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MONTEVALLO

2016 Shelby County Business Outlook

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2016 Business Outlook

- Macro – US
- Economics or Politics? (bipartisan)
- Shelby County
 - Study findings

2016 Business Outlook

- US Economy in 2016
 - Growth
 - GDP growth in 2015 = 2.4%
 - Projected growth in 2016 = 2.2%
 - Politics or Economics?
 - Income inequality

2016 Business Outlook

- Income inequality is ECONOMICS!
 - Inequality or wealth concentration suppresses mobility which is bad for the economy
 - Fails to deliver the economic necessity of a broad, robust, and economically active middle class

2016 Business Outlook

- US Economy in 2016
 - Employment
 - Unemployment is 4.9%
 - Down from 10% in 2009
 - US added 262,000 jobs in December 2015
 - Politics or Economics?
 - Participation rates

2016 Business Outlook

- Participation rate is POLITICS!
 - Baby boomer retirements
 - More young people in college
 - Core or “prime age” participation rates (age 25-54) is higher in 2016 than any year between 1948 and 1984
 - Unemployment is low and the number, albeit imperfect, is real

2016 Business Outlook

- US Economy in 2016
 - Equity markets
 - Dow and S&P 500 are off to worst start in history
 - Lost \$1 trillion in value is 2016 thus far
 - \$1 trillion is 1000 billion or imagine...
 - Politics or Economics?
 - Wall Street speculation
 - Too Big To Fail?

2016 Business Outlook

- Wall Street speculation is POLITICS!
 - Not a factor in the real economy
- “Too Big To Fail” financial institutions is ECONOMICS!
 - Agreement that systemically significant and broadly connect institutions are a risk
 - Disagreement about whether to break them up

2016 Business Outlook

- US Economy in 2016
 - Real wage growth in US was 1.6% in 2015 but has barely moved since 1979 in terms of real dollars
 - Politics or Economics?
 - Minimum Wage

2016 Business Outlook

- Minimum wage is ECONOMICS!
 - Minimum wage does not cost jobs
 - May curtail job growth slightly
 - Increases cost to business
 - Typically improves economic activity

2016 Business Outlook

- US Economy in 2016
 - Consumer sentiment
 - Index of consumer sentiment 92.0 (-6.2%)
 - Current economic conditions 106.4 (-2.7%)
 - Index of consumer expectations 82.7 (-9.1%)
 - Politics or Economics?
 - Fear and loathing...

2016 Business Outlook

- Fear and loathing is ECONOMICS!
 - Sentiment translates directly into economic activity
 - “Think” you are doing better and “Trust” in future opportunity is important

2016 Business Outlook

- What about Shelby County?

2016 Business Outlook

- Shelby County Study
 - Partnership between the Greater Shelby Chamber and the Stephens College of Business at the University of Montevallo
 - Data collected via online questionnaire
 - Received 182 responses from Greater Shelby County Chamber Members or Affiliates

2016 Business Outlook

- Respondent employment
 - Respondent employ from 1 to 6700 with an average of 270 full-time employees
 - Respondent employ from 1 to 500 part-time employees

2016 Business Outlook

SECTOR OF RESPONDENTS	
Education	4.95
Financial Services	12.64
Food Services	1.65
Government/Public Admin	5.49
Health Care	12.64
Hospitality / Tourism	4.95
Manufacturing / Industry	4.95
Nonprofit	7.69
Professional Services	18.86
Retail	6.04
Technology	3.3
Other	17.03

2016 Business Outlook

- Revenues in 2016
 - 79% of respondents expect revenue to increase
 - 11% of respondents expect revenue to shrink

2016 Business Outlook

- Expenses in 2016
 - 86% of respondent expect expenses to remain the same or increase slightly
 - Only 2% expect expenses to increase significantly

2016 Business Outlook

- Profit in 2016
 - 72% of respondents expect profits to increase slightly or significantly
 - 12% of respondents expect profits to decrease

2016 Business Outlook

- Debt in 2016
 - 83% of respondents expect debt to remain the same or decrease slightly
 - Only 13% expect debt to increase

2016 Business Outlook

CAPITAL EXPENDITURES IN 2016	
\$1,000,000 or more	17.58%
\$500,000 to \$999,999	5.49%
\$250,000 to \$499,999	3.85%
\$100,000 to \$249,999	10.44%
\$10,000 to \$99,999	26.37%
Less than \$10,000	27.47%
None	8.79%

2016 Business Outlook

- Employment in 2016
 - 46% of respondents expect full-time employment to increase slightly or significantly
 - Only 9% of respondents expect full-time employment to decrease

2016 Business Outlook

- Employment in 2016
 - 31% of respondents expect part-time employment to increase slightly or significantly
 - Only 6% of respondents expect part-time employment to decrease
 - Respondents do not expect changes temporary or seasonal full-time or part-time employment

2016 Business Outlook

- What impacts job creation in Shelby County?
 - Cost of unemployment insurance

2016 Business Outlook

- What impacts job creation in Shelby County?
 - Cost of unemployment insurance
- NO – little to no impact on creating jobs

2016 Business Outlook

- What impacts job creation in Shelby County?
 - Taxes and fees

2016 Business Outlook

- What impacts job creation in Shelby County?
 - Taxes and fees
- NO – little to no impact on creating jobs

2016 Business Outlook

- What impacts job creation in Shelby County?
 - Cost of benefits like health insurance

2016 Business Outlook

- What impacts job creation in Shelby County?
 - Cost of benefits like health insurance

- NO – little to no impact on creating jobs

2016 Business Outlook

- What impacts job creation in Shelby County?
 - Difficulty in finding skills and experience you need

2016 Business Outlook

- What impacts job creation in Shelby County?
 - Difficulty in finding skills and experience you need
- YES – this is a challenge in Shelby County and does effect job creation

2016 Business Outlook

- What impacts job creation in Shelby County?
 - Growth in sales / demand for your business or service

2016 Business Outlook

- What impacts job creation in Shelby County?
 - Growth in sales / demand for your business or service
- YES – this is the top driver of job creation
- If the business is there, we will create the jobs!

2016 Business Outlook

- What impacts job creation in Shelby County?
 - NOT cost of unemployment insurance
 - NOT taxes and fees
 - NOT cost of benefits like health insurance
 - SOMEWHAT difficulty in finding skills and experience you need
 - YES growth in sales / demand for your business or service

2016 Business Outlook

- SUMMARY for Shelby County
 - Employment will increase
 - Profits will increase
 - Capital investment will increase
 - Despite any regulatory or benefits cost, Shelby County business will create jobs when there is business to be done

Stephens College of Business

- Bachelors in MG, MK, FI and AC
- AACSB International accreditation
- Average class size of 21 students
- Competitive public university tuition
- World-class MBA program
- Evenings in Pelham
- Great value investment!



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