2018 Shelby County Business Outlook

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Dean – Stephens College of Business
2018 Business Outlook

• Macro – US
  – Change in Washington
  – Big Tax Overhaul

• Shelby County
  – Study findings
US Economy in 2017

- Growth
  - GDP growth in Q4 2017 was 2.6%
  - Job growth in 2016 was a robust 187,000 per month
  - Job growth in 2017 slowed to 174,000 per month
    - Was affected by hurricanes

2018 Business Outlook
2018 Business Outlook

• US Economy in 2017
  – Employment
    • Unemployment in Dec 2017 was 4.1%
    • Unemployment rate is a real number
    • Participation rates is near average
2018 Business Outlook

• US Economy in 2017
  – Equity markets
    • Big year in stock market returns
    • Great year if you got in and out of Bitcoin at the right time
    • Market jump with the new tax bill
    • Significant volatility in last few days
    • Trump rally OR Trump recession in 2018? Not sure yet.
2018 Economic Outlook

• We remain in an economic boom
• Current economic boom 3rd longest in US history
  • Average post-war expansion is around 5 years
    – 1991-2001 – 10 years
    – 1961-1969 – 8 years and 10 months
    – 2009-Present – 8 years and 7 months (Jan)
2018 Business Outlook

• What about Shelby County?
2018 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 200 responses from Greater Shelby County Chamber Members and Affiliates
2018 Business Outlook

• Respondent employment
  – 19 = median number of employees among respondent
    • 63% respondents have less than 50 FTE
    • 11% respondents have 500 or more FTE
# 2018 Business Outlook

<table>
<thead>
<tr>
<th>SECTOR OF RESPONDENTS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>5.56</td>
</tr>
<tr>
<td>Financial Services</td>
<td>15.15</td>
</tr>
<tr>
<td>Food Services</td>
<td>2.02</td>
</tr>
<tr>
<td>Government/Public Admin</td>
<td>6.57</td>
</tr>
<tr>
<td>Health Care</td>
<td>9.09</td>
</tr>
<tr>
<td>Hospitality / Tourism</td>
<td>6.06</td>
</tr>
<tr>
<td>Manufacturing / Industry</td>
<td>7.07</td>
</tr>
<tr>
<td>Nonprofit</td>
<td>8.59</td>
</tr>
<tr>
<td>Professional Services</td>
<td>15.66</td>
</tr>
<tr>
<td>Retail</td>
<td>6.06</td>
</tr>
<tr>
<td>Technology</td>
<td>3.03</td>
</tr>
<tr>
<td>Other</td>
<td>15.15</td>
</tr>
</tbody>
</table>
2018 Business Outlook

• Revenues in 2018
  – 92% of respondents expect revenue to increase
    • compared to 79% in 2016 and 82% in 2017

  – 3.0% of respondents expect revenue to shrink
    • Compared to 11% in 2016 and 7.4% in 2017
2018 Business Outlook

• Expenses in 2018
  – 69% of respondent expect expenses to remain the same or increase slightly
    • Compared with 83% in 2017
  – Only 1% expect expenses to increase significantly
2018 Business Outlook

• Profit in 2018
  – 77% of respondents expect profits to increase slightly or significantly
    • Compared to 69% in 2017
  – 6.5% of respondents expect profits to decrease
2018 Business Outlook

• Debt in 2018
  – 76% of respondents expect debt to remain the same or decrease slightly
    • Compared to 86% in 2017
  – Only 24% expect debt to increase
    • Compared to 14% in 2017
## 2018 Business Outlook

<table>
<thead>
<tr>
<th>Expected Capital Expenditures in 2017</th>
<th>Compared to 2018</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>
2018 Business Outlook

• Employment in 2018
  – 52% of respondents expect full-time employment to increase slightly or significantly
    • Compared with 43% in 2017
  – Only 3.5% of respondents expect full-time employment to decrease
2018 Business Outlook

• Employment in 2018
  – 37% of respondents expect part-time employment to increase slightly or significantly
    • Compared to 32% in 2017
  – Only 2.5% of respondents expect part-time employment to decrease

  – Very few respondents expect changes in temporary or seasonal full-time or part-time employment
2018 Business Outlook

• What impacts job creation in Shelby County?
  – Cost of unemployment insurance
2018 Business Outlook

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

• NO – little to no impact on creating jobs
2018 Business Outlook

• What impacts job creation in Shelby County?
  – Cost of workers comp
2018 Business Outlook

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

• NO – little to no impact on creating jobs
2018 Business Outlook

• What impacts job creation in Shelby County?
  – Taxes and fees
2018 Business Outlook

• What impacts job creation in Shelby County?
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2018 Business Outlook

- What impacts job creation in Shelby County?
  - Cost of benefits like health insurance
2018 Business Outlook

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

• NO – little to no impact on creating jobs
2018 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 effect job creation
2018 Business Outlook

• What impacts job creation in Shelby County?
  – Growth in sales / demand for your business or service
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
2018 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
  – Expectations are very high
  – Employment will increase
  – Profits will increase
  – Capital investment will increase – especially at the $1 million and above
  – Despite any regulatory or benefits cost, Shelby County business will create jobs when there is business to be done
Stephens College of Business

• World-class MBA program - in Pelham
  – Evenings courses with simulcast
  – Great value investment!

• Internships for students
  – Management, Marketing, Finance and Accounting majors