2017 Shelby County Business Outlook

Stephen H. Craft, Ph.D.
Dean – Stephens College of Business
2017 Business Outlook

• Macro – US
• Shelby County
  – Study findings
• The “Natural Experiment”
  – Politics, economics, and expectations
2017 Business Outlook

• US Economy in 2017
  – Growth
    • GDP growth Q2 2016 = 1.4%
    • GDP growth Q3 2016 = 3.5%
    • AY 2016 estimates = 3.1%
    • First take on full 2016 on Friday
    • Projected US growth in 2017 = 2.25%
    • Project global growth in 2017 = 2.7%
2017 Business Outlook

• US Economy in 2017
  – Employment
    • Unemployment in December was 4.7%
    • Down from 10% in 2009
    • US added 156,000 jobs in December 2016
    • Participation rates is near average
2017 Business Outlook

• US Economy in 2017
  – Equity markets
    • Dow, S&P 500 and NASDAQ finished up yesterday – new records (or close) in last three months
    • Trump rally OR Trump recession?
2017 Business Outlook

• What about Shelby County?
2017 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 202 responses from Greater Shelby County Chamber Members and Affiliates
2017 Business Outlook

- Respondent employment
  - Respondent employ from 1 to 21,000
    - 128 (63%) respondents have less than 50 FTE
    - 37 (18%) respondents have 500 or more FTE
  - Respondent employ from 1 to 10,000 part-time employees
## 2017 Business Outlook

<table>
<thead>
<tr>
<th>SECTOR OF RESPONDENTS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>7.35</td>
</tr>
<tr>
<td>Financial Services</td>
<td>11.76</td>
</tr>
<tr>
<td>Food Services</td>
<td>2.94</td>
</tr>
<tr>
<td>Government/Public Admin</td>
<td>6.37</td>
</tr>
<tr>
<td>Health Care</td>
<td>9.80</td>
</tr>
<tr>
<td>Hospitality / Tourism</td>
<td>5.39</td>
</tr>
<tr>
<td>Manufacturing / Industry</td>
<td>8.82</td>
</tr>
<tr>
<td>Nonprofit</td>
<td>7.35</td>
</tr>
<tr>
<td>Professional Services</td>
<td>18.63</td>
</tr>
<tr>
<td>Retail</td>
<td>3.92</td>
</tr>
<tr>
<td>Technology</td>
<td>2.45</td>
</tr>
<tr>
<td>Other</td>
<td>15.20</td>
</tr>
</tbody>
</table>
2017 Business Outlook

• Revenues in 2017
  – 82% of respondents expect revenue to increase (compared to 79% in 2016)
  – 7.4% of respondents expect revenue to shrink (compared to 11% in 2016)
2017 Business Outlook

• Expenses in 2017
  – 83% of respondent expect expenses to remain the same or increase slightly
  – Only 4% expect expenses to increase significantly
2017 Business Outlook

• Profit in 2017
  – 69% of respondents expect profits to increase slightly or significantly
  – 8% of respondents expect profits to decrease
2017 Business Outlook

• Debt in 2017
  – 86% of respondents expect debt to remain the same or decrease slightly
  – Only 14% expect debt to increase
## 2017 Business Outlook

<table>
<thead>
<tr>
<th>CAPITAL EXPENDITURES IN 2017</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,000,000 or more</td>
<td>14.71%</td>
</tr>
<tr>
<td>$500,000 to $999,999</td>
<td>6.37%</td>
</tr>
<tr>
<td>$250,000 to $499,999</td>
<td>7.84%</td>
</tr>
<tr>
<td>$100,000 to $249,999</td>
<td>11.27%</td>
</tr>
<tr>
<td>$10,000 to $99,999</td>
<td>26.47%</td>
</tr>
<tr>
<td>Less than $10,000</td>
<td>16.67%</td>
</tr>
<tr>
<td>None</td>
<td>16.67%</td>
</tr>
</tbody>
</table>
2017 Business Outlook

• Employment in 2017
  – 43% of respondents expect full-time employment to increase slightly or significantly
  – Only 10% of respondents expect full-time employment to decrease
2017 Business Outlook

- Employment in 2017
  - 31% of respondents expect part-time employment to increase slightly or significantly
  - Only 4.5% of respondents expect part-time employment to decrease

- Respondents do not expect changes in temporary or seasonal full-time or part-time employment
2017 Business Outlook

• What impacts job creation in Shelby County?
  – Cost of unemployment insurance
2017 Business Outlook

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

• NO – little to no impact on creating jobs
2017 Business Outlook

• What impacts job creation in Shelby County?
  – Cost of workers comp
2017 Business Outlook

• What impacts job creation in Shelby County?
  – Cost of workers comp

• NO – little to no impact on creating jobs
2017 Business Outlook

- What impacts job creation in Shelby County?
  - Taxes and fees
2017 Business Outlook

• What impacts job creation in Shelby County?
  – Taxes and fees

• NO – little to no impact on creating jobs
2017 Business Outlook

• What impacts job creation in Shelby County?
  – Cost of benefits like health insurance
2017 Business Outlook

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

• NO – little to no impact on creating jobs
2017 Business Outlook

• What impacts job creation in Shelby County?
  – Difficulty in finding skills and experience you need
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 affect job creation
2017 Business Outlook

• What impacts job creation in Shelby County?
  – Growth in sales / demand for your business or service
2017 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!
2017 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
2017 Business Outlook

• SUMMARY for Shelby County
  – Employment will increase
  – Profits will increase
  – Capital investment will continue
  – Despite any regulatory or benefits cost, Shelby County business will create jobs when there is business to be done
2017 Business Outlook

• Great natural experiment...
  – Pre November 8 and Post November 8
2017 Business Outlook

- Great natural experiment...
  - Pre November 8 and Post November 8

- Personal: Friday, Saturday, Both, Neither....
Great natural experiment...
  – Pre November 8 and Post November 8

Personal: Friday, Saturday, Both, Neither....

Economic outlook... Almost indifferent
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 courses with simulcast
- Great value investment!
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