

AHEAD OF WHAT'S NEXT.

Small Business Outlook Survey



Report Prepared for
U.S. Chamber of Commerce

July 2011

Methodology

- **Background:** National online survey of small business owners and small business executives tracking attitudes about the impact of the political environment on the business environment, including upcoming business forecast and hiring decisions
- **Respondents:** National sample of 1409 Small Business Owners and Executives ("*small business owners*") representing both U.S. Chamber of Commerce members and non-members
- **Small Business Size:** Annual company income of \$25 million or less
- **Field Dates:** June 27-June 30, 2011
- **Sampling Error:** +/-2.5%

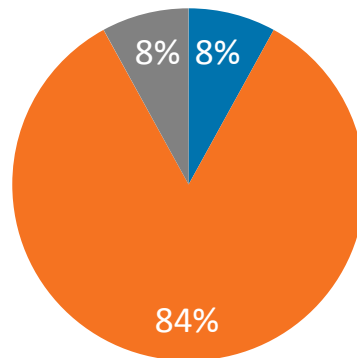
Business Environment: "On the wrong track" sentiment dominates

- Vast majority (84%) of small business owners indicate the U.S. economy is on the wrong track
- Slightly less pessimistic about their local economic situations: 54% say their local economy is on the wrong track
- Conversely, almost two-thirds say their own businesses are on the right track

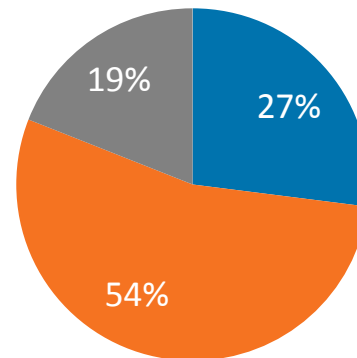


- Headed in right direction
- Off on wrong track
- Not sure

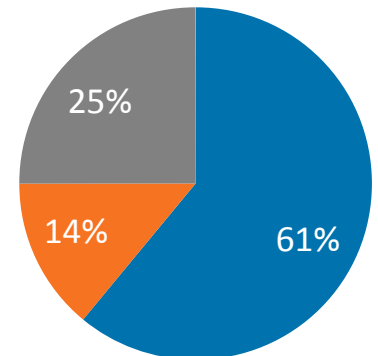
The U.S. Economy



Your Local Economy



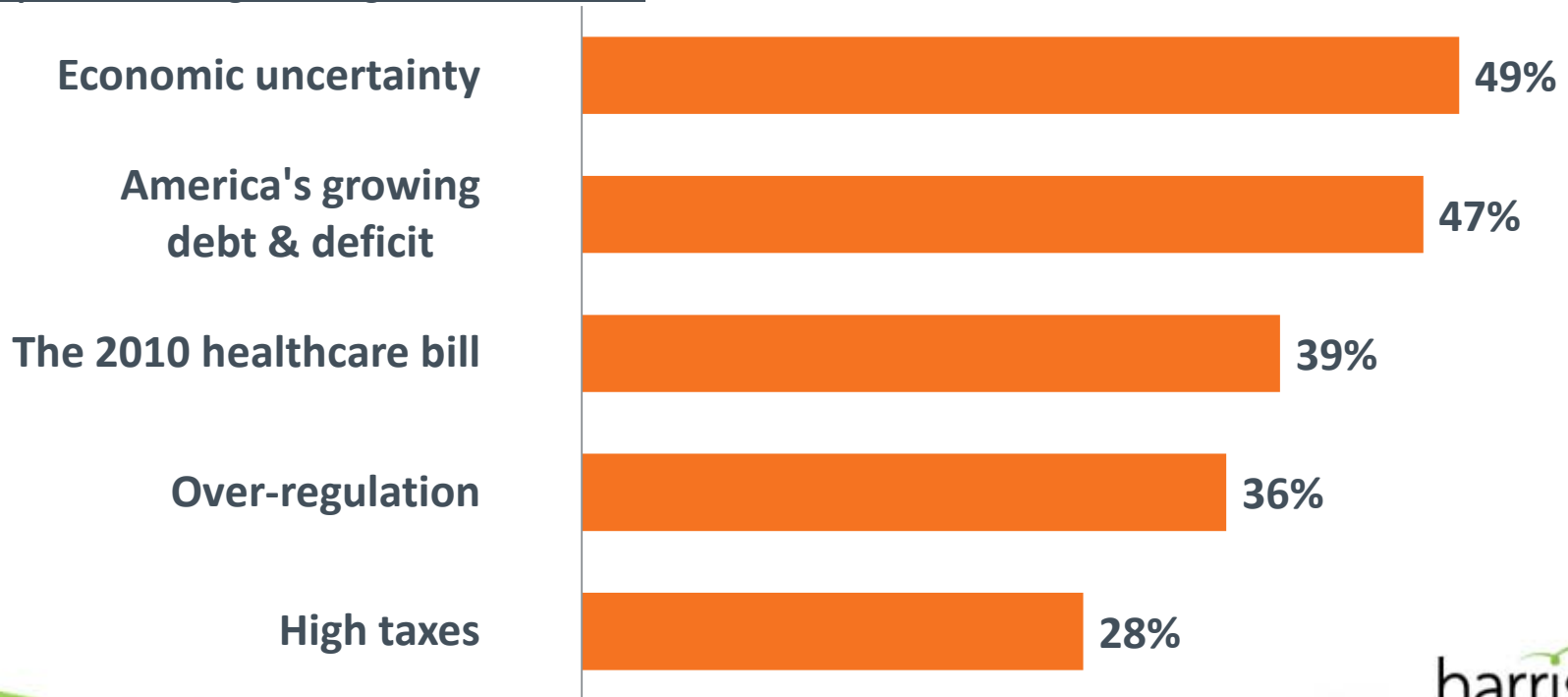
Your Business



Business Environment: Challenged by economic uncertainty

- Economic uncertainty is the most important challenge facing small businesses, with 49% ranking it within the top three choices
- Small business owners also feel challenged by the national debt (47%), the new health care law (39%), and the impact of regulations (36%)

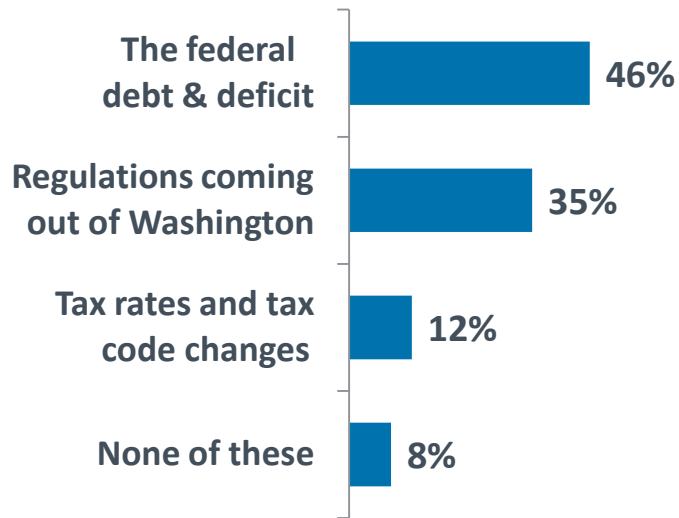
Top Five Challenges Facing Small Businesses



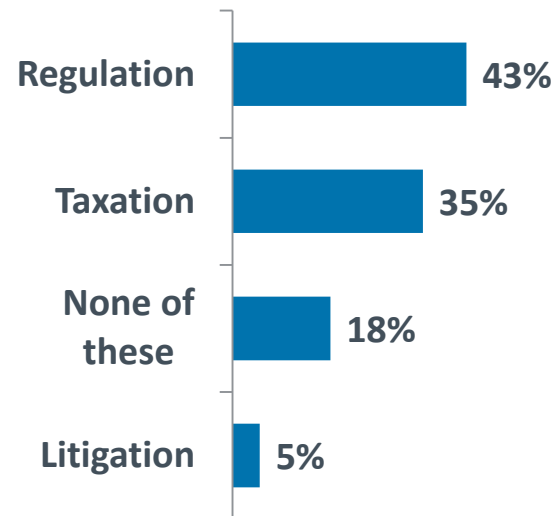
Small Business Outlook: Uncertainty about the future

- **Uncertainty is being fueled by the federal debt and deficit:** 46% say the federal debt and deficit is causing uncertainty for the future of their business, while 35% say regulation is causing the most uncertainty
- The threat of regulation and taxes (43% regulation & 35% taxes) are the most significant issues facing their business

Issue in Washington that Causes Most Uncertainty about the Future of Their Business

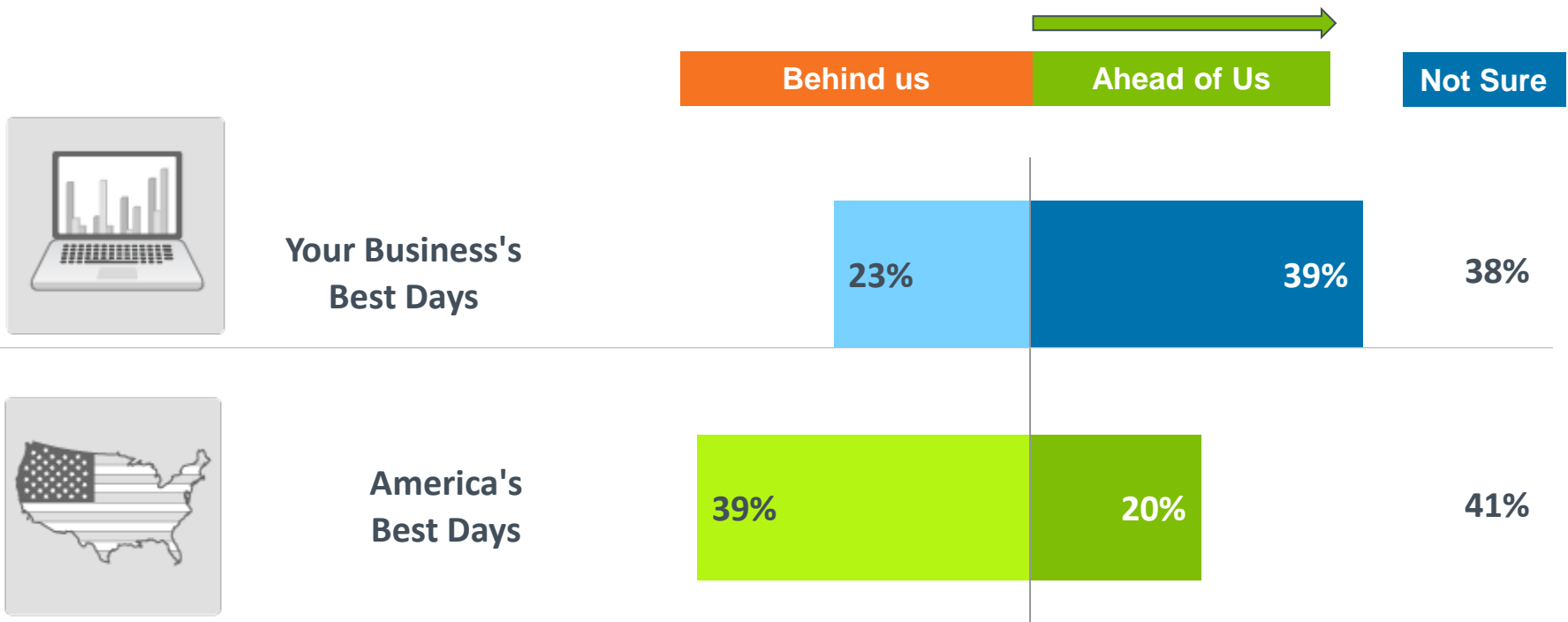


Issue in Washington that Poses the Greatest Threat to Their Business



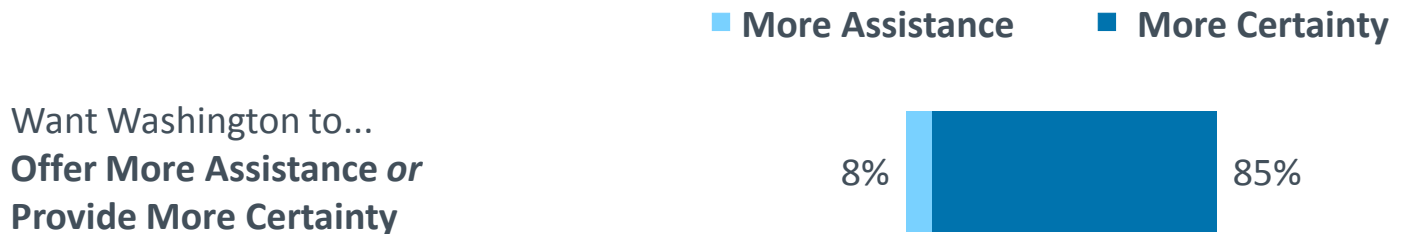
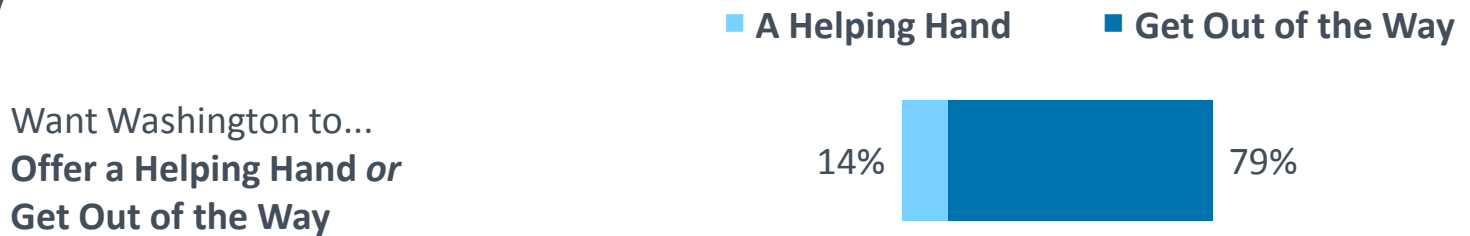
Small Business Outlook: Continued uncertainty about the future

- About their own businesses, owners are split: 38% are not sure about the future, while 39% say the best days are ahead of them
- Only 20% believe that the country's best days are ahead

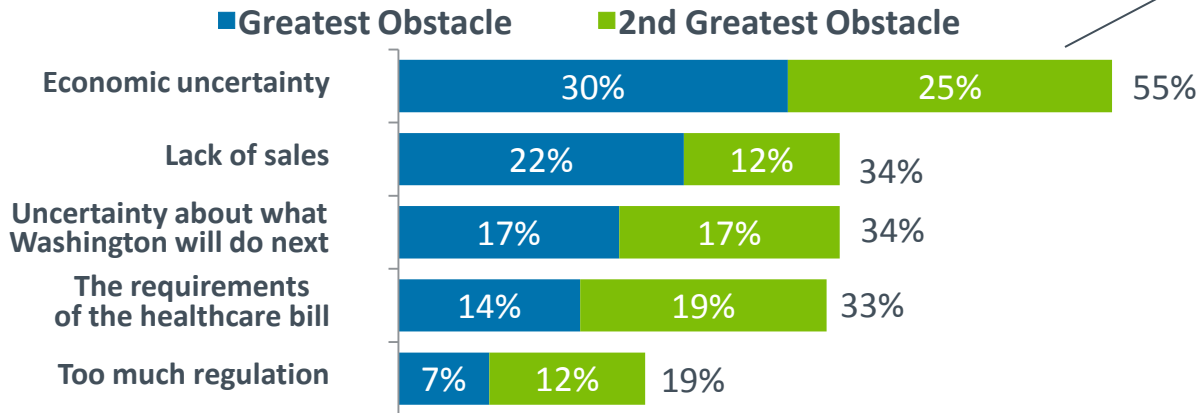


Small Business Outlook: Washington should get out of the way

- When thinking about what small businesses across America need most right now, vast majority of respondents say Washington should "get out of the way" (79%)
- When deciding between Washington offering more assistance or instead providing more certainty, 85% say they would like Washington to provide more certainty



Planning for the Future: Obstacles to hiring

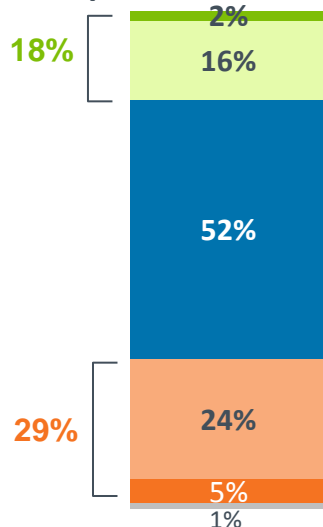


Economic uncertainty is the greatest or second greatest obstacle to hiring more employees for 55% of the respondents, followed by 34% who cite a **lack of sales**

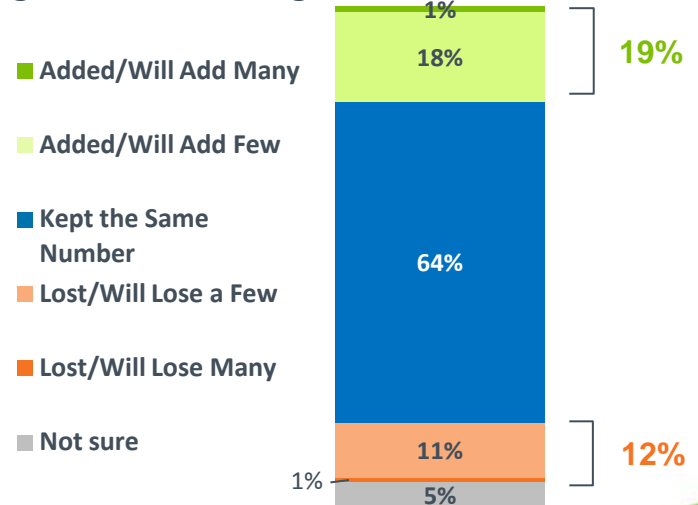
Over the next year, 64% will keep the same number of employees

- 19% will add new employees (almost the same as last year's 18%)
- Only 12% say they will lose employees over the next year – significantly fewer than the 29% who said they lost employees over the last year

Compared to One Year Ago

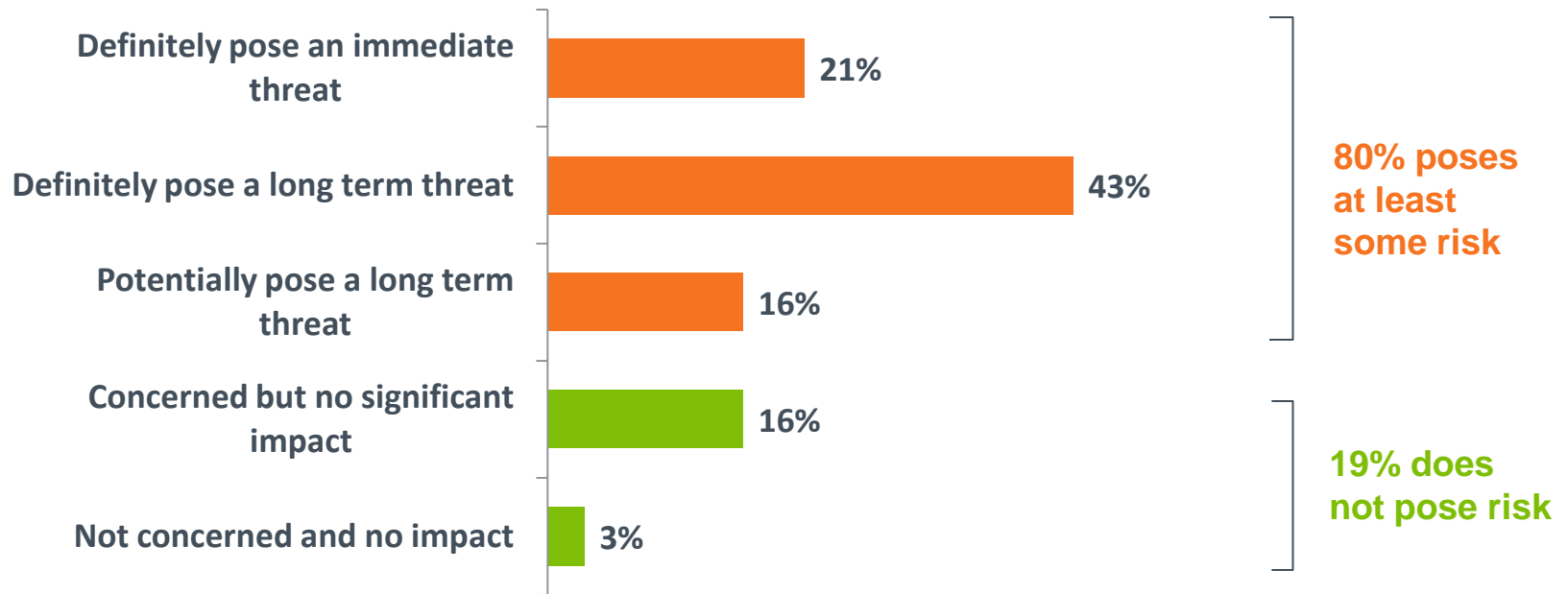


Looking Forward Over the Next Year



Debt & Deficit: The debt and deficit pose a risk for businesses

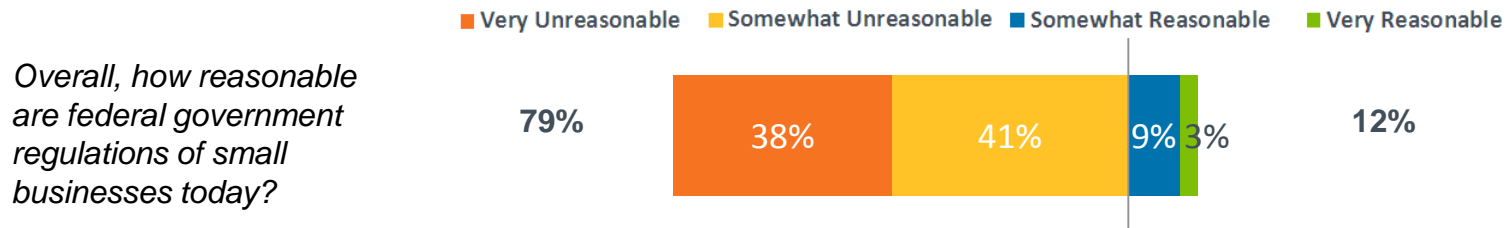
- 80% of small business owners say the debt and deficit potentially pose a threat to their business either immediately or over the long term



Regulation: Current and future regulatory environment

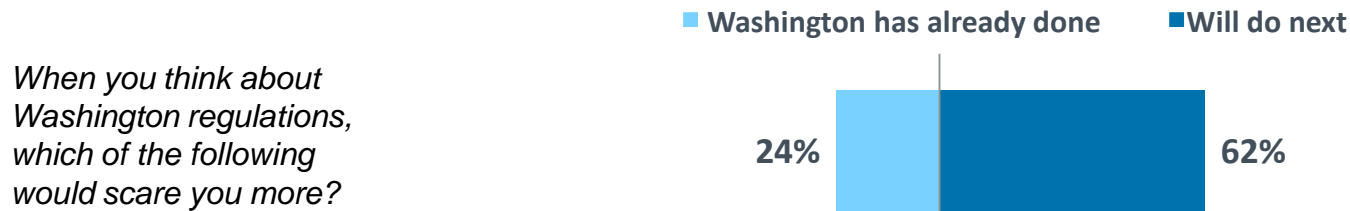
- Current regulatory environment viewed as unreasonable**

Nearly four-out-of-five (79%) small business owners believe federal government regulations are at least somewhat unreasonable



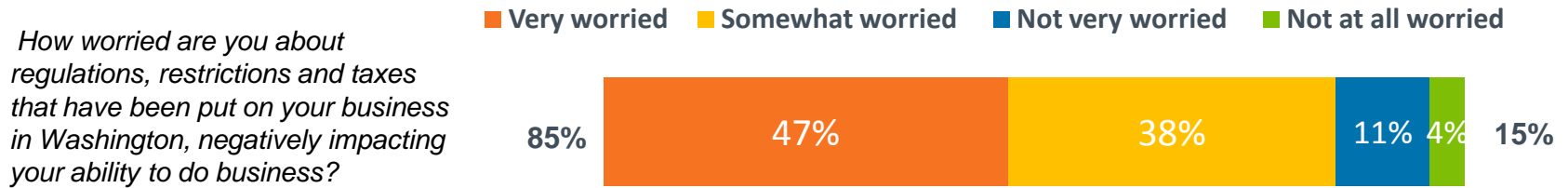
- Businesses are concerned with what Washington is going to do next**

62% percent say the future decisions of federal government regulations (what government *will do next*) scares them more than what Washington has already done

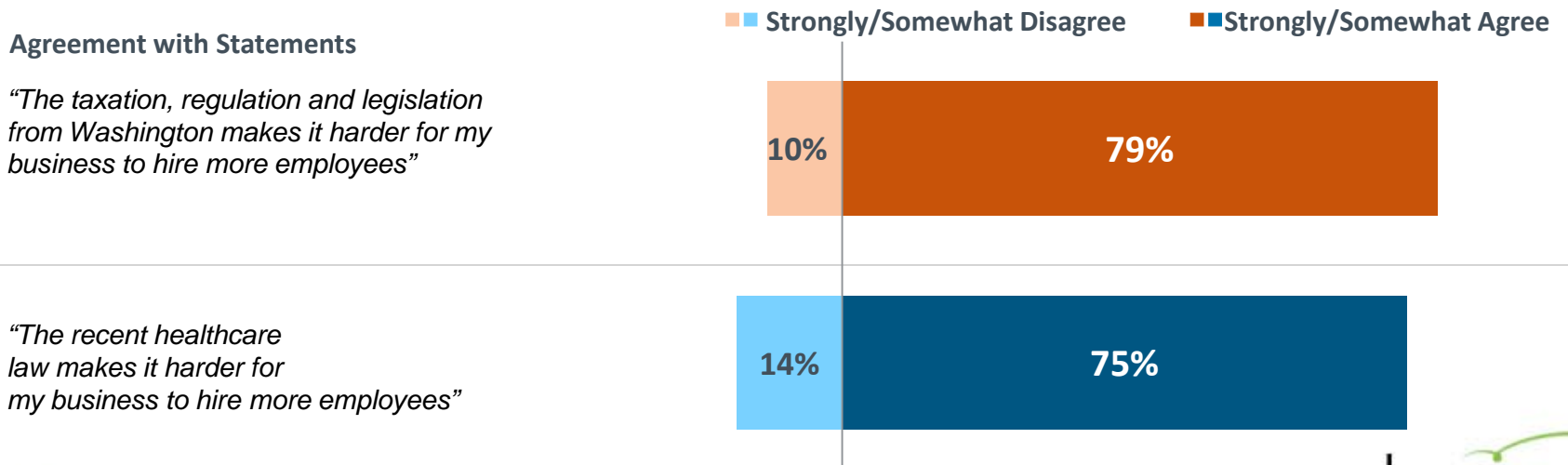


Regulation: Impact of regulations on business

- 85% say they are somewhat or very worried about the impact of regulations on their business



- 79% say taxation, regulation and legislation make it harder for their business to hire more employees
- 75% say the healthcare law makes it harder to hire more employees



Summary

- Vast majority of small business owners say U.S. economy is on the wrong track (84%)
 - Only 20% believe that the country's best days are ahead
 - 79% believe Washington should get out of the way of small businesses, instead of offering a helping hand (14%)
- Almost half of all respondents say that uncertainty about U.S. economy is one of the top three important challenges facing small businesses
 - Uncertainty is fueled by growing debt and deficit (46%) and over-regulation (35%)
 - Economic uncertainty is greatest obstacle to hiring more employees (55%)
- Nearly 80% of small business owners view current regulatory environment as unreasonable
 - 85% say that they are somewhat or very worried about the impact of regulations on their business