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 curtain 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
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

<table>
<thead>
<tr>
<th>SECTOR OF RESPONDENTS</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>4.95</td>
</tr>
<tr>
<td>Financial Services</td>
<td>12.64</td>
</tr>
<tr>
<td>Food Services</td>
<td>1.65</td>
</tr>
<tr>
<td>Government/Public Admin</td>
<td>5.49</td>
</tr>
<tr>
<td>Health Care</td>
<td>12.64</td>
</tr>
<tr>
<td>Hospitality / Tourism</td>
<td>4.95</td>
</tr>
<tr>
<td>Manufacturing / Industry</td>
<td>4.95</td>
</tr>
<tr>
<td>Nonprofit</td>
<td>7.69</td>
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<tr>
<td>Professional Services</td>
<td>18.86</td>
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<tr>
<td>Retail</td>
<td>6.04</td>
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<tr>
<td>Technology</td>
<td>3.3</td>
</tr>
<tr>
<td>Other</td>
<td>17.03</td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th>CAPITAL EXPENDITURES IN 2016</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,000,000 or more</td>
<td>17.58%</td>
</tr>
<tr>
<td>$500,000 to $999,999</td>
<td>5.49%</td>
</tr>
<tr>
<td>$250,000 to $499,999</td>
<td>3.85%</td>
</tr>
<tr>
<td>$100,000 to $249,999</td>
<td>10.44%</td>
</tr>
<tr>
<td>$10,000 to $99,999</td>
<td>26.37%</td>
</tr>
<tr>
<td>Less than $10,000</td>
<td>27.47%</td>
</tr>
<tr>
<td>None</td>
<td>8.79%</td>
</tr>
</tbody>
</table>
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
• 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!
2016 Shelby County
Business Outlook

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