



UNIVERSITY *of*
MONTEVALLO

2020 Shelby County Business Outlook

Stephen H. Craft, Ph.D.
Dean – Stephens College of Business
University of Montevallo

2020 Business Outlook

- Macro
 - Economic Growth/GDP (2%)
 - Unemployment is low (3.7%)
 - Job Growth (down from 2018)
 - Trade Wars / Recession Fears
 - Federal budget deficit (up)
 - US Sovereign debt (up)

2020 Business Outlook

- Federal Budget Deficit
 - Years with the largest budget deficits:
 - As percent of the GDP = 1943
 - 26.9% of GDP or \$55 billion (WWII – defense spending tripled)
 - During recession (in dollars) = 2009
 - \$1,413 billion (bank bailout – great recession)
 - During expansion (in dollars) = 2019
 - \$1,092 billion budget deficit added \$1,314 billion in debt

2020 Business Outlook

- US Sovereign Debt
 - \$23.2 Trillion in Federal debt
 - World sovereign debt = \$66 Trillion
 - US accounts for 35% of all sovereign debt

2020 Business Outlook

- What about Shelby County?

2020 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 213 responses from Shelby County Chamber and Affiliate Members

2020 Business Outlook

- Respondent employment
 - 14 = median number of employees among respondent
 - 67% respondents have less than 50 FTE
 - 9.3% respondents have 500 or more FTE

2020 Business Outlook

SECTOR OF RESPONDENTS	
Education	4.3
Financial Services	12.8
Food Services	4.3
Government/Public Admin	8.1
Health Care	7.1
Hospitality / Tourism	5.2
Manufacturing / Industry	10.9
Nonprofit	11.4
Professional Services	17.1
Retail	4.3
Technology	4.7
Other	10.0

2020 Business Outlook

- Revenues in 2020
 - 87% of respondents expect revenue to increase
 - 87% in 2019, 92% in 2018
 - 82% in 2017, 79% in 2016
 - 5.2% of respondents expect revenue to shrink
 - 5% in 2019, 3% in 2018
 - 7.4% in 2017, 11% in 2016

2020 Business Outlook

- Expenses in 2020
 - 70% of respondent expect expenses to increase slightly or increase significantly
 - 7% of respondents expect expenses to decrease significantly

2020 Business Outlook

- Profit in 2020
 - 73.3% of respondents expect profits to increase slightly or significantly
 - 70% in 2019
 - 77% in 2018
 - 69% in 2017
 - 6.5% of respondents expect profits to decrease
 - 9% in 2019
 - 6.5% in 2018

2020 Business Outlook

- Debt in 2020
 - 85% of respondents expect debt to remain the same or decrease
 - 80% in 2019, 76% in 2018, 86% in 2017
 - Only 15% expect debt to increase
 - 18% in 2019, 24% in 2018, 14% in 2017

2020 Business Outlook

EXPECTED CAPITAL EXPENDITURES	2017	2018	2019	2020
\$1,000,000 or more	14.71%	20.6%	15.6%	19.3%
\$500,000 to \$999,999	6.37%	6.03%	4.74%	4.25%
\$250,000 to \$499,999	7.84%	11.06%	10.78%	8.0%
\$100,000 to \$249,999	11.27%	13.07%	12.5%	11.8%
\$10,000 to \$99,999	26.47%	26.13%	27.16%	26.0%
Less than \$10,000	16.67%	12.06%	17.67%	19.3%
None	16.67%	11.06%	11.21%	11.3%

2020 Business Outlook

- Employment in 2020
 - 52% of respondents expect full-time employment to increase slightly or significantly
 - 52% in 2019, 52% in 2018, 43% in 2017
 - Only 2.8% of respondents expect full-time employment to decrease
 - 5.6% in 2019, 3.5% in 2018

2019 Business Outlook

- 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
- NO – little to no impact on creating jobs

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

- 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
- YES – this is a challenge in Shelby County and does effect job creation

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

2020 Business Outlook

- Outlook...
 - Shelby County economy is headed in the right direction
 - 90% agree or strongly agree
 - 2.88% disagree or strongly disagree
 - The US Economy is headed in the right direction
 - 73.6% agree or strongly agree
 - 9.6% disagree or strongly disagree

2020 Business Outlook

- SUMMARY for Shelby County
 - Expectations for revenue growth are unchanged
 - Fewer respondents expect profits to decrease
 - Expect more capital expenditures in the \$1 Million and over range
 - The overwhelming driver of job creation is growth in sales/demand and not costs or regulatory issues
 - 90% of respondents are bullish on Shelby County
 - Expectations for the US economy have become more polarized with both confidence and uncertainty increasing