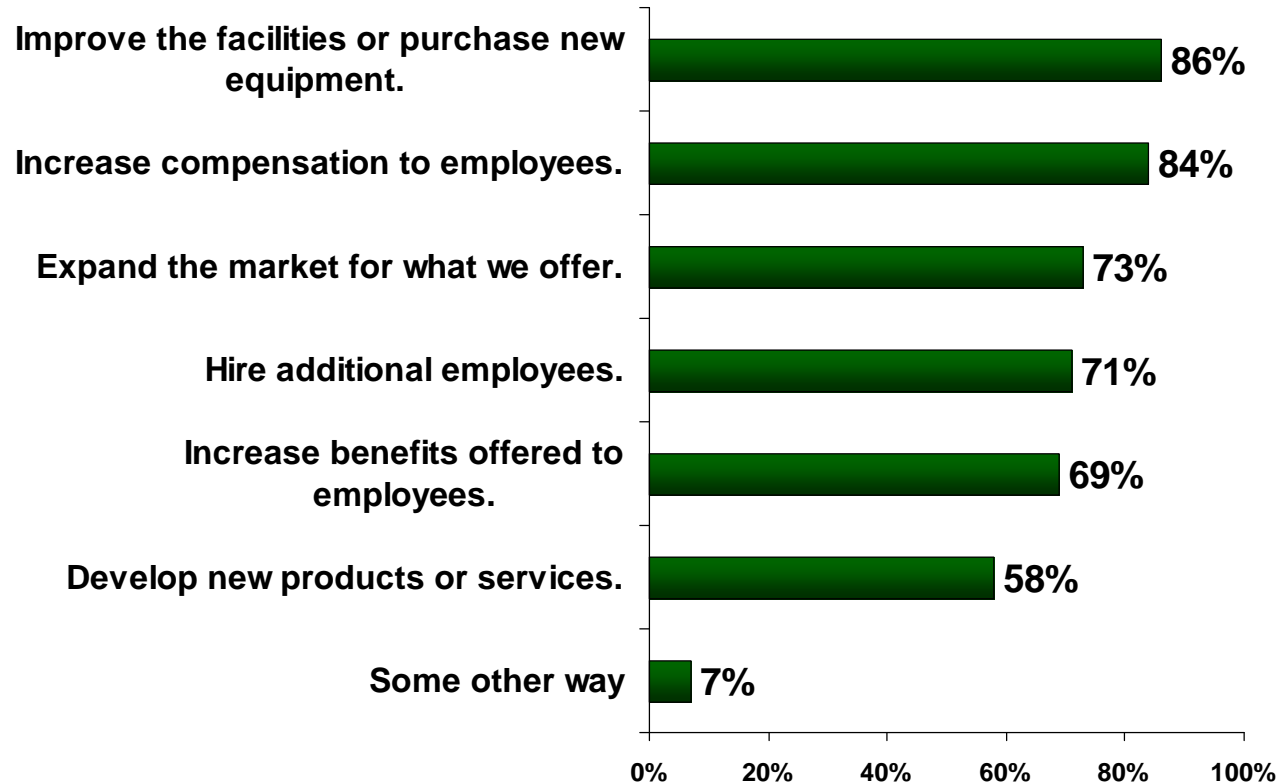


Base: Concerned, Small Business Owners (n = 237)

Q515 If you could be assured that you would be protected from frivolous or unfair lawsuits, would you be able to operate your business in a way that would increase revenues?

## Ways Increased Revenue Would be Used

- Small business owners who would be able to increase revenue would most likely spend the additional profit on improvements to facilities or new equipment and increasing compensation to employees.



# Ways Increased Revenue Would be Used (by Employee Size and Revenue)

- Small businesses with under 6 employees are more likely to mention using additional revenue towards facility improvements first, while companies with more employees are more likely to address compensation first.
- Midsized companies in both employee size and revenue are more likely to increase employee benefits.

	Employees				Revenue		
	Total	1-5	6-15	16+	< 250K	250K - 1M	1-10M
Base	(128)	(65)	(28)**	(35)*	(54)	(37)*	(37)*
	%	%	%	%	%	%	%
Improve the facilities or purchase new equipment.	86	91	89	83	85	88	85
Increase compensation to employees.	84	66	93	88	67	83	88
Expand the market for the products or services we now offer.	73	70	82	70	65	71	76
Hire additional employees.	71	54	67	81	59	62	79
Increase benefits offered to employees.	69	63	84	65	59	80	65
Develop new products or services.	58	62	59	56	56	66	55
Some other way	7	6	4	9	13	2	8

Base: Yes, able to increase revenue (n=128)

Q520 What would you be likely to use those increased revenues for?

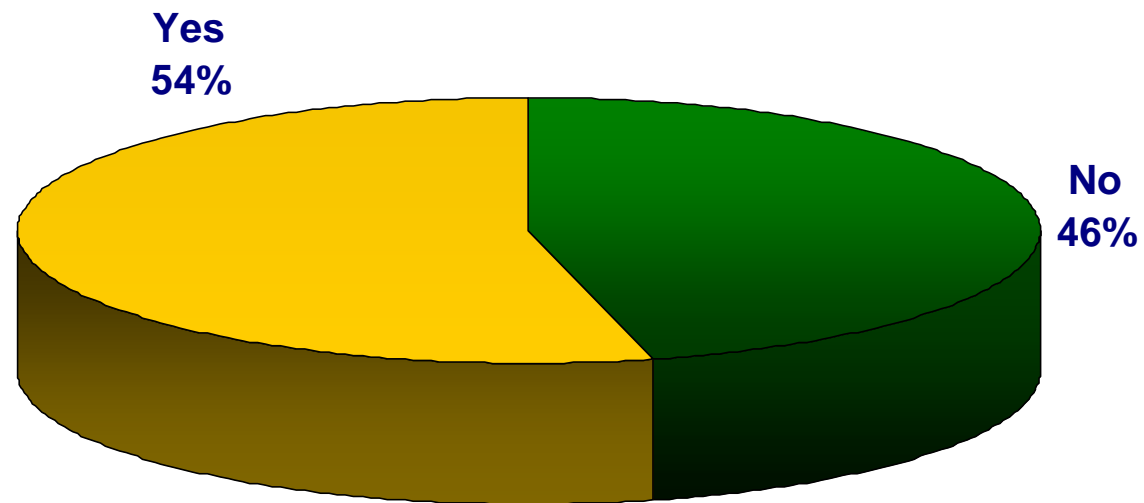
Q525 What other ways would you be likely to use those increased revenues?

\*Small base size

\*\*Very small base size

## Actual Lawsuit Threats

- A majority of concerned small business owners have been threatened with a lawsuit.



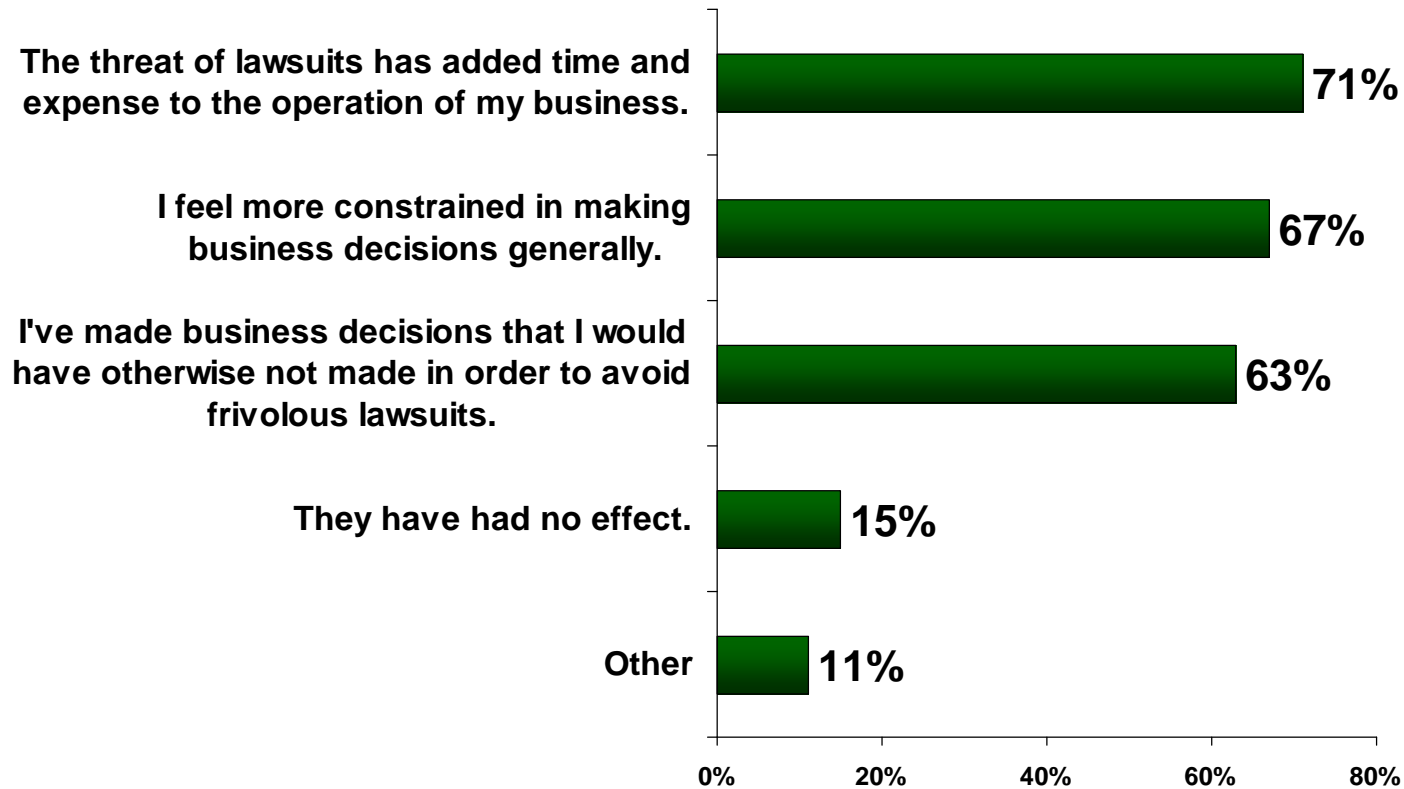
Base: Concerned, Small Business Owners (n = 237)

Q530 Has anyone actually threatened to bring a lawsuit against the business or you as the person responsible for the business?

# Impact of Lawsuit Threats on Business

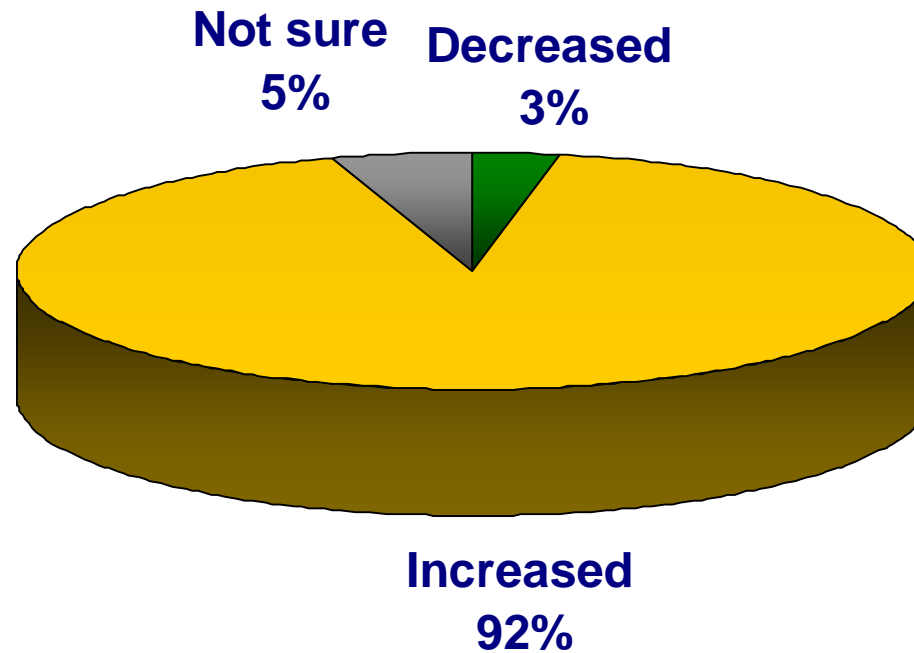
•Small business owners who have been threatened with a lawsuit cite added time and expense to the operation of the business as having the biggest impact. This is closely followed by a feeling of general constraint on making business decisions.

•Only 15% of those who have been threatened say the threats have had no effect.



## Trend: Lawsuits and Lawsuit Threats

- Almost all believe that lawsuits, or the threat of one, have increased.

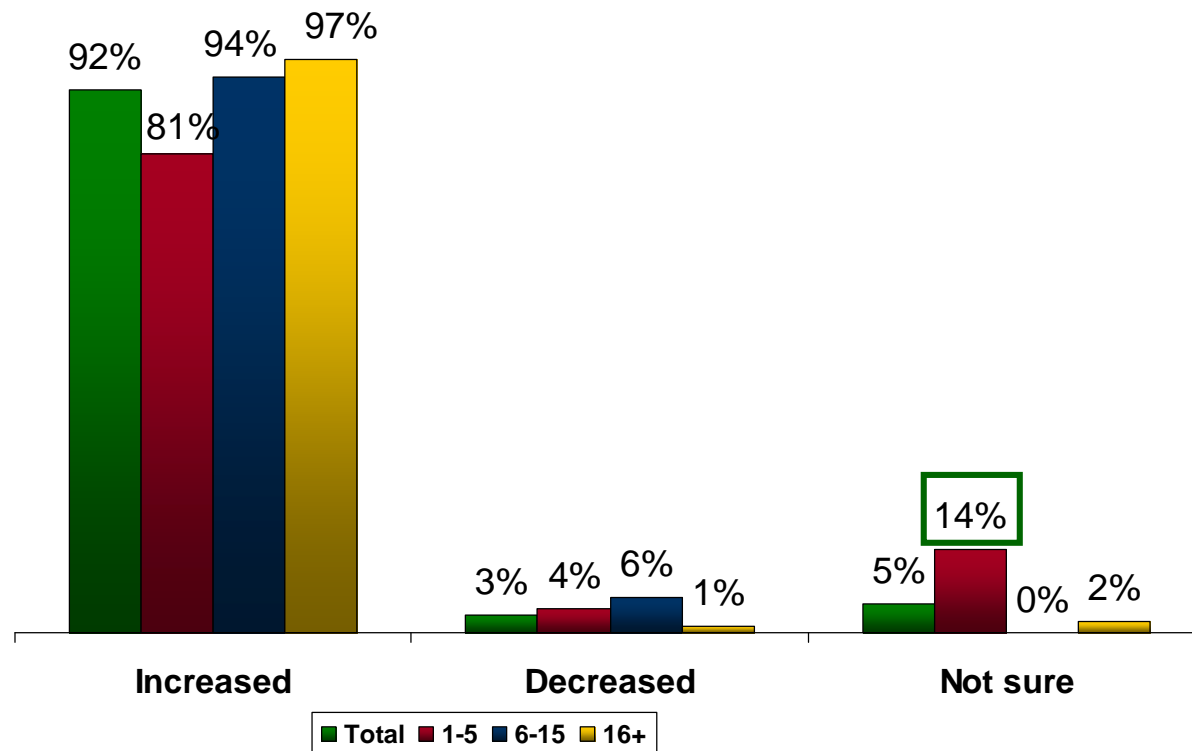


Base: Concerned, Small Business Owners (n = 237)

Q545 In your opinion, have lawsuits, or the threat of lawsuits against small businesses, increased or decreased as a concern generally?

## Trend: Lawsuits and Lawsuit Threats (by Employee Size)

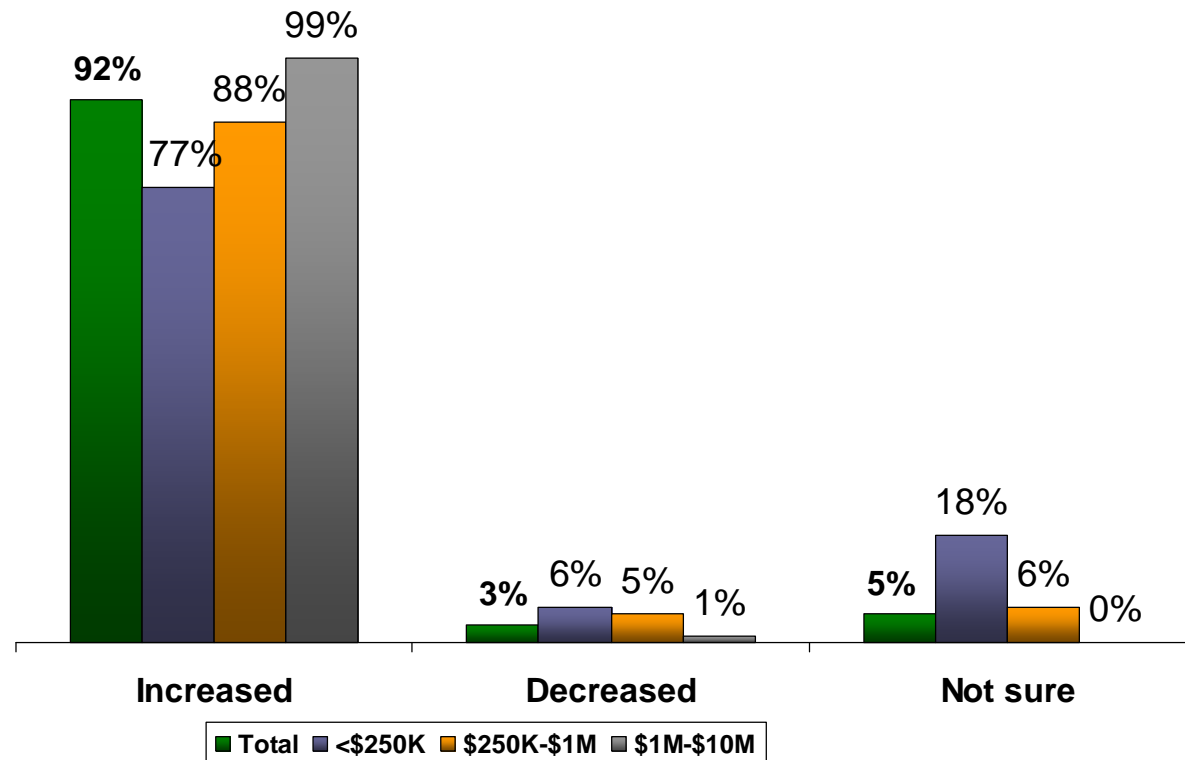
- Larger small companies are more likely to feel the threat of a lawsuit has increased.



## Trend: Lawsuits and Lawsuit Threats by Revenue

- There is an overall consensus that lawsuits, or the threat of lawsuits, has increased, but larger small companies are more likely than smaller ones to believe the threat has increased.

- Almost all small business owners \$1-\$10M (99%) believe the threat has increased.

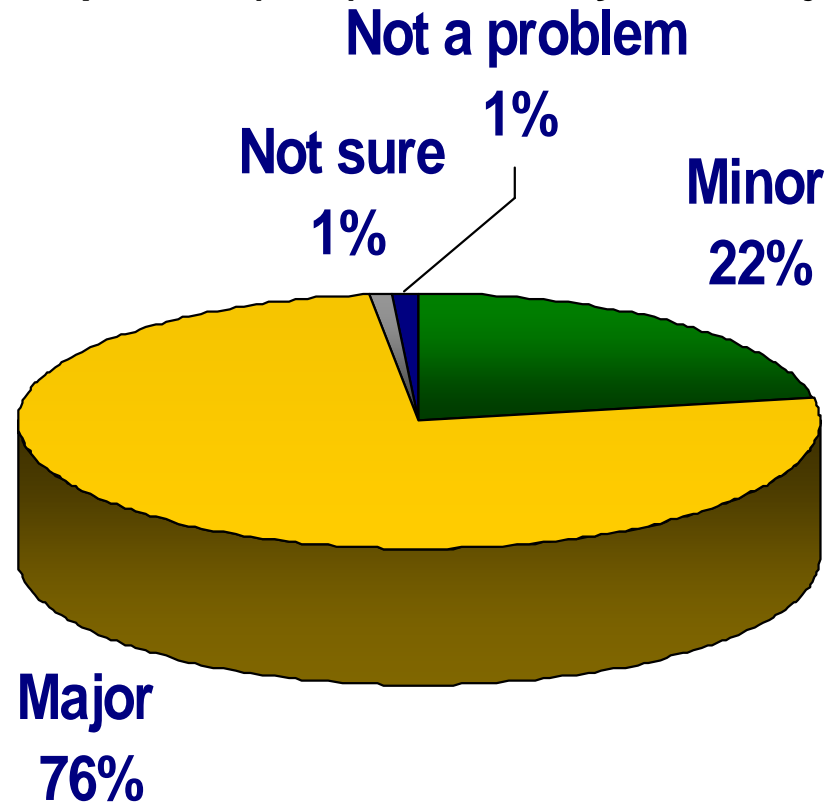


Base: Concerned, Small Business Owners (n = 237)

Q545 In your opinion, have lawsuits, or the threat of lawsuits against small businesses, increased or decreased as a concern generally?

## Perceived Magnitude of Frivolous/Unfair Lawsuit Problem in West Virginia

- Almost all respondents (98%) think frivolous/unfair lawsuits are a problem - over three quarters (76%) believe they are a major problem.

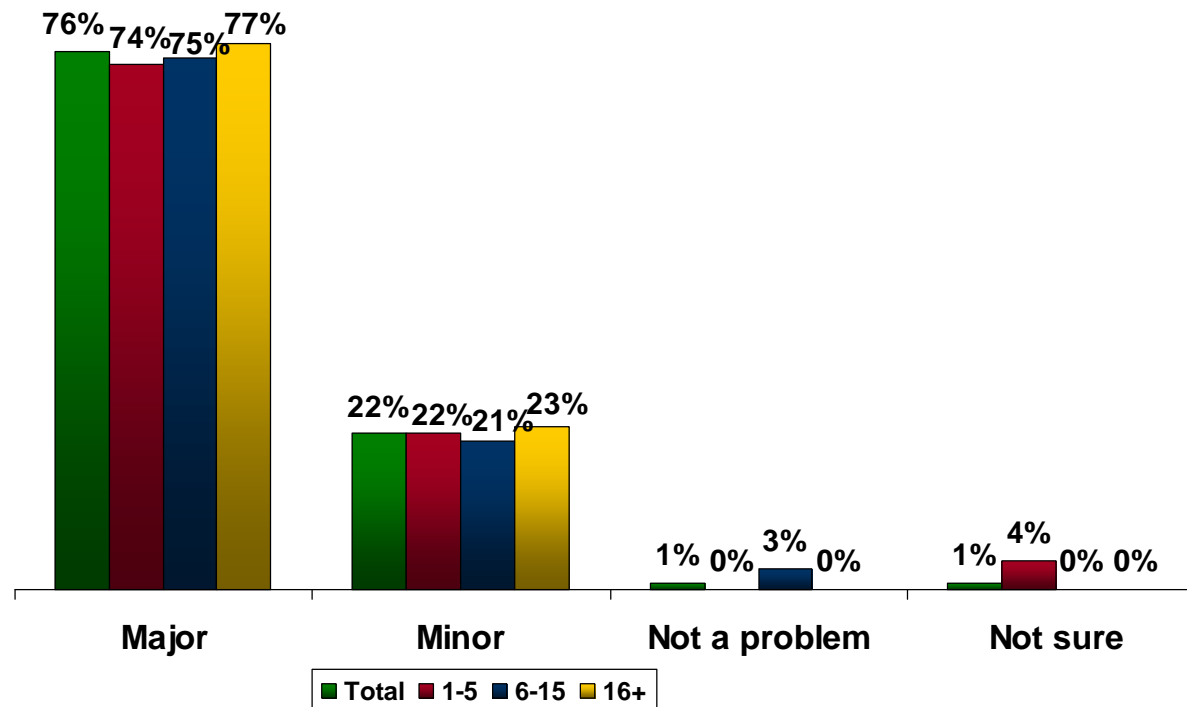


Base: Concerned, Small Business Owners (n = 237)

Q550 In your state, do you think that frivolous or unfair lawsuits against businesses are a major problem, a minor problem, or not a problem at all?

# Perceived Magnitude of Frivolous/Unfair Lawsuit Problem in West Virginia

- There is no difference in perception based upon employee size.

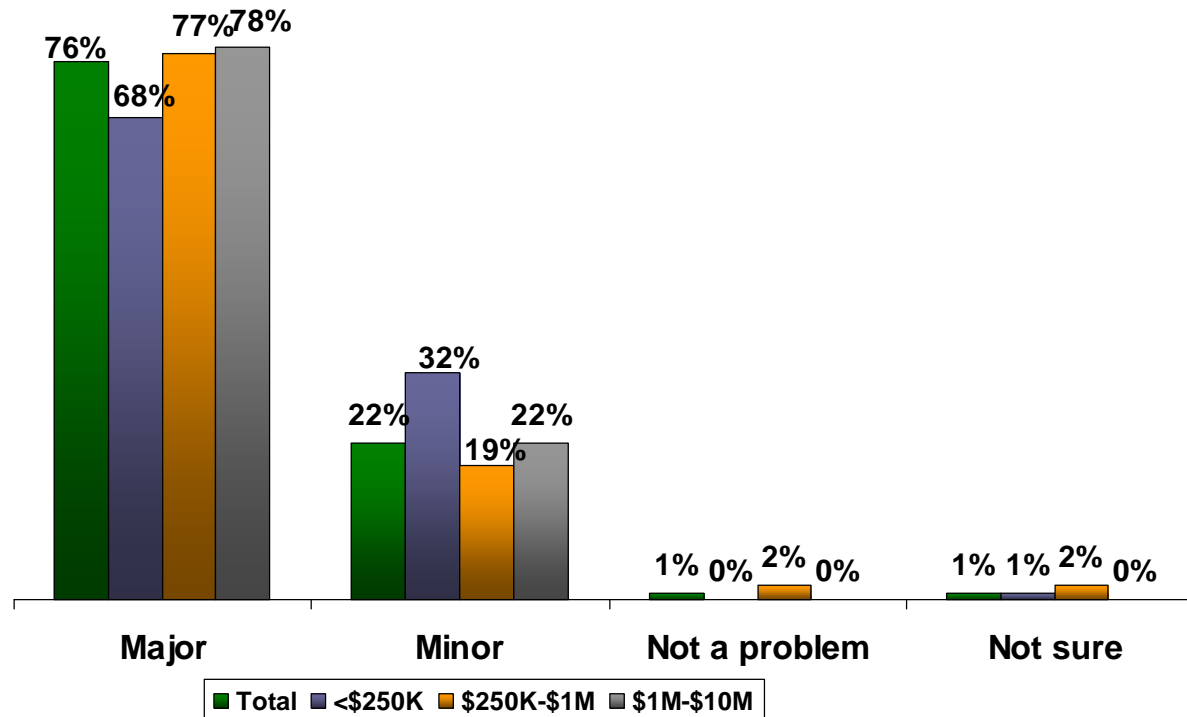


Base: Concerned, Small Business Owners (n = 237)

Q550 In your state, do you think that frivolous or unfair lawsuits against businesses are a major problem, a minor problem, or not a problem at all?

# Perceived Magnitude of Frivolous/Unfair Lawsuit Problem in West Virginia-by Revenue

- Larger small companies are slightly more likely to perceive frivolous lawsuits as a major problem.

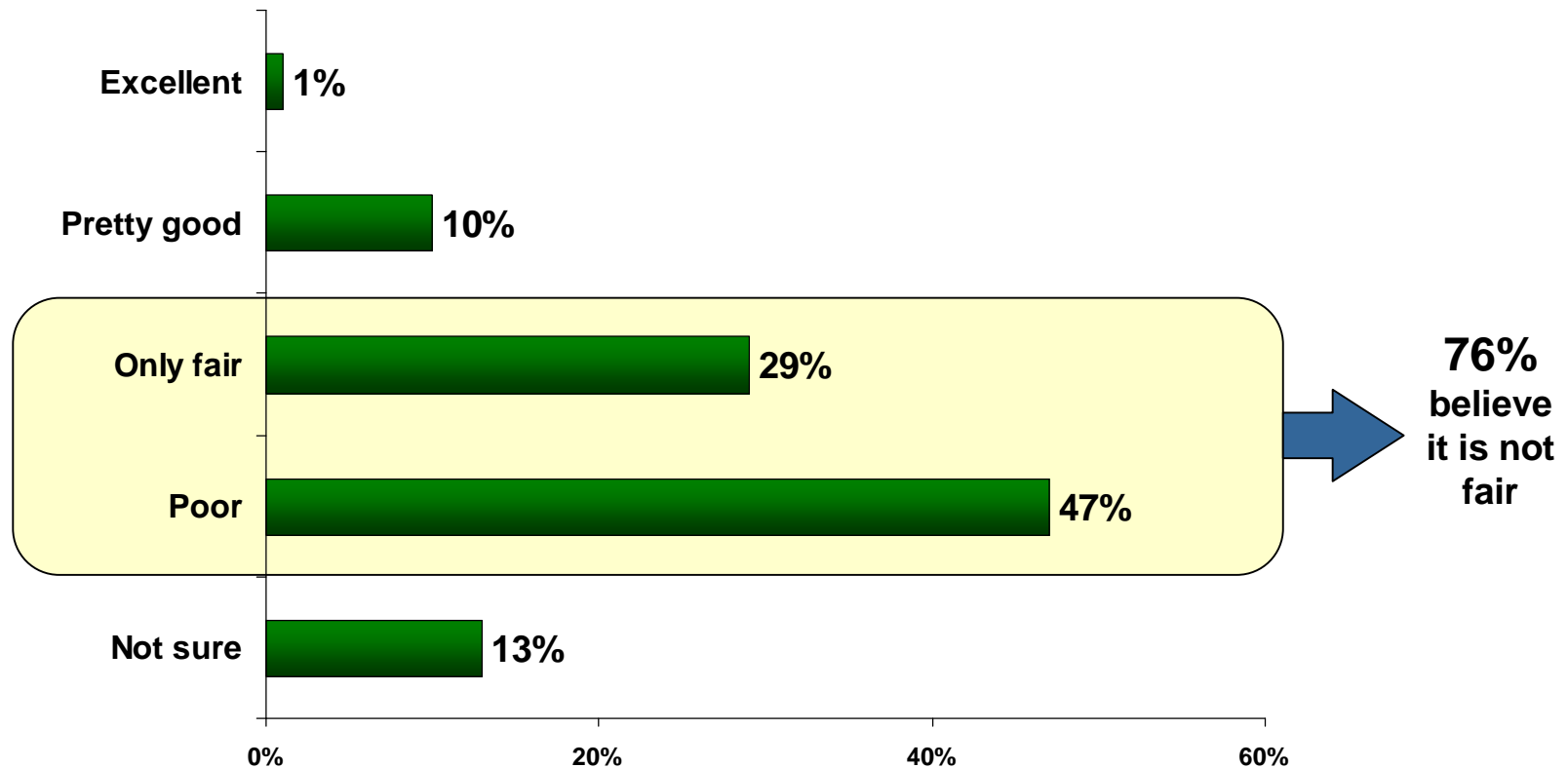


Base: Concerned, Small Business Owners (n = 237)

Q550 In your state, do you think that frivolous or unfair lawsuits against businesses are a major problem, a minor problem, or not a problem at all?

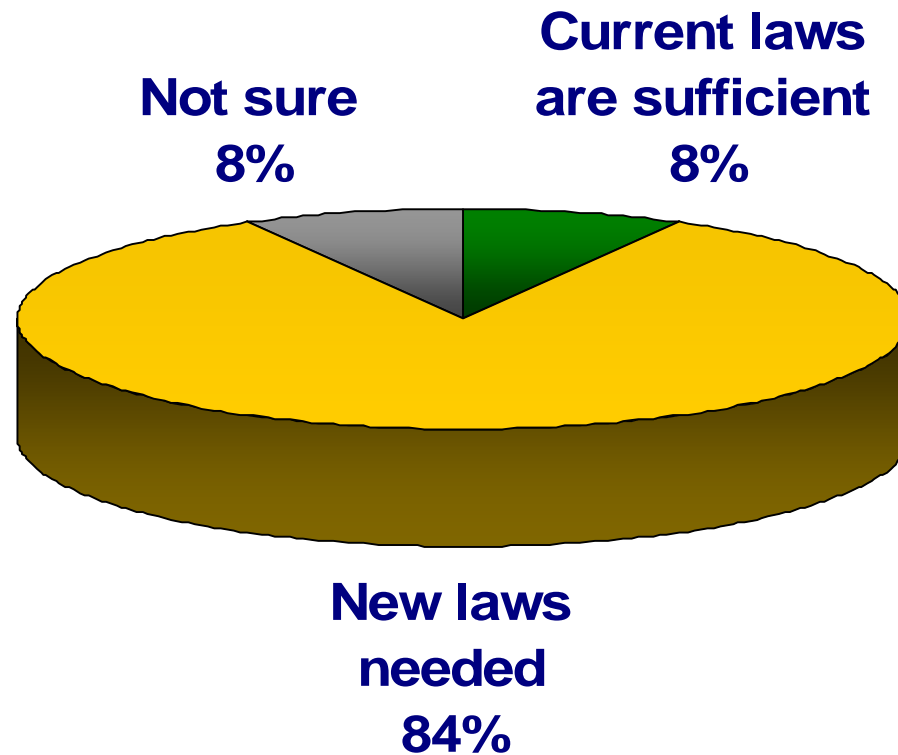
# Perceived Fairness and Reasonableness of Lawsuit System in West Virginia

- Almost half (47%) of all respondents would describe the fairness of the lawsuit system in West Virginia as poor.
- Only one in ten (11%) would describe the system as pretty good.



# Need for New Laws to Protect Businesses from Frivolous/Unfair Lawsuits

- Less than one out of ten (8%) believe the current laws are sufficient to protect business from unfair lawsuits.

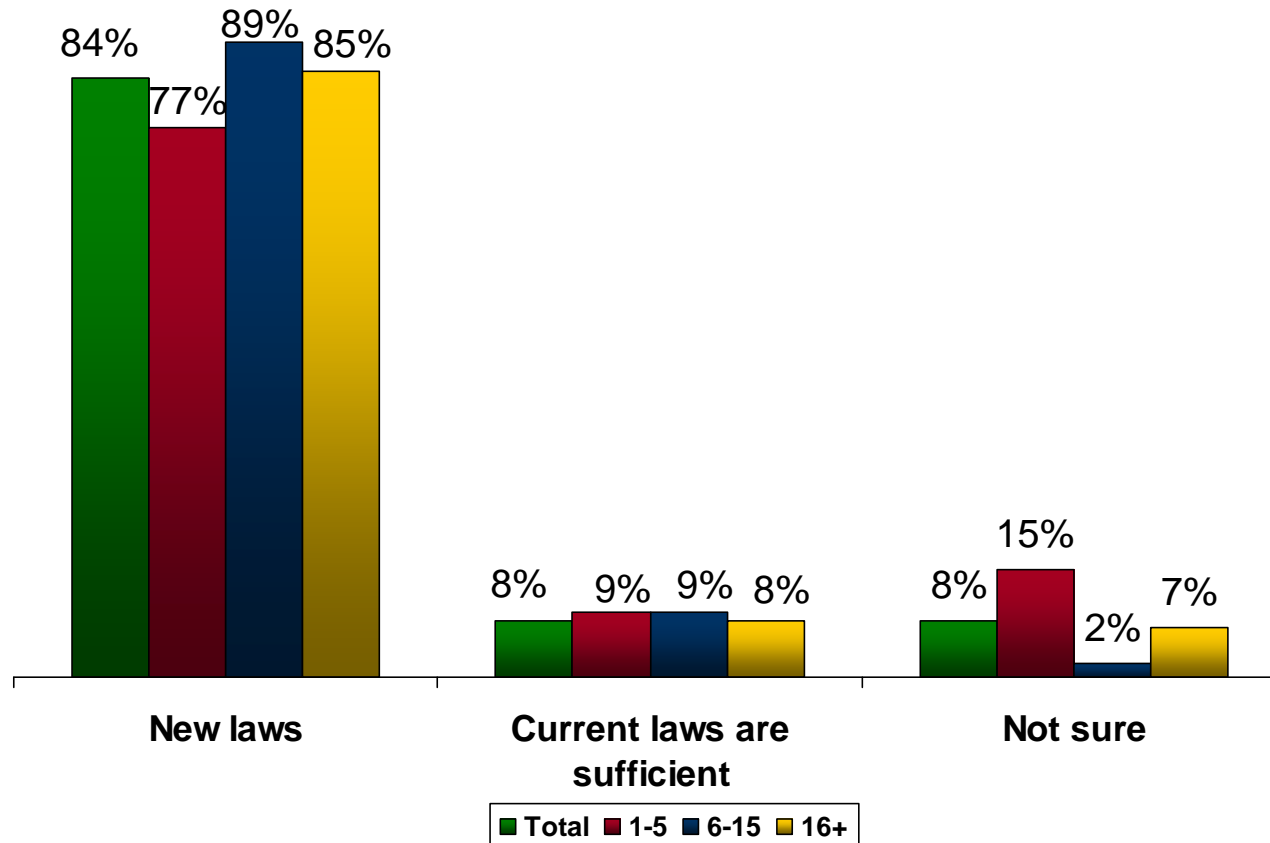


Base: Work in West Virginia (n = 237)

Q555 Do you think that your state needs to pass new laws to protect business from frivolous or unfair lawsuits, or do you think that the current laws in your state are sufficient?

# Need for New Laws to Protect Businesses from Frivolous/Unfair Lawsuits by Employee Size

- There is an overall consensus that new laws need to be passed.
- Larger small companies are more likely to believe there is a need for new laws.

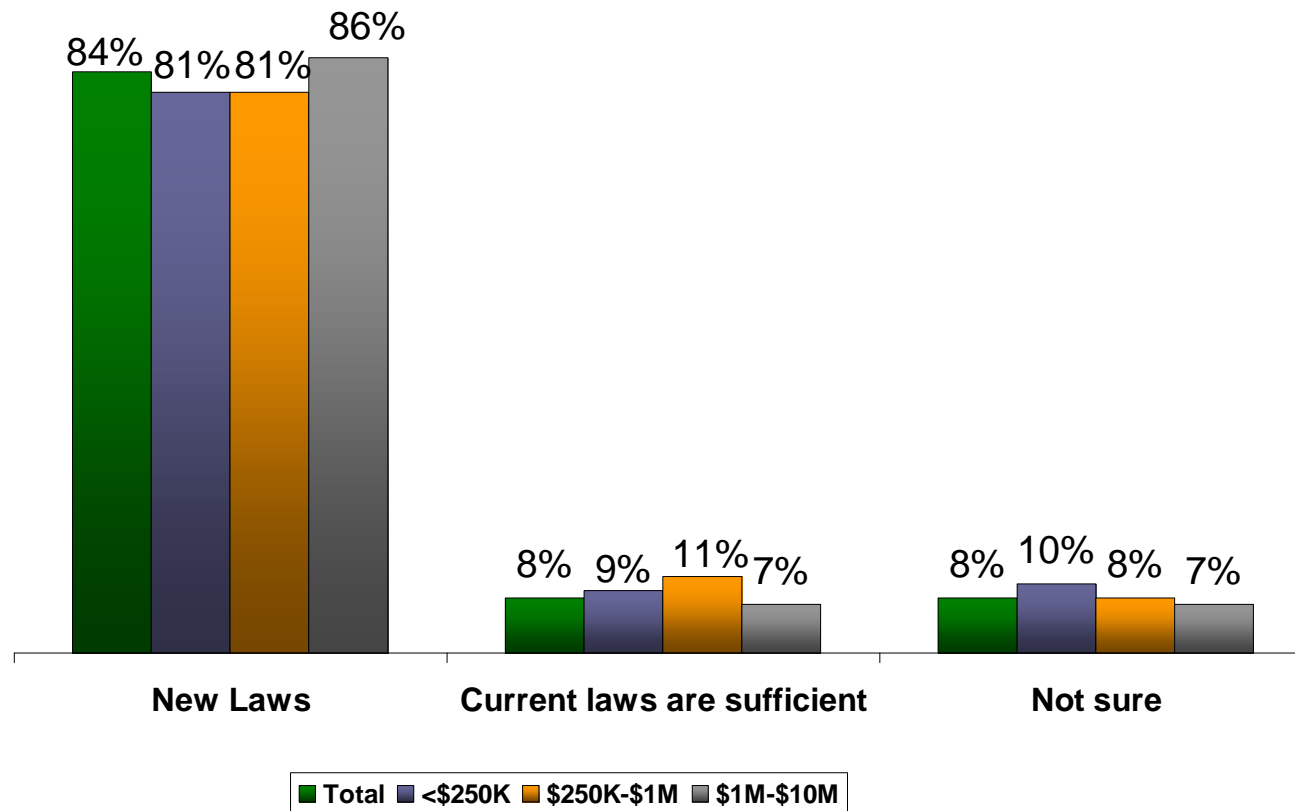


Base: Work in West Virginia (n = 237)

Q555 Do you think that your state needs to pass new laws to protect business from frivolous or unfair lawsuits, or do you think that the current laws in your state are sufficient?

# Need for New Laws to Protect Businesses from Frivolous/Unfair Lawsuits by Revenue

- No matter the revenue of the company, small business owners agree that new laws are needed to protect business from frivolous/unfair lawsuits.

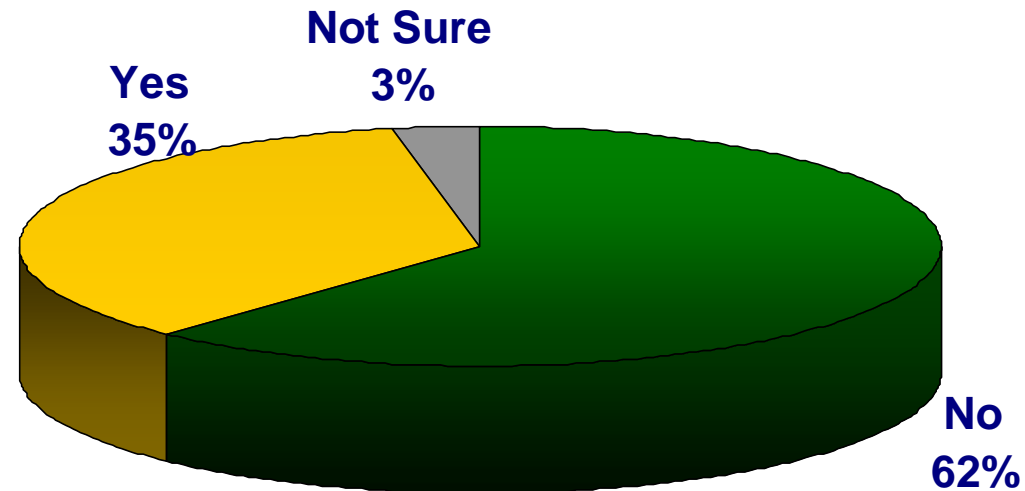


Base: Work in West Virginia (n = 237)

Q555 Do you think that your state needs to pass new laws to protect business from frivolous or unfair lawsuits, or do you think that the current laws in your state are sufficient?

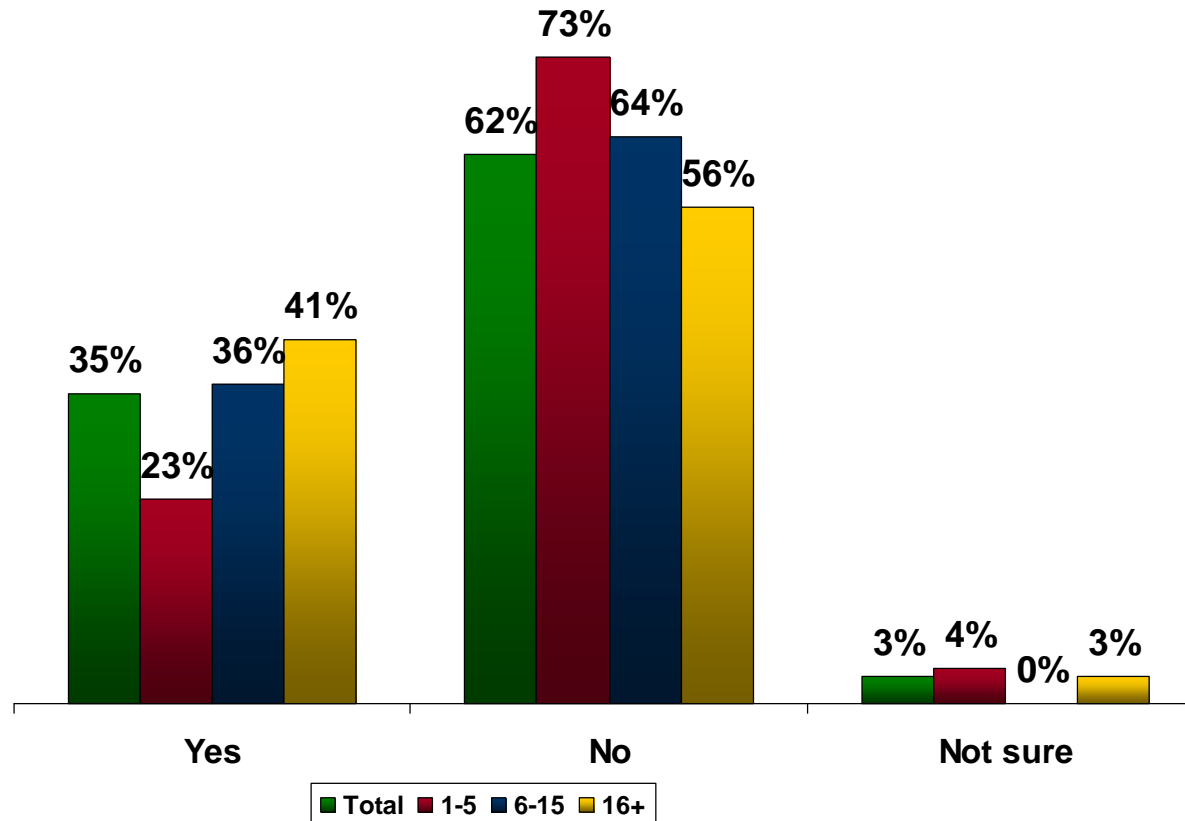
## Whether Company Has Been Sued since 1996

- More than a third of respondents have been sued themselves, or the company as a whole has been sued, during the past 10 years.



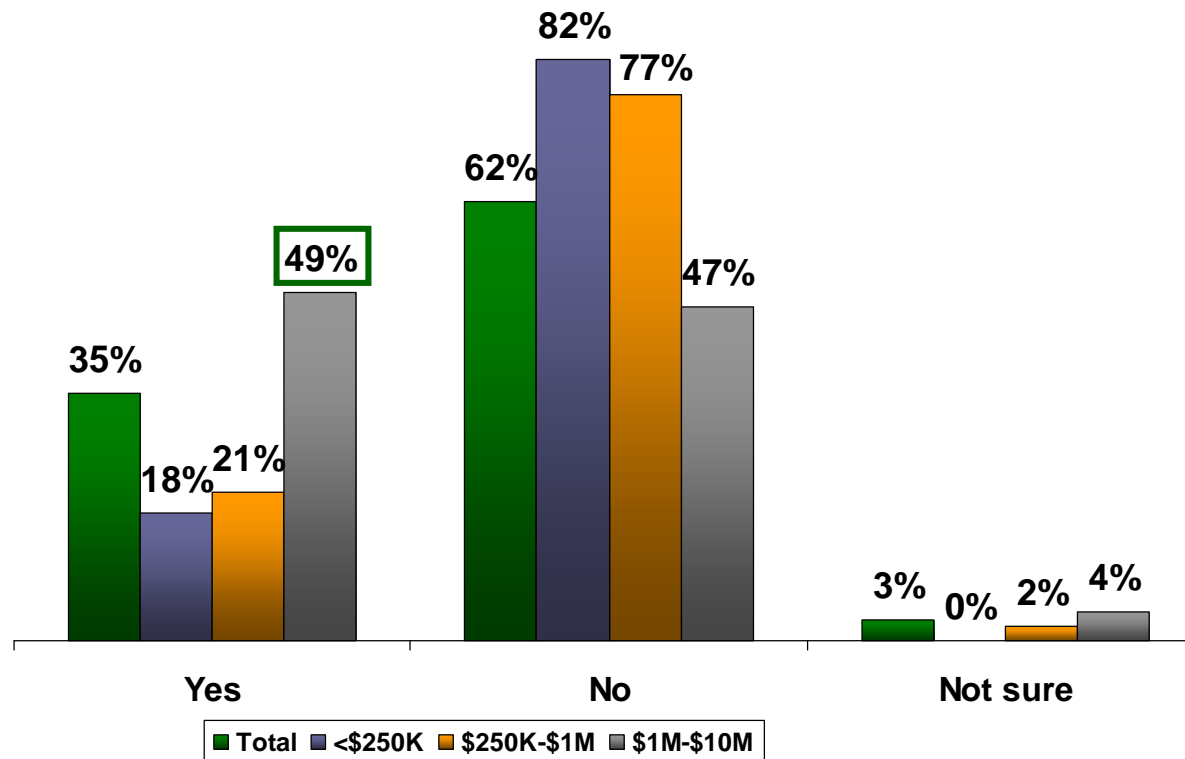
# Whether Company Has Been Sued by Employee Size

- Two in five companies with 16+ employees have been sued.



# Whether Company Has Been Sued by Revenue

- Small companies with more revenue are more than twice as likely to have been sued than those with smaller revenues.



Base: Concerned, Small Business Owners (n = 237)

Q600 Has your company, or have you or another senior manager as the company's representative, been sued?

## Most Significant Lawsuit Type

- A plurality of those who have been sued said a personal injury case was the most significant type of lawsuit.

	Total
Base	(62)
	%
Personal injury incurred on your company's premises	23
Financial loss by a customer resulting from the purchase of a product or service	19
Personal injury resulting from your company's product or service	13
Personal injury resulting from an accident with one of your company's vehicles	9
Employment dispute with an employee	7
Financial loss by supplier resulting from a business transaction	4
Some other type	22
Not sure	4

Base: Small Business Owners Who Have Been Sued (n = 62)  
 Q605 Thinking about the most significant lawsuit, what type of lawsuit was this?

# Impact of Lawsuit

- Almost three quarters (72%) of respondents feel more constrained in making decisions after being the defendant in a lawsuit.

	Total
Base	(62)
	%
You feel more constrained in making business decisions generally.	72
You made a business decision or decisions you would not have otherwise made.	63
The litigation was very time consuming and your business suffered as a result.	62
The litigation was very expensive and your business suffered as a result.	60
You have changed business practices in ways that benefit your customers.	55
You have changed business practices in ways that do not really benefit your customers.	43
Some other effect	14
It had no effect on your business.	9

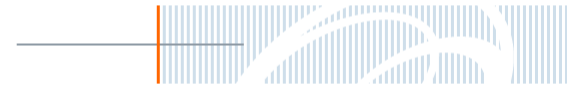
Base: Small Business Owners Who Have Been Sued (n = 62)

Q615 What has been the impact on you or your senior manager as a result of this lawsuit at your company?

Q620 What other effect did the lawsuit have on your company?



# Demographic Profile of Small Businesses Surveyed in West Virginia



# Employees and Revenue

		%			%
<b>Number of Employees</b>	No employees	--	<b>Annual Revenue</b>	Less than \$100,000	7
	1 employee	7		\$100,000 to less than \$250,000	7
	2-5 employees	18		\$250,000 to less than \$500,000	16
	6-10 employees	10		\$500,000 to less than \$1 million	19
	11-15 employees	12		\$1 million to less than \$5 million	29
	16-20 employees	8		\$5 million to \$10 million	22
	21-50 employees	25		More than \$10 million	--
	51 or more employees	20			

Base: Currently Responsible for Running a Small Business (n=237)  
 Q406 And how many employees currently work at your business?  
 Q407 And would you say that your businesses annual revenue is...

# Job Title

	%		%
<b>Executive/Upper management (Net)</b>	<b>60</b>	<b>Manager (Net)</b>	<b>32</b>
Co-Owner/Partner	6	General Manager	6
President	6	Manager	10
CEO/Chief Executive Officer	2	Office Manager	7
Vice President	2	Other manager mentions	9
Administrator	3	<b>Attorney/Lawyer</b>	<b>1</b>
Executive Director	4	<b>Other</b>	<b>10</b>
Other executive/upper management mentions	6		
<b>Owner (Subnet)</b>	<b>32</b>		
Owner	27		
Owner/Operator	1		
Owner/President	2		
Owner/Manager	2		
Other owner mentions	*		

Base: Concerned, Small Business Owners (n = 237)  
 Q625 What is your job title?

# Profile of Business Tenure

		%				%	
<b>Tenure with Business</b>	1-10 years	42	<b>Length of owner owning or operating business</b>	Less than 1 year	2		
	11-20 years	23		1 < 3 years	3		
	21-30 years	21		3 < 10 years (Net)	15		
	31-40 years	9		3 < 5 years	5		
	41-50 years	2		5 < 10 years	10		
	51-60 years	2		10+ years (Net)	77		
	61-70 years	--		10 < 15 years	15		
				15 < 20 years	8		
<b>Number of Businesses Owned or Operated</b>	1	49		20 years or more	55		
	2 – 4 (Net)	34					
	2	18					
	3	14					
	4	2					
	5 or more	12					

Base: Concerned, Small Business Owners (n = 237)  
 Q630 How long have you worked with this business?  
 Q640 How long has the owner owned or operated the business?  
 Q645 How many businesses have you owned or operated?

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**J28807**

**DATE:1/19/07**  
**J:\US\NYC\28xxx\288xx\28807 US Chamber Small Business WV & IL\Edit Master\J28807\_Rev28.doc**

**JOB TITLE: BUSINESS RESEARCH**

**CLIENT NAME OR INTERNAL SPONSOR: US CHAMBER**

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**Information for Online Surveys**

**Title for initial survey page (Required for online jobs):**

**Number of Response Equivalents (REs):**

**TTT Code (Q23):**

**Wave Number/Version/Languages (if applicable):**

**Demographics Template (Required for online jobs):**      PHONE STUDY

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**SECTION 400: SAMPLE PRELOAD AND SCREENING QUESTIONS**

[PROGRAMMER NOTE: PLEASE COORDINATE WITH THE SAMPLE PROGRAMMER ABOUT THE PROCESSING OF ANY PRELOADED VARIABLES INDICATED IN THIS SECTION.]

**BASE: ALL RESPONDENTS**

**Q303 (QV7) PRELOAD - REGION**

- 1 NORTHEAST
- 2 MIDWEST
- 3 SOUTH
- 4 WEST

**BASE: ALL RESPONDENTS**

**Q309 (QV8) PRELOAD – STATE**

- 1 WEST VIRGINIA SAMPLE FILE [N=100]
- 2 ILLINOIS SAMPLE FILE [N=200]
- 3 OTHER US STATE SAMPLE FILE [N=1,000]

**BASE: ALL RESPONDENTS**

**Q320(QV9) VENDOR**

- 1 ACROBAT
- 2 OSI
- 3 OTHER

**BASE: ALL RESPONDENTS**

**Q400** Hello, I'm \_\_\_\_\_ from *The Harris Poll*. We have been commissioned by the United States Chamber of Commerce to conduct a survey among business owners and managers and would like to include your opinions. This study will examine important issues to business in your state. [IF NECESSARY READ: and will take about 10 minutes of your time. Please know that all your responses to this survey are completely confidential. If you qualify for and complete this interview, we will send you an executive summary of the findings as a thank you. Is this a convenient time for you? If not, we'd be glad to call you back at another time].

Are you currently responsible for running a small business either owned by yourself or someone else?

- 1 Yes
- 2 No [Q401]

**BASE: NOT RESPONSIBLE FOR RUNNING A SMALL BUSINESS (Q400/2)**

**Q401** Is the person responsible for running the business available and may I speak with him or her?

- 1 Yes [JUMP BACK TO 400]
- 2 No [THANK AND TERMINATE]

**BASE: CURENTLY RESPONSIBLE FOR RUNNING A SMALL BUSINESS (Q400/1.)**

**Q405: In what state do you currently do business?**

[INTERVIEWER: DO NOT READ LIST] [SINGLE RESPONSE]

- 01 Alabama
- 02 Alaska
- 03 Arizona
- 04 Arkansas
- 05 California
- 06 Colorado
- 07 Connecticut
- 08 Delaware
- 09 District of Columbia
- 10 Florida
- 11 Georgia
- 12 Hawaii
- 13 Idaho
- 14 Illinois [minimum=200]
- 15 Indiana
- 16 Iowa
- 17 Kansas
- 18 Kentucky
- 19 Louisiana
- 20 Maine
- 21 Maryland
- 22 Massachusetts
- 23 Michigan
- 24 Minnesota
- 25 Mississippi
- 26 Missouri
- 27 Montana
- 28 Nebraska
- 29 Nevada
- 30 New Hampshire
- 31 New Jersey
- 32 New Mexico
- 33 New York
- 34 North Carolina
- 35 North Dakota
- 36 Ohio
- 37 Oklahoma
- 38 Oregon
- 39 Pennsylvania
- 40 Rhode Island
- 41 South Carolina
- 42 South Dakota
- 43 Tennessee
- 44 Texas
- 45 Utah
- 46 Vermont
- 47 Virginia
- 48 Washington
- 49 West Virginia [minimum=100]
- 50 Wisconsin
- 51 Wyoming
- 97 Not sure (Do not read) [THANK AND TERMINATE]
- 98 Decline to answer (Do not read) [THANK AND TERMINATE]

**BASE: CURENTLY RESPONSIBLE FOR RUNNING A SMALL BUSINESS (Q400/1,) AND TOLD STATE (Q405/1-51)**

**Q406** And how many employees currently work at your business? Would you say...[READ LIST. CHOOSE ONE.]

- 1 You have no employees [TERMINATE]
- 2 Just one employee
- 3 Two to five employees [
- 4 Six to ten employees
- 5 Eleven to fifteen employees
- 6 Sixteen to twenty employees
- 7 Twenty-one to fifty employees
- 8 More than fifty employees
- 9 Not sure (vol.) [TERMINATE]
- 10 Decline to answer (vol) [TERMINATE]

**BASE: CURENTLY RESPONSIBLE FOR RUNNING A SMALL BUSINESS (Q400/1,) AND TOLD STATE (Q405/1-51)**

**Q407** And would you say that your businesses' annual revenue is...[READ LIST. SELECT ONE RESPONSE]

- 1 Less than \$100,000
- 2 \$100,000 to less than \$250,000
- 3 \$250,000 to less than \$500,000
- 4 \$500,000 to less than \$1 million
- 5 \$1 million to less than \$5 million
- 6 \$5 million to \$10 million, OR
- 7 More than \$10 million [TERMINATE]
- 8 Not sure (vol.) [TERMINATE]
- 9 Decline to answer (vol.) [TERMINATE]

**BASE: CURENTLY RESPONSIBLE FOR RUNNING A SMALL BUSINESS (Q400/1 ) AND TOLD STATE (Q405/1-51)**

**Q420:** How concerned are you that in the next few years your business, or you as a person responsible for the business, might be sued in a frivolous or unfair lawsuit? That is a lawsuit that is brought against you that you believe does not have merit or is baseless and should not be the subject of a lawsuit.

[READ SCALE]

- 1 Very concerned
- 2 Somewhat concerned
- 3 Not too concerned [TERMINATE]
- 4 Not at all concerned [TERMINATE]
- 97 Not sure (vol.) [TERMINATE]
- 98 Decline to answer (vol.) [TERMINATE]

**BASE: ALL RESPONDENTS**

**Q450 HIDDEN QUESTION**

- 1 Not Qualified, Not business owner (Q400/2)
- 2 Not Qualified, Not concerned (Q420/3,4,97,98)
- 3 Qualified small business owner, concerned (Q400/1, AND Q420/1,2)
- 4 Not Qualified, No state mentioned (Q405/97 or 98)
- 5 Not Qualified, Number of employees 0 or not mentioned [(Q406/1, 9 or 10) or (Q309/3 AND Q406/2,3 OR 4) or (Q309/1 AND Q405NE49 AND Q406/2,3 OR 4) or (Q309/2 AND Q405NE11 AND Q406/2,3 OR 4)]
- 6 Not Qualified, Amount of revenue \$10 million+ or not mentioned or other [(Q407/7, 8 or 9) or (Q309/3 AND Q407/1,2 OR 3) or (Q309/1 AND Q405NE49 AND Q407/1,2 OR 3) or (Q309/2 AND Q405NE11 AND Q407/1,2 OR 3)]

**BASE: QUALIFIED RESPONDENTS (Q450/3 ONLY)**

**Q460 HIDDEN QUESTION – Region**

GET CODE 1 IF Q450/3 AND Q309/1 AND Q405/49

GET CODE 2 IF Q450/3 AND Q309/2 AND Q405/14

GET CODE 3 IF Q450/3 AND Q309/3 AND Q405/1-51 OR (309/1 AND 405/NE49) OR (309/2 AND 405/NE 14)

- 1 WEST VIRGINIA OVERSAMPLE [QMS = 200]
- 2 ILLINOIS OVERSAMPLE [QMS = 300]
- 3 US NATIONWIDE (NO OVERSAMPLE) [QMS = 1003]

**BASE: QUALIFIED RESPONDENTS (Q450/3 ONLY)**

**Q1325 HIDDEN QUESTION – EMPLOYEE QUOTA**

GET CODE 1 IF Q460/1 AND Q406/2,3 and 4

GET CODE 2 IF Q460/1 AND Q406/5,6

GET CODE 3 IF Q460/1 AND Q406/7,8

GET CODE 4 IF Q460/2 AND Q406/2,3 and 4

GET CODE 5 IF Q460/2 AND Q406/5,6

GET CODE 6 IF Q460/2 AND Q406/7,8

GET CODE 7 IF Q460/3 AND Q406/5,6

GET CODE 8 IF Q460/3 AND Q406/7,8

- 1 West Virginia 1-10 Employees [QMS = 71]
- 2 West Virginia 11-20 Employees [QMS = 16]
- 3 West Virginia 21+ Employees [QMS = 13]
- 4 Illinois 1-10 Employees [QMS = 54]
- 5 Illinois 11-20 Employees [QMS = 23]
- 6 Illinois 21+ Employees [QMS = 23]
- 7 Nation 11-20 Employees [QMS = 10]
- 8 Nation 21+ Employees [QMS = 40]

**BASE: QUALIFIED RESPONDENTS (Q450/3 ONLY)**

**Q1327 HIDDEN QUESTION – QUOTA CHECK**

- 1 Quota cell met [TERMINATE]
- 2 Quota cell not met
- 3 Quota cell not found

**BASE: QUALIFIED RESPONDENTS (Q450/3 ONLY)**

**Q1330 HIDDEN QUESTION – REVENUE QUOTA**

GET CODE 1 IF Q460/1 AND Q407/1  
GET CODE 2 IF Q460/1 AND Q407/2  
GET CODE 3 IF Q460/1 AND Q407/3  
GET CODE 4 IF Q460/1 AND Q407/4  
GET CODE 5 IF Q460/1 AND Q407/5  
GET CODE 6 IF Q460/1 AND Q407/6  
GET CODE 7 IF Q460/2 AND Q407/1  
GET CODE 8 IF Q460/2 AND Q407/2  
GET CODE 9 IF Q460/2 AND Q407/3  
GET CODE 10 IF Q460/2 AND Q407/4  
GET CODE 11 IF Q460/2 AND Q407/5  
GET CODE 12 IF Q460/2 AND Q407/6  
GET CODE 13 IF Q460/3 AND Q407/4  
GET CODE 14 IF Q460/3 AND Q407/5  
GET CODE 15 IF Q460/3 AND Q407/6

- 1 West Virginia Under \$100K [QMS = 19]
- 2 West Virginia \$100K-\$249K [QMS = 23]
- 3 West Virginia \$250K-\$499K [QMS = 12]
- 4 West Virginia \$500K-\$999K [QMS = 16]
- 5 West Virginia \$1M-\$4.9M [QMS = 8]
- 6 West Virginia \$5M-\$10M [QMS =22]
- 7 Illinois Under \$100K [QMS = 32]
- 8 Illinois \$100K-\$249K [QMS =10]
- 9 Illinois \$250K-\$499K [QMS =0] [TERMINATE]
- 10 Illinois \$500K-\$999K [QMS =6]
- 11 Illinois \$1M-\$4.9M [QMS =20]
- 12 Illinois \$5M-\$10M [QMS =32]
- 13 Nation \$500K-\$999K [QMS = 0] [TERMINATE]
- 14 Nation \$1M-\$4.9M [QMS = 10]
- 15 Nation \$5M-\$10M [QMS = 40]

**BASE: QUALIFIED RESPONDENTS (Q450/3 ONLY)**

**Q1332 HIDDEN QUESTION – QUOTA CHECK**

- 1 Quota cell met [TERMINATE]
- 2 Quota cell not met
- 3 Quota cell not found

**SECTION 500**

**BASE: ALL QUALIFIED RESPONDENTS (Q450/3 AND Q1327/2 OR 3 AND Q1332/2 OR 3)**

**Q500** And now, I'd like to ask you specifically about your concerns about frivolous or unfair lawsuits. Have you ever made a business decision primarily to avoid such suits? In other words, have you ever made a decision about your products or services or employment practices because you felt you needed to protect the company from litigation?

- 1 Yes [ASK Q505]
- 2 No [ASK Q515]
- 97 Don't remember (Do not read) [ASK Q515]
- 98 Decline to answer (Do not read) [ASK Q515]

**BASE: YES, MADE DECISION TO PROTECT AGAINST LITIGATION (Q500/1)**

**Q505** How have these actions intended to avoid frivolous or unfair lawsuits affected your company?

[INTERVIEWER: READ EACH ITEM - WAIT FOR RESPONDENT TO SAY "YES" OR "NO" AFTER EACH ITEM]

[MULTIPLE RESPONSE]

[RANDOMIZE 1-6]

- 1 They made my products/services more expensive. [ASK Q515]
- 2 They made a product/or service unavailable to customers. [ASK Q515]
- 3 They raised my costs and adversely affected the company's revenue. [ASK Q515]
- 4 They forced me to lay off employees. [ASK Q515]
- 5 They forced me to cut employee benefits. [ASK Q515]
- 6 They made me hesitant to make major business decisions. [ASK Q515]
- 7 Any other actions [ASK Q510]
- 98 Not sure (Do not read)
- 97 Decline to answer (Do not read)

**BASE: OTHER DECISION (Q505/7)**

**Q510** What other ways have these actions affected your company?

[INTERVIEWER: RECORD VERBATIM]

**BASE: ALL QUALIFIED RESPONDENTS (Q450/3)**

**Q515** If you could be assured that you would be protected from frivolous or unfair lawsuits, would you be able to operate your business in a way that would increase revenues?

[INTERVIEWER: READ SCALE]

- 1 Yes, considerably [ASK Q520]
- 2 Yes, somewhat [ASK Q520]
- 3 No, not much [ASK Q530]
- 4 No, not at all [ASK Q530]
- 97 Not sure/no response (Do not read) [ASK Q530]

**BASE: YES, ABLE TO INCREASE REVENUE (Q515/1,2)**

**Q520** What would you be likely to use those increased revenues for?

[INTERVIEWER: READ EACH ITEM - WAIT FOR RESPONDENT TO SAY "YES" OR "NO"  
AFTER EACH ITEM]

[MULTIPLE RESPONSE]

[RANDOMIZE 1-6]

- |    |   |            |
|----|---|------------|
| 1  | Develop new products or services.                             | [ASK Q530] |
| 2  | Expand the markets for the products or services we now offer. | [ASK Q530] |
| 3  | Improve the facilities or purchase new equipment.             | [ASK Q530] |
| 4  | Hire additional employees.                                    | [ASK Q530] |
| 5  | Increase compensation to employees.                           | [ASK Q530] |
| 6  | Increase benefits offered to employees.                       | [ASK Q530] |
| 7  | Some other way  | [ASK Q525] |
| 97 | Not sure (Do not read)  | [ASK Q530] |
| 99 | Decline to answer (Do not read)                               | [ASK Q530] |

**BASE: OTHER WAY TO USE INCREASED REVENUE (Q520/7)**

**Q525:** What other ways would you be likely to use those increased revenues?

[INTERVIEWER: RECORD VERBATIM]

**BASE: ALL QUALIFIED RESPONDENTS (450/3)**

**Q530:** Has anyone actually threatened to bring a lawsuit against the business or you as the person responsible for the business?

- |    |                           |            |
|----|---------------------------|------------|
| 1  | Yes                       | [ASK Q535] |
| 2  | No                        | [ASK Q545] |
| 97 | Not sure (Do not read)    | [ASK Q545] |
| 98 | no response (Do not read) | [ASK Q545] |

**BASE: YES, HAVE BEEN THREATENED (Q530/1)**

**Q535:** What impact have these threats had on your business? [READ LIST. SELECT ALL THAT APPLY.]

- |    |  |            |
|----|--|------------|
| 1  | I've made business decisions that I would have otherwise not made in order to avoid frivolous lawsuits | ASK Q545]  |
| 2  | The threat of lawsuits has added time and expense to the operation of my business                      | [ASK Q545] |
| 3  | I feel more constrained in making business decisions generally   | [ASK Q545] |
| 4  | They have had no effect.   | [ASK Q545] |
| 5  | Other  | [ASK Q540] |
| 97 | Not sure (Do not read)   | [ASK Q545] |
| 98 | Decline to answer (Do not read)  | [ASK Q545] |

**BASE: YES, HAVE BEEN THREATENED (Q535/5)**

**Q540:** In what other ways have these threats had an impact on your business?

[INTERVIEWER: RECORD VERBATIM]

**BASE: ALL QUALIFIED RESPONDENTS (Q450/3)**

**Q545:** In your opinion, have lawsuits, or the threat of lawsuits against small businesses, increased or decreased as a concern generally?

- 1 Increased
- 2 Decreased
- 3 Not sure (Do not read)
- 4 Decline to answer (Do not read)

**BASE: ALL QUALIFIED RESPONDENTS (Q450/3)**

**Q550:** Do you think that frivolous or unfair lawsuits against businesses are a major problem, a minor problem, or not a problem at all?

- 1 Major
- 2 Minor
- 3 Not a problem at all
- 4 Not sure (Do not read)
- 5 Decline to answer (Do not read)

[INTERVIEWER: IF Q405/14,49 THEN ASK Q553 and 555, ALL OTHERS ASK Q600]

**BASE: WORK IN ILLINOIS OR WEST VIRGINIA (Q405/14,49)**

**Q553:** Overall, how would you describe the fairness and reasonableness of the lawsuit system in your state?

[READ LIST]

- 1 Excellent
- 2 Pretty good
- 3 Only fair
- 4 Poor
- 5 Not Sure (Do not read)
- 6 Decline to answer (Do not read)

**BASE: WORK IN ILLINOIS OR WEST VIRGINIA (Q405/14,49)**

**Q555:** Do you think that your state needs to pass new laws to protect business from frivolous or unfair lawsuits, or do you think that the current laws in your state are sufficient? (DO NOT READ)

- 1 New laws
- 2 Current laws are sufficient.
- 3 Not sure (Do not read)
- 4 Decline to answer (Do not read)

**SECTION 600**

**BASE: ALL QUALIFIED RESPONDENTS (450/3)**

**Q600:** Has your company, or have you or another senior manager as the company's representative, been sued in the past ten years?

[INTERVIEWER: IF RESPONDENT ASKS IF THEY SHOULD INCLUDE ANY PERSONAL LAWSUITS READ: "Please only think about lawsuits brought against your company or you in your capacity as an executive of that company."]

- 1 Yes
- 2 No
- 97 Not sure (vol.)
- 98 Decline to answer (vol.)

**BASE: HAS BEEN SUED (Q600/1)**

**Q605:** Thinking about the most significant lawsuit, what type of lawsuit was this?

[INTERVIEWER: READ EACH ITEM]

[SINGLE RESPONSE]

[RANDOMIZE 1-6]

- 1 Personal injury resulting from your company's product or service [ASK Q615]
- 2 Personal injury incurred on your company's premises [ASK Q615]
- 3 Personal injury resulting from an accident with one of your company's vehicles [ASK Q615]
- 4 Financial loss by a customer resulting from the purchase of a product or service provided by your company [ASK Q615]
- 5 Financial loss by supplier resulting from a business transaction [ASK Q615]
- 6 Employment dispute with an employee [ASK Q615]
- 7 Some other type [ASK Q610]
- 97 Not sure (vol.) [ASK Q615]
- 98 Decline to answer (vol.) [ASK Q615]

**BASE: OTHER TYPE OF LAWSUIT (Q605/7)**

**Q610:** What other type of lawsuit was this?

[INTERVIEWER: RECORD VERBATIM]

**BASE: HAS BEEN SUED (Q600/1)**

**Q615:** What has been the impact on you or your senior manager as a result of this lawsuit at your company? [INTERVIEWER, IF NECESSARY: "Please think of the most significant lawsuit you have been involved with."]

[INTERVIEWER: READ EACH ITEM - WAIT FOR RESPONDENT TO SAY "YES" OR "NO" AFTER EACH ITEM]

[MULTIPLE RESPONSE]

[RANDOMIZE 1-6]

- 1 You have changed business practices in ways that benefit your customers.
- 2 You have changed business practices in ways that do not really benefit your customers.
- 3 The litigation was very time consuming and your business suffered as a result.
- 4 The litigation was very expensive and your business suffered as a result.
- 5 You feel more constrained in making business decisions generally.
- 6 You made a business decision or decisions you would not have otherwise made.
- 7 Some other effect [ASK Q620]
- 8 It had no effect on your business.
- 97 Don't know/no response (Do not read)
- 98 Decline to answer (Do not read)

**BASE: OTHER TYPE OF LAWSUIT (Q615/7)**

**Q620:** What other effect did the lawsuit have on your company? [INTERVIEWER, IF NECESSARY: "Please think of the most significant lawsuit you have been involved with."]

[INTERVIEWER: RECORD VERBATIM]

**BASE: ALL QUALIFIED RESPONDENTS (450/3)**

**Q625:** Now I have just a few questions for statistical purposes only. What is your job title?

[INTERVIEWER: RECORD VERBATIM]

**BASE: ALL QUALIFIED RESPONDENTS (450/3)**

**Q630:** How long have you worked with this business? (collected in years)

[ ] RANGE: 01 (if less than 1 year use "01") – 70, USE 98 FOR NOT SURE AND 99 FOR DECLINE TO ANSWER

**BASE: ALL QUALIFIED RESPONDENTS**

**Q635:**

In what industry do you currently work or have you most recently worked? (DO NOT READ LIST)

- 01 Accommodation and Food Services
- 02 Administrative Support Services
- 03 Advertising/Marketing
- 04 Agric./Forestry/Fishing/Hunting
- 05 Arts, Entertainment & Recreation
- 06 Automotive Services
- 07 Banking & Finance
- 08 Communications
- 09 Construction (heavy/special trades)
- 10 Education
- 11 Engineering Services
- 12 Healthcare & Social Assistance
- 13 Insurance
- 14 Legal Services
- 15 Manufacturing
- 16 Military
- 17 Mining
- 18 Other Services
- 19 Printing Trade
- 20 Public Administration/Government
- 21 Real Estate
- 22 Religious/Non-Profit Organizations

- 23 Research Services
- 24 Retail Trade
- 25 Technology Services
- 26 Telecommunications
- 27 Transportation & Warehousing
- 28 Travel
- 29 Utilities
- 30 Waste Management/Remediation Services
- 31 Wholesale Trade
- 32 Other
- 33 Never in the Workforce
- 34 Not sure (Do not read)
- 35 Decline to answer (Do not read)

**BASE: ALL QUALIFIED RESPONDENTS (450/3)**

**Q640:** How long has the owner owned or operated the business?

[INTERVIEWER: DO NOT READ LIST]

- 1 Less than 1 year
- 2 1 year to less than 3 years
- 3 3 years to less than 5 years
- 4 5 years to less than 10 years
- 5 10 years to less than 15 years
- 6 15 years to less than 20 years
- 7 20 years or more
- 8 Not sure (Do not read)
- 9 Decline to answer (Do not read)

**BASE: ALL QUALIFIED RESPONDENTS (450/3)**

**Q645:** How many businesses have you owned or operated?

[INTERVIEWER: DO NOT READ LIST]

- 1 1 Business
- 2 2 Businesses
- 3 3 Businesses
- 4 4 Businesses
- 5 5 or more Businesses
- 6 Not sure (Do not read)
- 7 Decline to answer (Do not read)

**BASE: ALL QUALIFIED RESPONDENTS (450/3)**

**Q650:** What is the Zip code for the business?

[INTERVIEWER: RECORD VERBATIM]

**Q29: DELETED**

**BASE: ALL QUALIFIED RESPONDENTS (450/3)**

**Q655** To thank you for your time, we are offering you a chance to have an executive summary emailed to you regarding the details of this study. Would you like this email summary sent to you?

- 1 Yes
- 2 No

**BASE: WANT EXECUTIVE SUMMARY (Q655/1)**

Q660 Please provide an email address where we might send the executive summary.

Record email address