2019 Shelby County Business Outlook

Stephen H. Craft, Ph.D.
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2019 Business Outlook

• Macro – US
  – Government Shut Down
  – Gross Domestic Product / Growth
  – Lower Consumer Confidence
  – Trade Wars and Tariffs
  – Results of Tax Overhaul
  – US Federal Debt
  – Market Performance
  – Recession Fears
  – Employment

• Shelby County
  – Study findings
2019 Business Outlook

• What about Shelby County?
2019 Business Outlook

• Shelby County Study
  – Partnership between the Shelby County Chamber and the Stephens College of Business at the University of Montevallo
  – Data collected via online questionnaire
  – Received 232 responses from Shelby County Chamber and Affiliate Members
2019 Business Outlook

- Respondent employment
  - 17 = median number of employees among respondent
    - 64% respondents have less than 50 FTE
    - 10% respondents have 500 or more FTE
## 2019 Business Outlook

<table>
<thead>
<tr>
<th>SECTOR OF RESPONDENTS</th>
<th>2019 Business Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>4.3</td>
</tr>
<tr>
<td>Financial Services</td>
<td>11.7</td>
</tr>
<tr>
<td>Food Services</td>
<td>1.75</td>
</tr>
<tr>
<td>Government/Public Admin</td>
<td>7.8</td>
</tr>
<tr>
<td>Health Care</td>
<td>9.1</td>
</tr>
<tr>
<td>Hospitality / Tourism</td>
<td>6.9</td>
</tr>
<tr>
<td>Manufacturing / Industry</td>
<td>10.4</td>
</tr>
<tr>
<td>Nonprofit</td>
<td>7.4</td>
</tr>
<tr>
<td>Professional Services</td>
<td>16.5</td>
</tr>
<tr>
<td>Retail</td>
<td>6.1</td>
</tr>
<tr>
<td>Technology</td>
<td>3.5</td>
</tr>
<tr>
<td>Other</td>
<td>14.7</td>
</tr>
</tbody>
</table>
2019 Business Outlook

• Revenues in 2019
  – 87% of respondents expect revenue to increase
    • 92% in 2018
    • 82% in 2017
    • 79% in 2016
  – 5% of respondents expect revenue to shrink
    • 3% in 2018
    • 7.4% in 2017
    • 11% in 2016
2019 Business Outlook

• Expenses in 2019
  – 74% of respondent expect expenses to increase slightly or increase significantly
  – 8.25% of respondents expect expenses to increase significantly compared to 1% in 2018
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• Profit in 2019
  – 70% of respondents expect profits to increase slightly or significantly
    • 77% in 2018
    • 69% in 2017
  – 9% of respondents expect profits to decrease
    • 6.5% in 2018
2019 Business Outlook

• Debt in 2019
  – 80% of respondents expect debt to remain the same or decrease
    • 76% in 2018
    • 86% in 2017
  – Only 18% expect debt to increase
    • 24% in 2018
    • 14% in 2017
## 2019 Business Outlook

<table>
<thead>
<tr>
<th>Expected Capital Expenditures in 2017</th>
<th>Compared to 2018</th>
<th>Compared to 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,000,000 or more</td>
<td>14.71%</td>
<td>20.6%</td>
</tr>
<tr>
<td>$500,000 to $999,999</td>
<td>6.37%</td>
<td>6.03%</td>
</tr>
<tr>
<td>$250,000 to $499,999</td>
<td>7.84%</td>
<td>11.06%</td>
</tr>
<tr>
<td>$100,000 to $249,999</td>
<td>11.27%</td>
<td>13.07%</td>
</tr>
<tr>
<td>$10,000 to $99,999</td>
<td>26.47%</td>
<td>26.13%</td>
</tr>
<tr>
<td>Less than $10,000</td>
<td>16.67%</td>
<td>12.06%</td>
</tr>
<tr>
<td>None</td>
<td>16.67%</td>
<td>11.06%</td>
</tr>
</tbody>
</table>
2019 Business Outlook

• Employment in 2019
  – 52% of respondents expect full-time employment to increase slightly or significantly
    • 52% in 2018
    • 43% in 2017
  – Only 5.6% of respondents expect full-time employment to decrease
    • 3.5% in 2018
What impacts job creation in Shelby County?
   – Cost of unemployment insurance
What impacts job creation in Shelby County?
– Cost of unemployment insurance

NO – little to no impact on creating jobs
2019 Business Outlook

• What impacts job creation in Shelby County?
  – Cost of workers comp
2019 Business Outlook

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

• NO – little to no impact on creating jobs
2019 Business Outlook

• What impacts job creation in Shelby County?
  – Taxes and fees
2019 Business Outlook

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

• NO – little to no impact on creating jobs
2019 Business Outlook

• What impacts job creation in Shelby County?
  – Cost of benefits like health insurance
2019 Business Outlook

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

• NO – little to no impact on creating jobs
2019 Business Outlook

• What impacts job creation in Shelby County?
  – Difficulty in finding skills and experience you need
2019 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
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• What impacts job creation in Shelby County?
  – Growth in sales / demand for your business or service
2019 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
2019 Business Outlook

• New Question...
  – Shelby County economy is headed in the right direction
    • 90% agree or strongly agree
    • 2.25% disagree or strongly disagree

  – The US Economy is headed in the right direction
    • 70% agree or strongly agree
    • 6.5% disagree or strongly disagree
2019 Business Outlook

• SUMMARY for Shelby County
  – Expectations for revenue growth are down slightly
  – Slightly higher expectation for increasing expenses
  – Lower expectations for profits
  – Expect less capital expenditures in the $500 K and over and more in the $10K and less range
  – The overwhelming driver of job creation is growth in sales/demand and not costs or regulatory issues
  – Respondents have higher confidence in the Shelby County economy compared to the US economy
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