

Highlights

May 2010

BUSINESS
SURVEY



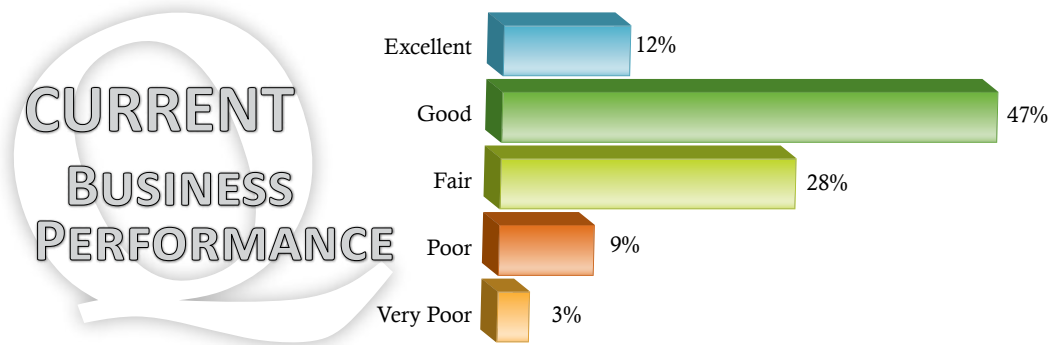
Amidst the uncertain economic climate, the Missouri Economic Research and Information Center (MERIC) administered a survey to nearly 1,000 business owners, both large and small and from across the state, to gather their opinions about a variety of economic, workforce, disaster recovery, and business development issues. The majority of businesses (65%) planned to maintain their current employment levels over the next 12 months. However, the share of those planning to increase employment more than doubled those expecting to downsize (24% vs. 11%), a strong indicator that economy recovery in Missouri is underway.

Business Performance

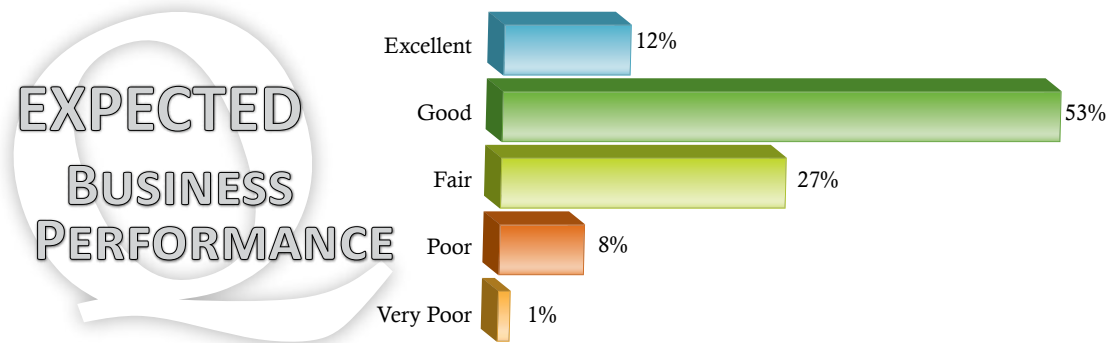
When asked about their current and expected business performance in terms of revenue or sales, business owners were consistent in their assessment that performance now and in the future would be “good” or “excellent.” Asked about their business’ current performance, 59 percent of business owners responded it was “good” or “excellent.”

When asked to consider their business performance over the next 12 months, owners were even more optimistic with 65 percent of respondents responding that they expected it to be “good” or “excellent” over the next year.

How you would rate your current business performance in terms of revenue or sales?



How would you rate your expected business performance in terms of revenue or sales over the next 12 months?



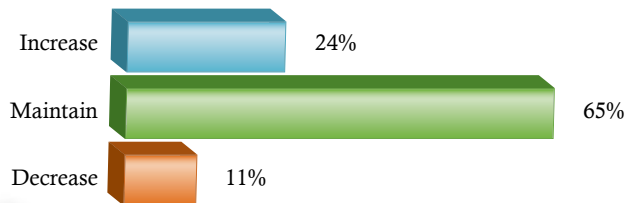
Businesses located in metro areas were generally more optimistic (“good” or “excellent”) about their current business performance than those located in rural communities (63% vs. 55%). Likewise, those employers with 100 or more employees had considerable more optimism about their current business performance (69% vs. 53%) than businesses with less than 100 employees.

In terms of expected business performance, metro area businesses had a greater level of optimism (67% vs. 60%) than rural businesses, while large businesses considered their future brighter (74% vs. 58%) than smalls.

Employment Plans

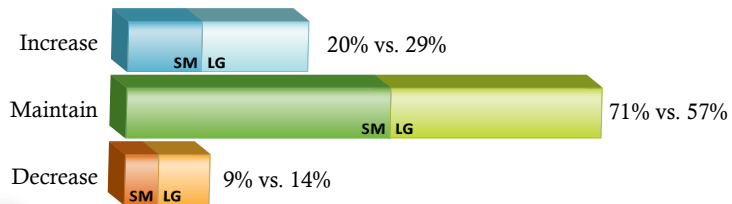
The majority of businesses surveyed (65%) planned to maintain their current level of employment over the next 12 months. However, the share of those planning to increase employment more than doubled those which plan to decrease their current employment (24% vs. 11%), indicating further confidence that the economy is climbing back from a deep recession.

Over the next 12 months, does your business plan on increasing, maintaining, or decreasing your current employment levels?

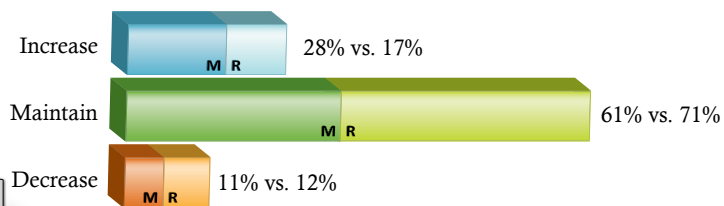
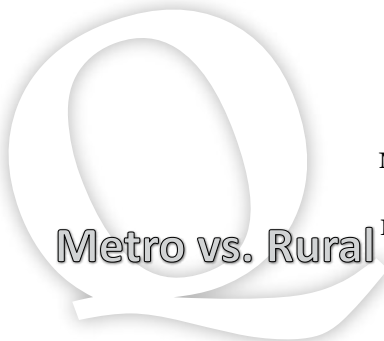


A greater proportion of businesses in metro areas say they plan to increase employment over the next year compared to rural areas (28% vs. 17%). Likewise, a greater share of large employers plan to increase employment compared to smalls (29% vs. 20%).

Over the next 12 months, does your business plan on increasing, maintaining, or decreasing your current employment levels? (Small Employers vs. Large Employers)



Over the next 12 months, does your business plan on increasing, maintaining, or decreasing your current employment levels? (Metro vs. Rural)



Investment Potential

When asked the open-ended question, “What type of investment would most likely expand your growth potential?” three responses were predominant from businesses. The top three type of investments to grow businesses were more technology/equipment (23%), more advertising/marketing (17%), and more workers/talent (9%).

Businesses in rural areas had a greater emphasis on adding more technology/equipment to grow than metro owners (26% vs. 22%), while small businesses responded that more advertising/marketing was the greatest key to their growth potential, far outpacing large employers in this investment type (23% vs. 10%).

Ability to Access Credit

In order to make these investments necessary to grow, businesses must have access to available credit. When asked, “How would you describe your ability to access credit for your business in recent months?” most businesses’ ability to access has not changed in recent months (62%). However, nearly a quarter of respondents said the ability to access credit has gotten worse from one year ago (24%), while 12 percent say it has improved.

Businesses in metro areas and those large employers both said they experienced improved access to credit markets at a greater proportion than rural areas and small businesses. By a 2-to-1 margin (15% vs. 7%), metro business owners indicated they have experienced improved access to credit from twelve months ago, compared to rural businesses. Similarly, the greater proportion of large employers experienced improved access to credit compared to smalls (18% vs. 8%).

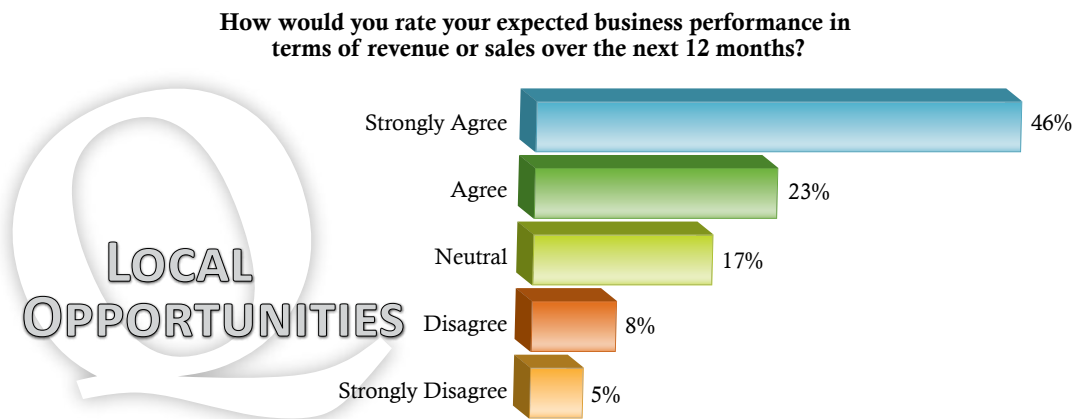
Entrepreneurial Resources

To consider the resources and assistance available to businesses, respondents were asked to score the following statement on the same 5-point scale: “Businesses in my community have sufficient resources, advice, training, or other assistance to help them in operating a business, expanding a business, improving technology, and other needs.” The majority of respondents overall (35%) were neutral to this statement, while 29 percent either “disagree” or “strongly disagree” and 37 percent either “agree” or “strongly agree.”

The distinction between metro and rural areas is rather significant for responses to this statement. Nearly half (46%) of metro business owners “agree” or “strongly agree” they are getting sufficient resources, advice, etc., but only 25 percent of those in rural areas expressed the same level of agreement, indicating a clear gap in the available resources between the two geographies.

Local Community Opportunities

While quality of life in a community can be measured in a number of ways, the approach of this survey was to ask respondents to rate on a 5-point scale from 'strongly disagree' to 'strongly agree' the statement, "Local children will have the opportunity to stay in the community and work in your field in the future." Nearly seven in 10 respondents (69%) "agree" or "strongly agree" that local children will have opportunities to stay in the community. Only 13 percent responded they "disagree" or "strongly disagree." These results varied little by location or business size.



Overall, the survey indicated the majority of Missouri employers have a positive business outlook for the coming year.