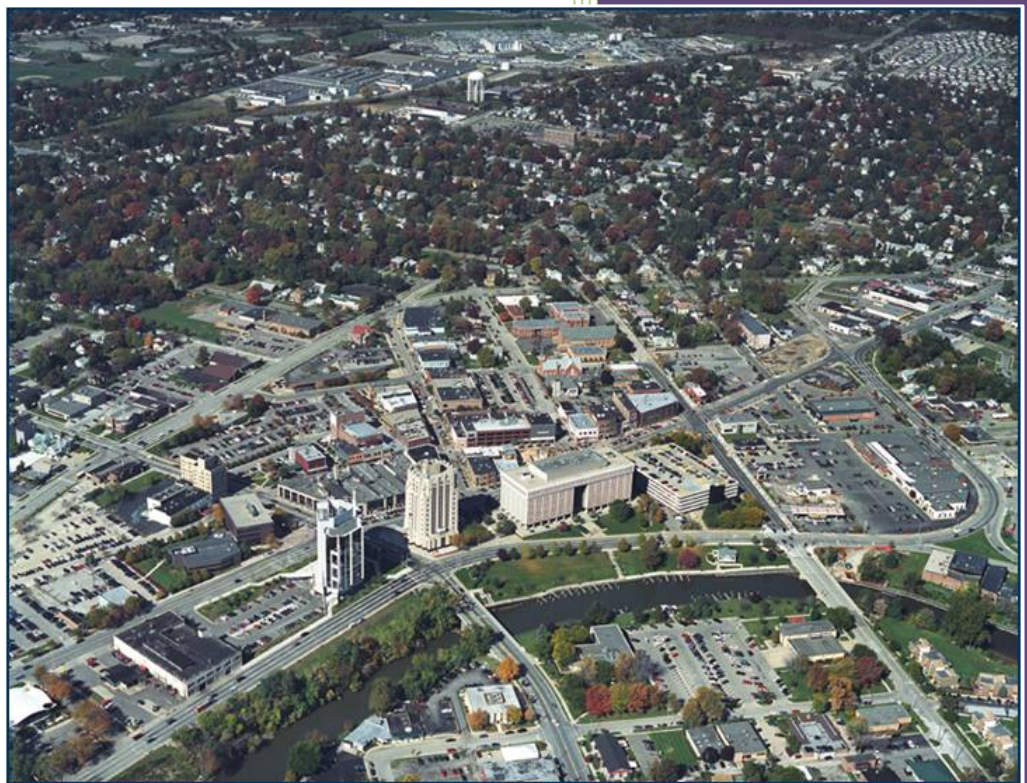


January 2012

# Macomb Business Climate Survey



Conducted and Compiled by

**Oakland University-Macomb**

In collaboration with

**The Macomb Chamber Alliance**

**Leadership Macomb**

**The Macomb County Department of Planning &  
Economic Development**

## **MACOMB BUSINESS CLIMATE SURVEY – JANUARY 2012**

### **Introduction**

We are pleased to have been asked to coordinate this fourth Business Climate Survey for Macomb County and we are grateful to the **Macomb Chamber Alliance, Leadership Macomb,** and the **County's Department of Planning and Economic Development** for their guidance and support at every step of this initiative.

The purpose of this project is to provide leaders and decision makers in both the public and private sectors with useful and reliable information about business conditions – information that can be used to guide future planning and policy development. The results of the survey can also be used to measure progress toward improving the business climate over the next several years and to assist in identifying opportunities for economic growth and development.

This study was conducted during the first three weeks of December 2011 using a web-based survey methodology. Invitations to participate in the survey were emailed to members of the chambers of commerce located in Macomb County as well as to recipients of the County's eBusiness newsletter. Current students and graduates of Leadership Macomb were also invited to participate. Adjusting for duplication, it is estimated that more than 3,000 separate business leaders living and working in Macomb County were invited to participate in the survey. Exactly 551 surveys were completed – the highest number of responses of the four surveys conducted.

The report that follows presents an analysis and interpretation of the responses along with some conclusions and recommendations. This year, we have placed a set of **“Fast Facts”** at the beginning of the report, so that the reader can view a quick summary of key findings. A summary of the responses for each survey question and a list of the verbatim responses and/or customized cross tabulations of the data can be obtained by contacting the authors.

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## **Macomb Business Climate Survey – January 2012**

### **Fast Facts**

More than 550 area business leaders replied to the Fourth Macomb County Business Climate Survey conducted by Oakland University – Macomb in cooperation with the Macomb Chamber Alliance, Leadership Macomb, and the County Department of Planning and Economic Development. The most significant finding was that the economic bottom has likely been reached for most private sector organizations and that business and employment conditions will continue to improve during 2012.

- Over 80% report that current business conditions are equal to or better than they were at this time last year; 40% report revenue growth and improved bottom lines compared to last year.
- Fully 50% believe that conditions for their particular business will be better by this time next year; 51% expect revenue growth, 47% expect an improved bottom line.
  - Manufacturing related firms express the greatest optimism.
  - Retail and Financial Services firms report above average optimism
  - Health and human service firms, however, are forecasting financial stress.
- Municipal and governmental organizations are the least optimistic with one-third reporting that conditions will worsen during 2012.
- About a third of respondents say they expect to add employees in 2012.
  - Majority of hiring will be new employees; few will return from layoff.
  - An increasing number of employers, especially in manufacturing, have vacancies they cannot fill.
  - Specialized technical skills are in shortest supply; unfilled positions requiring a college degree were mentioned least frequently.
- Average selling prices will begin to increase in 2012, although two-thirds say prices will remain unchanged. Less than 8% forecast selling price declines.
- Employee pay and benefits are likely to fare better in 2012.
  - While the majority of employers' project typical pay rates for employees will remain unchanged, nearly one-quarter believe wage rates will improve. Less than 4% project wage reductions for their workers in 2012.
  - Fringe benefits, on the other hand, are likely to remain the same for most employees, yet slightly more employers forecast benefit reductions as benefit improvements in 2012.
- Access to credit and business loans remains a top concern for area businesses. More than a third of businesses that rely on credit report that their borrowing needs were not fully satisfied. Only 11% believe credit conditions will improve in 2012.

- Just over 60% of respondents have no plans for major capital expenditures in 2012.
- Only 13% plan a new business location in 2012; less than 10% plan to relocate their business to a different community.
- There were few differences in business outlooks and expectations among similar size and types of businesses based on their geographic location within the county.
- Probably due to the concentration of manufacturing related firms, business leaders located in the southern portion of the county are more optimistic about business conditions as well as sales, profits and employment growth during 2012.
- Optimism is also somewhat stronger among smaller and younger firms.

### **The Importance of Second Stage Companies**

The Michigan Small Business and Technology Development Center defines a “Second Stage” company as one in a growth mode that has between 9-99 employees and \$750,000 or more in sales. These companies are typically the “job generators” in a local economy and that is clearly the case in Macomb County. The following table demonstrates the greater economic vibrancy of the organizations represented by respondents who identified themselves with second stage companies. Second Stage companies must be a central focus of the County’s ongoing economic development initiatives.

Survey Question	Second Stage Company?	
	YES	NO
General business conditions are better than a year ago	46.7%	38.3%
Conditions are better for your particular business	54.1%	38.3%
Sales/Revenue is higher than same quarter a year ago	47.9%	38.0%
Selling prices will be higher a year from now	32.6%	23.1%
The bottom line has increased compared to a year ago	47.9%	35.3%
The bottom line will be higher a year from now	52.8%	44.3%
The number of employees has increased compared to last year	44.5%	18.35
The number of employees will increase by this time next year	41.0%	25.3%
Are there vacant positions you are unable to fill	32.1%	16.3%
Will pay rates for your employees increase by next year	30.9%	19.2%
Were you able to fully satisfy your borrowing needs	47.4%	32.4%
Planning a major capital expenditure	46.6%	34.8%

## Findings and Forecasts

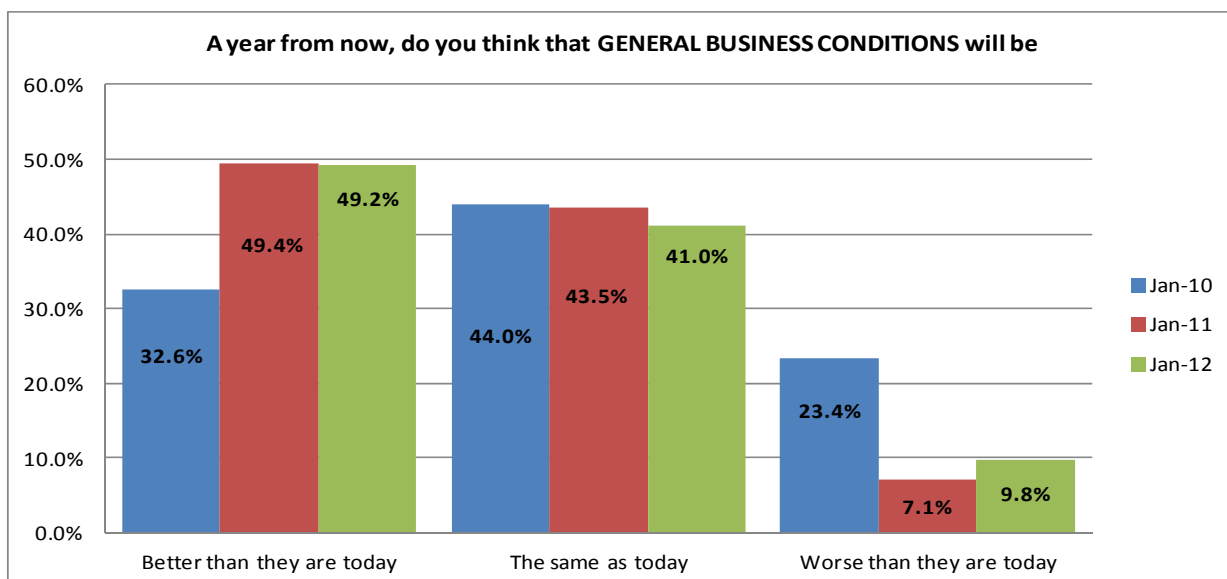
### A Word About Forecasting Reliability

Based on the results of prior surveys, it appears that individuals who respond to the survey are quite accurate in their forecasts, especially when making predictions for their particular business. For example, participants in the first Business Climate Survey in December of 2009 were asked to project the expected change over the next six months in levels of employment, rates of pay, fringe benefits, and their “bottom line.” Participants in the second survey six months later were asked about their actual experience in these same four categories during the prior six months. Rarely did the reported experiences deviate from the initial forecast by more than a couple of percentage points. Since that pattern has continued in subsequent surveys, there is reason to believe that the forecasts contained in this report are fairly reliable predictors of future business trends in Macomb County

### Macomb County Business Forecast for 2012

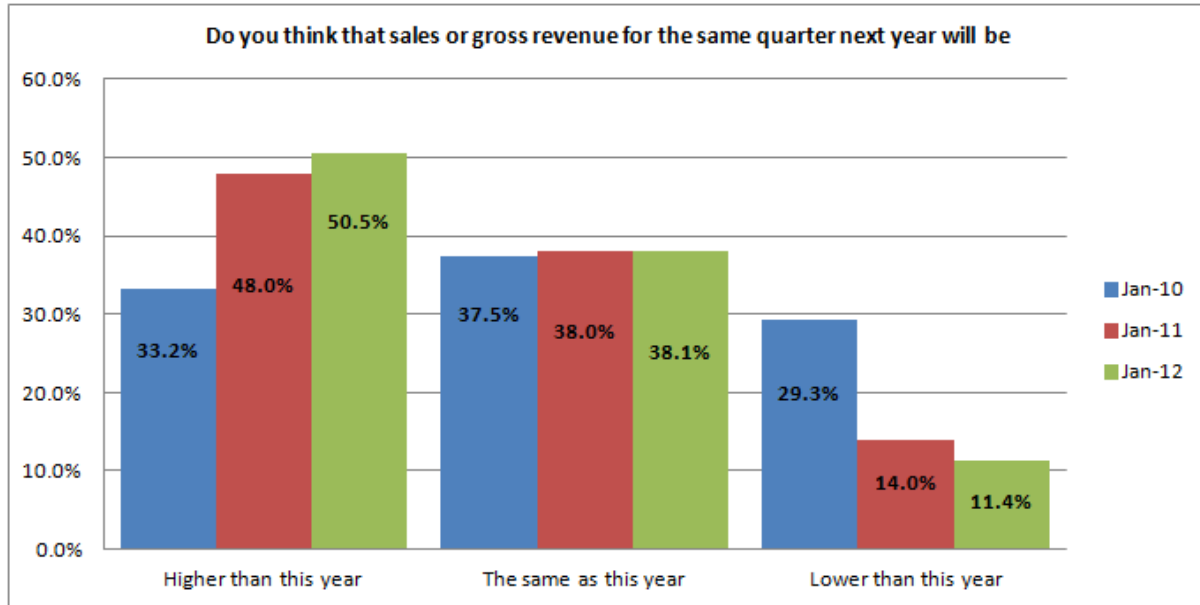
#### Business Optimism Remains Strong

As the chart below indicates, business optimism improved considerably between January 2010 and January 2011, and that level of optimism continues into 2012. Nearly half (49.2%) of the respondents to the current survey believed that general business conditions will improve during the coming year. That compares to a similar percentage (49.4%) last year. Maybe more importantly, while nearly a quarter (23.4%) of respondents in 2010 believed that business conditions would worsen, less than 10% think so today. That is a slight uptick from last year’s results, driven in part by above average pessimism among municipal and governmental respondents. But the good news is that 90% of Macomb County business leaders believe the worst is over, and more than half of that group thinks that business conditions will get better during 2012.



### **Sales Growth Has Been Uneven, but Forecast Optimistic**

Even though business leaders reported mixed results on how their sales or gross revenue for the current quarter compared to the same quarter last year, some improvement was noted. This year 41.4% reported increased sales versus 36.8% last year. Still, just over one in five (21.4%) reported sales or revenue decline. But 2012 is projected to be an improvement over 2011 with over half (50.5%) believing that their sales or gross revenue will be higher in the same quarter next year while only 11.4% are projecting a decline. This is further evidence that the bottom has been reached for most County organizations.



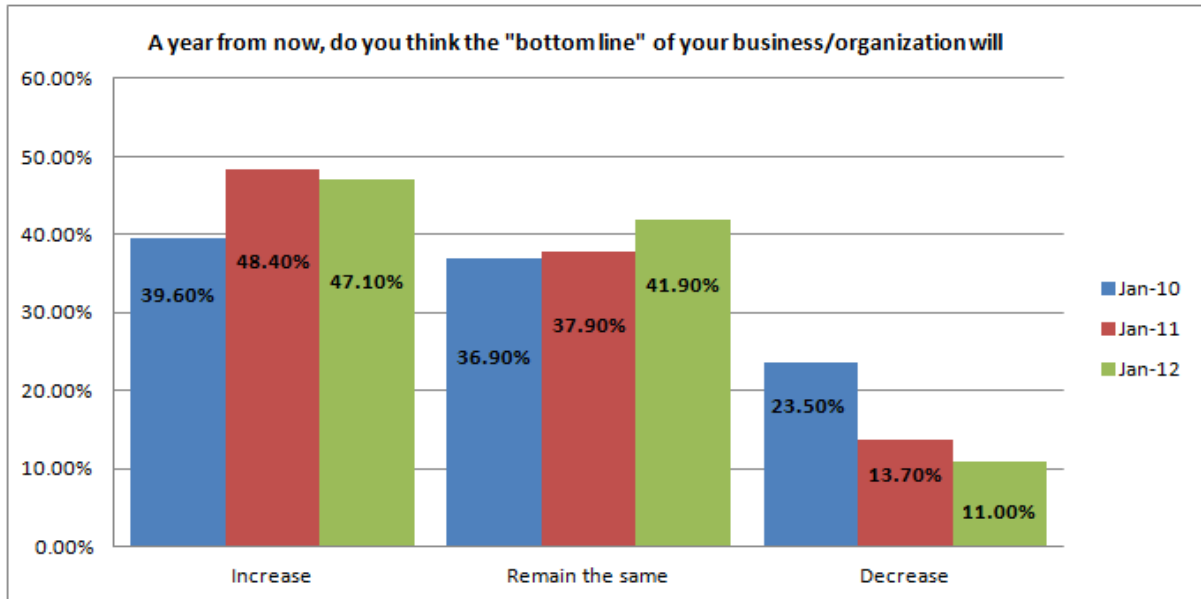
### **Selling Prices Will Begin to Edge Up in 2012**

Even though nearly two-thirds of respondents indicated selling prices for their products and services would remain stable in 2012, just over a quarter (26.7%) projected price increases. This is the highest percentage of forecasted price increase of any of the four surveys conducted to date. Similarly, the 7.8% forecasted selling price decline is the lowest among the four surveys. Improving economic conditions seem to be allowing some opportunity for higher prices, which in turn could drive increased profitability and the beginning of price inflation.

### **The “Bottom Line” Will Continue to Improve in 2012**

Almost 40% of respondents to this year’s survey reported an increase in their bottom line over the previous year compared to just 30.3% of the respondents in the prior survey. Still, not everyone is benefiting with just over one in five reporting a decline in their “bottom line.” But consistent with their optimism for improving business conditions, nearly half (47.0%) believe their “bottom line” will be higher a year from now. Equally important, the percentage of respondents expecting their “bottom line” to decline over the next year continues to drop – from

23.5% in January of 2010 to 13.7% in January of 2011 to just 11.0% today. Again, the worst appears to be over. (See chart below)



### **Employment Growth Will Be Modest and Current Workers are Staying Put**

Despite growing optimism, improving sales, and improving bottom lines, business leaders remain cautious about hiring. Forecasts for hiring in 2012 remain about the same as they were for 2011. Still, nearly one-third of respondents said they would be hiring additional employees in the coming year. Just over one-half (52.3%) see employment levels remaining stable. The best news may be that only 7.4% believe that their employment will decline in 2012, which is down from 10.5% last year and 14.9% the year before. There is considerable variation in employment forecasts by industry type, with private sector projecting growth while public sector expects continuing declines.

There were four other significant survey findings related to employment:

- Almost all hiring will involve new employees rather than recalling employees from layoff. Less than 6% of respondents that project hiring said they would be recalling employees from layoff. The pool of laid off workers may finally be exhausted.
- Businesses related to manufacturing were the most likely to forecast the need to hire new employees. Just over half (52.0%) of the manufacturing firms projected increased hiring in 2012 compared to just 30.6% overall. Health care and human services firms placed second with 33.3% projecting the need to hire in 2012.
- The workforce at most businesses is becoming more stable as workers seem to be holding on to the jobs they have. Just 4.8% of respondents indicated that turnover was increasing compared to 8.6% in last year's survey.

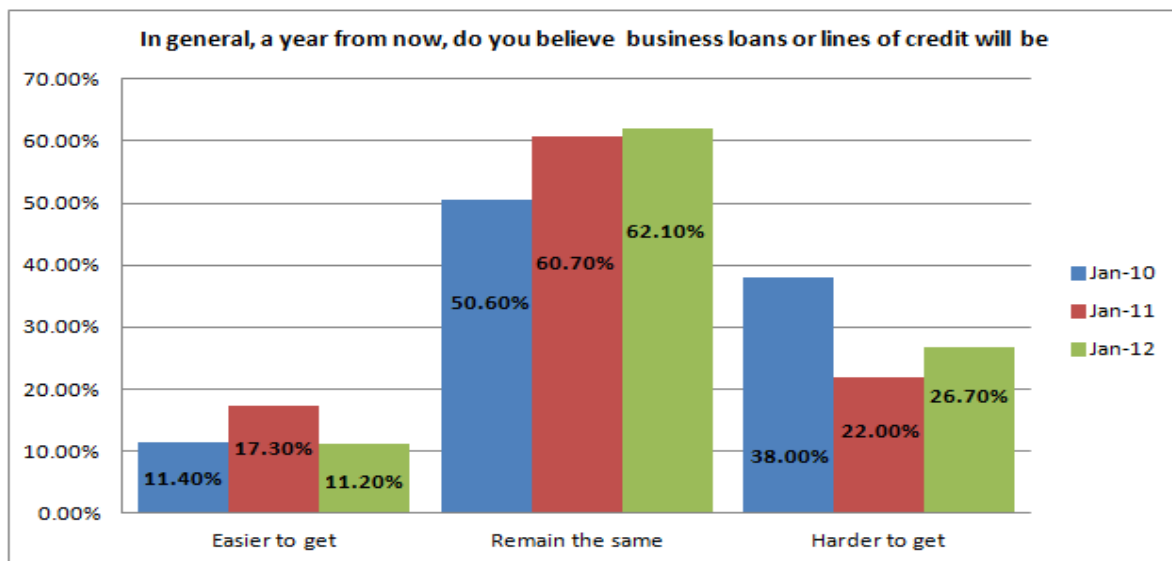
- While the majority of employers (78.3%) said they did not have any job openings that they were unable to fill, that percentage is declining. Unlike the past two surveys where sales positions were mentioned most frequently as job openings that were difficult to fill, the shortage of skilled technical workers now takes the top position. Consistent with their above average revenue growth, manufacturing firms are experiencing the greatest difficulty filling vacant positions.

### **Pay Rates are Beginning to Improve, Benefit Packages are Not.**

Nearly one-quarter of respondents (23.3%) said that their typical rates of pay for their employees would be higher in the coming year compared to just 13.2% that felt that way a year ago. At the same time, just 8.5% felt fringe benefit packages would improve in 2012 compared to 6.8% reporting last year. The good news for workers may be that pay reductions are essentially over as just 3.2% of respondents said that the typical rates of pay would be lower a year from today. At the same time, workers' costs for fringe benefits may be going up or they may be receiving reduced benefits for the same contribution. Just over a third (35.4%) projected that fringe benefits would remain the same for their employees.







### **Access to Business Loans and Lines of Credit Remains a Concern**

Only 8.5% of respondents believed that access to business loans or lines of credit were easier today than a year ago, while 43.2% felt it was more difficult. That was essentially unchanged from the responses a year ago. Asked how they felt credit conditions would be a year from today, about 6 in 10 (62.1%) believed things would remain the same and 26.7% felt credit conditions would become even more difficult. About one in six (15.1%) of respondents said they were unable to satisfy their borrowing needs. That is equivalent to just under a third of all businesses that reported the need to borrow. Access to credit remains a real concern for many Macomb County businesses.



### **Capital Expenditures Will Be Limited**

Similar to last year, just over 60% of the respondents indicated that they had no plans to make major capital expenditures in the coming year. Of those that did plan to make capital investments, replacing existing equipment ranked first (16.9%) followed by renovating existing facilities (11.1%) and major technology investments (9.6%). The chart below gives a more complete picture of plans for capital spending by Macomb County Businesses.

		Response Percent	Response Count
NO major capital expenditures are planned		61.2%	325
YES - acquisition of new facilities		9.2%	49
YES - expansion of existing facilities		6.4%	34
YES - renovation of existing facilities		11.1%	59
YES - replacement of existing equipment		16.9%	90
YES - major technology investment		9.6%	51
answered question			531
skipped question			20

### **Does Geographic Location Matter? Only a Little**

A question was added to this year's survey asking respondents to identify their primary work location. Four broad geographic "bands" were identified running east/west across Macomb County as well as a reply for those working outside of the county. All geographic areas of the County are represented in this survey. The goal in adding this question was to determine if geographic location would make a difference in replies to other questions on the survey. The short answer is that location didn't make a significant difference in most cases. The following are some observations of noteworthy, yet not statistically significant geographic differences.

Manufacturing firms tended to be located south of Metro Parkway, while legal, accounting and professional services were more frequently located across central Macomb County. Health and human services tended to be located more north of Metro Parkway, while respondents from retail establishments and business service firms tended to be north of 22 Mile Road.

Large employers are clustered more in the southern third of the county, while smaller firms are more equally distributed north and south. As might be expected, more mature businesses are located in the southern portion of the county, with newer firms clustered toward the north.

Optimism is more apparent among southern county respondents, but that correlates with higher levels of optimism among the manufacturing related firms that are more prominent in the southern county. The respondents located between I-696 and Metro Parkway were the only ones averaging below 50% in their belief that conditions for their particular business would be better a year from now (44.8% compared to 50.7% overall). Respondents located north of 22 Mile Road reported the best average improvement in their “bottom line.”

Finally, and once again influenced by the concentration of respondents from manufacturing related firms, employment growth during the past year, forecasted employment growth for 2012, and difficulty in finding skilled applicants were all reported higher across the southern tiers of Macomb County than in other locations.

## Cross-tabulation Analysis

Since all survey respondents were asked to provide basic business demographic information, replies could be cross-tabulated by business categories, number of employees, company maturity, and geographic location. The following charts depict some noteworthy differences based on the above referenced demographic clusters.

### Cross-Tabulations Based on Business Categories

Five predominant business categories were selected for cross-tabulation analysis. Manufacturing firms reported the greatest improvement in business conditions compared to last year, while municipalities reported the greatest decline.

	Manufacturing, Assembly, Prototyping & Machining	Retail, Wholesale, Warehousing & Distribution	Health Care, Social Assistance & Human Services	Banking, Insurance, Investment & Financial Services	Municipal & Governmental Services	Response Totals
Better than they were?	67.3% (66)	43.2% (19)	38.5% (15)	42.9% (24)	15.0% (6)	46.9% (130)
About the same as they were?	23.5% (23)	45.5% (20)	41.0% (16)	48.2% (27)	50.0% (20)	38.3% (106)
Worse than they were?	9.2% (9)	11.4% (5)	20.5% (8)	8.9% (5)	35.0% (14)	14.8% (41)
answered question	98	44	39	56	40	277

**Retail/wholesale businesses and financial services firms were the most optimistic about business conditions for 2012.**

	Manufacturing, Assembly, Prototyping & Machining	Retail, Wholesale, Warehousing & Distribution	Health Care, Social Assistance & Human Services	Banking, Insurance, Investment & Financial Services	Municipal & Governmental Services	Response Totals
Better than they are today?	46.9% (45)	58.1% (25)	47.5% (19)	53.6% (30)	22.5% (9)	46.5% (128)
About the same as today?	45.8% (44)	37.2% (16)	40.0% (16)	41.1% (23)	40.0% (16)	41.8% (115)
Worse than they are today?	7.3% (7)	4.7% (2)	12.5% (5)	5.4% (3)	37.5% (15)	11.6% (32)
answered question	96	43	40	56	40	275

### Cross-Tabulations Based on Business Categories

**Increases in selling prices/fees in 2012 were most frequently reported by retail/wholesale businesses. Price/fee decreases are least likely to occur in financial services firms.**

	Manufacturing, Assembly, Prototyping & Machining	Retail, Wholesale, Warehousing & Distribution	Health Care, Social Assistance & Human Services	Banking, Insurance, Investment & Financial Services	Municipal & Governmental Services	Response Totals
Higher than they are today?	27.8% (27)	43.2% (19)	17.9% (7)	32.7% (18)	16.7% (5)	28.7% (76)
About the same as they are today?	62.9% (61)	52.3% (23)	69.2% (27)	65.5% (36)	73.3% (22)	63.8% (169)
Lower than they are today?	9.3% (9)	4.5% (2)	12.8% (5)	1.8% (1)	10.0% (3)	7.5% (20)
answered question	97	44	39	55	30	265

**The “bottom line” is likely to improve during 2012 for most private sector companies, while the governmental sector continues to report further erosion.**

	Manufacturing, Assembly, Prototyping & Machining	Retail, Wholesale, Warehousing & Distribution	Health Care, Social Assistance & Human Services	Banking, Insurance, Investment & Financial Services	Municipal & Governmental Services	Response Totals
Increase?	53.1% (52)	41.9% (18)	48.6% (18)	64.8% (35)	11.1% (4)	47.4% (127)
Remain about the same?	36.7% (36)	48.8% (21)	43.2% (16)	29.6% (16)	52.8% (19)	40.3% (108)
Decrease?	10.2% (10)	9.3% (4)	8.1% (3)	5.6% (3)	36.1% (13)	12.3% (33)
answered question	98	43	37	54	36	268

### Cross-Tabulations Based on Business Categories

**Increases in employment levels during 2011 were reported most frequently in the manufacturing-related sector.**

	Manufacturing, Assembly, Prototyping & Machining	Retail, Wholesale, Warehousing & Distribution	Health Care, Social Assistance & Human Services	Banking, Insurance, Investment & Financial Services	Municipal & Governmental Services	Response Totals
Increase?	52.0% (51)	30.2% (13)	29.7% (11)	14.8% (8)	5.0% (2)	31.3% (85)
Remain about the same?	35.7% (35)	46.5% (20)	43.2% (16)	53.7% (29)	45.0% (18)	43.4% (118)
Decrease?	12.2% (12)	7.0% (3)	16.2% (6)	18.5% (10)	47.5% (19)	18.4% (50)
Sole proprietor/home business	0.0% (0)	16.3% (7)	10.8% (4)	13.0% (7)	2.5% (1)	7.0% (19)
answered question	98	43	37	54	40	272

**Employment is most likely to increase in manufacturing-related sectors during 2012, while nearly one-third of public sector organizations forecast continued decreases in the number of employees.**

	Manufacturing, Assembly, Prototyping & Machining	Retail, Wholesale, Warehousing & Distribution	Health Care, Social Assistance & Human Services	Banking, Insurance, Investment & Financial Services	Municipal & Governmental Services	Response Totals
Increase?	52.0% (51)	22.7% (10)	33.3% (13)	25.9% (14)	10.0% (4)	33.5% (92)
Remain about the same?	41.8% (41)	54.5% (24)	56.4% (22)	59.3% (32)	57.5% (23)	51.6% (142)
Decrease?	6.1% (6)	6.8% (3)	0.0% (0)	3.7% (2)	30.0% (12)	8.4% (23)
Sole proprietor/home business	0.0% (0)	15.9% (7)	10.3% (4)	11.1% (6)	2.5% (1)	6.5% (18)
answered question	98	44	39	54	40	275

### Cross-Tabulations Based on Number of Employees

**Mid-sized firms reported the best improvement in conditions for their particular businesses compared to a year ago. The poorer results for large employers were likely influenced by the public sector organizations reporting in that category.**

	Including yourself, how many employees (both full and part-time) does your business have during its busiest season?					Response Totals
	Less than 10	10-50	51-100	101-500	Greater than 500	
Better than they were?	37.2% (58)	44.9% (71)	64.8% (35)	44.6% (25)	32.6% (15)	43.4% (204)
About the same as they were?	44.2% (69)	38.0% (60)	25.9% (14)	37.5% (21)	32.6% (15)	38.1% (179)
Worse than they were?	18.6% (29)	17.1% (27)	9.3% (5)	17.9% (10)	34.8% (16)	18.5% (87)
answered question	156	158	54	56	46	470

**Small and mid-sized firms are the most optimistic about how conditions for their particular businesses will change during 2012. Again, projections from public sector organizations may be dragging down the forecasts for large employers.**

	Including yourself, how many employees (both full and part-time) does your business have during its busiest season?					Response Totals
	Less than 10	10-50	51-100	101-500	Greater than 500	
Better than they are today?	54.8% (86)	46.8% (73)	58.5% (31)	41.8% (23)	32.6% (15)	48.8% (228)
About the same as today?	36.3% (57)	41.7% (65)	34.0% (18)	43.6% (24)	34.8% (16)	38.5% (180)
Worse than they are today?	8.9% (14)	11.5% (18)	7.5% (4)	14.5% (8)	32.6% (15)	12.6% (59)
answered question	157	156	53	55	46	467

### Cross-Tabulations Based on Number of Employees

Plans for increasing selling prices or fees in the coming year do not seem to vary significantly based on the employment size of the business.

	Including yourself, how many employees (both full and part-time) does your business have during its busiest season?					Response Totals
	Less than 10	10-50	51-100	101-500	Greater than 500	
Higher than they are today?	29.2% (45)	25.2% (39)	31.9% (15)	21.2% (11)	28.9% (13)	27.2% (123)
About the same as they are today?	62.3% (96)	65.2% (101)	66.0% (31)	71.2% (37)	64.4% (29)	64.9% (294)
Lower than they are today?	8.4% (13)	9.7% (15)	2.1% (1)	7.7% (4)	6.7% (3)	7.9% (36)
answered question	154	155	47	52	45	453

Smaller and mid-sized businesses are more likely to add employees during 2012, confirming that these companies are the “job generators” in today’s economy.

	Including yourself, how many employees (both full and part-time) does your business have during its busiest season?					Response Totals
	Less than 10	10-50	51-100	101-500	Greater than 500	
Increase?	33.5% (52)	31.0% (49)	37.7% (20)	43.9% (25)	25.0% (11)	33.6% (157)
Remain about the same?	61.9% (96)	62.7% (99)	54.7% (29)	43.9% (25)	45.5% (20)	57.6% (269)
Decrease?	3.9% (6)	6.3% (10)	7.5% (4)	12.3% (7)	29.5% (13)	8.6% (40)
Sole proprietor/home business	0.6% (1)	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	0.2% (1)

### Cross-Tabulations Based on Business Maturity

**Younger businesses are far more optimistic about the prospects for their particular business in the coming year.**

	How long has your business been in existence?					Response Totals
	Less than two years	2-5 years	6-10 years	11-20 years	More than 20 years	
Better than they are today?	75.6% (31)	62.7% (32)	52.7% (29)	58.2% (39)	43.6% (142)	50.6% (273)
About the same as today?	22.0% (9)	33.3% (17)	34.5% (19)	38.8% (26)	42.0% (137)	38.5% (208)
Worse than they are today?	2.4% (1)	3.9% (2)	12.7% (7)	3.0% (2)	14.4% (47)	10.9% (59)
answered question	41	51	55	67	326	540

**Younger businesses are also more likely to project the need to add employees during the coming year.**

	How long has your business been in existence?					Response Totals
	Less than two years	2-5 years	6-10 years	11-20 years	More than 20 years	
Increase?	45.0% (18)	37.7% (20)	32.1% (18)	26.9% (18)	27.8% (90)	30.4% (164)
Remain about the same?	22.5% (9)	39.6% (21)	37.5% (21)	56.7% (38)	60.2% (195)	52.6% (284)
Decrease?	2.5% (1)	3.8% (2)	5.4% (3)	3.0% (2)	9.6% (31)	7.2% (39)
Sole proprietor/home business	30.0% (12)	18.9% (10)	25.0% (14)	13.4% (9)	2.5% (8)	9.8% (53)
answered question	40	53	56	67	324	540

### **Cross-Tabulation Based on Geographic Location**

A new question was added to this year's survey asking respondents to indicate their primary work location. Cross-tabulating this question with other responses allowed the investigators to determine if geographic location would produce significant differences in business conditions and forecasts. The results showed that the geographic location of the respondent did not produce significant differences on their past performance or future outlook. The following tabulation demonstrates the relative similarity of responses.

A year from now, do you think that conditions for YOUR PARTICULAR BUSINESS will be						
	In Macomb County South of I-696	In Macomb County Between I-696 and Metro Parkway	In Macomb County Between Metro Parkway and 22 Mile Road	In Macomb County North of 22 Mile Road	Outside of Macomb County	Response Totals
Better than they are today?	52.0% (26)	44.8% (47)	51.9% (110)	51.9% (54)	53.6% (37)	50.7% (274)
About the same as today?	44.0% (22)	43.8% (46)	34.9% (74)	37.5% (39)	37.7% (26)	38.3% (207)
Worse than they are today?	4.0% (2)	11.4% (12)	13.2% (28)	10.6% (11)	8.7% (6)	10.9% (59)
answered question	50	105	212	104	69	540
	skipped question					7

### **About the Respondents**

#### **A Few Words About Who Took This Survey**

The results for the January 2012 Macomb Business Climate Survey were compiled from the responses of 551 Businesses. The demographics of the organizations responding to this survey are representative of the diverse Macomb area economy. As such, because of the size of the pool of respondents and their composition the conclusions drawn from the data are credible. Selected characteristics of the respondents' organizations are illustrated in the three tables that follow.

## Summary of respondents by business category

**The U.S. Census Bureau groups and reports on businesses by various categories. Please identify the category below that best describes your primary business activity (choose only one).**

Answer Options	Response Percent	Response Count
Manufacturing, Assembly, Prototyping & Machining	18.6%	102
Construction, Remodeling, Landscaping & Restoration	4.0%	22
Retail, Wholesale, Warehousing & Distribution	8.9%	49
Legal, Accounting, Scientific & Technical Services	5.8%	32
Health Care, Social Assistance & Human Services	8.4%	46
Business Services, e.g. Marketing, Temporary Help, Janitorial	8.0%	44
Personal Care, Repair & Home Services	2.6%	14
Banking, Insurance, Investment & Financial Services	10.6%	58
Information Technology & Telecommunications	2.9%	16
Real Estate, Rental, Housing & Storage	3.1%	17
Education & Training Services	6.6%	36
Arts, Entertainment, Recreation and Tourism	2.2%	12
Accommodations, Restaurant & Food Service	2.0%	11
Municipal & Governmental Services	7.8%	43
Non-Profit, Community Groups, Churches	6.4%	35
Utilities - Gas, Electric, Phone Cable	0.7%	4
Other (please specify)	1.1%	6
<i>answered question</i>		<b>549</b>
<i>skipped question</i>		<b>2</b>

## Summary of respondents by business size based on employment

Including yourself, how many employees (both full and part-time) does your business have during its busiest season?	Response Percent	Response Count
Sole proprietor or home business	 13.7%	75
Less than 10	 28.6%	157
10-50	 29.0%	159
51-100	 9.8%	54
101-500	 10.6%	58
Greater than 500	 8.4%	46
<i>answered question</i>		<b>549</b>
<i>skipped question</i>		<b>2</b>

## Summary of respondents by length of time in business

How long has your business been in existence?		Response Percent	Response Count
Less than two years		7.5%	41
2-5 years		9.7%	53
6-10 years		10.2%	56
11-20 years		12.2%	67
More than 20 years		60.3%	330
		answered question	547
		skipped question	4

## Summary and Recommendations

The 551 responses to the fourth Macomb County Business Climate survey demonstrate that, for most private sector firms, optimism about business conditions continues to grow, sales and profits are expected to improve, employment is likely to move up slowly, wages and benefits are likely to remain stable, employees will be asked to assume more benefit costs, limited capital investments are being planned, and access to credit is still a concern. At the same time, most public sector organizations are bracing for declines across the board. Although tending toward optimism, the unevenness of these forecasts and expectations is a cause for continued economic concern within the County. In key sectors such as manufacturing and financial services, the recovery is more apparent. The revenue declines facing public sector will be unprecedented. As a result, the County must continue to place a high priority on economic development and business support initiatives, even if they are at the expense of other discretionary services.

### Findings and Recommendations

- In past surveys, Defense, Health Care, Advanced Manufacturing, and Information Technology were perceived to offer the best opportunities for economic revitalization within the County and the region. These should remain “Target Industries” for the County’s economic development efforts.
- There is evidence that “second stage” companies do in fact experience better sales and employment growth than other firms. More attention should be given to identifying and nurturing the expansion needs of these companies.

- The resurgence in manufacturing-related companies is producing a shortage of job applicants with specialized technical skills. County leaders should launch a “skills initiative” to help local firms resolve this shortage before it becomes a barrier to business development.
- Prior climate surveys have shown that Macomb businesses have a definite preference for buying locally, with nearly 80% saying they give that special consideration. Collaborative public-private initiatives should be explored that could help to retain and enhance local purchasing preferences.
- The County, in cooperation with local communities, should reexamine and reaffirm its target industry programs in order to achieve a greater “alignment of purpose” for economic development and revitalization initiatives.
- While continuing the “hunt” for emerging industries and employers, policy leaders should more warmly embrace the concept of “economic gardening” being advocated by the Small Business Association of Michigan (SBAM). Helping grow the businesses already located in the County is likely to have a greater long-term payoff.
- The unmet borrowing needs of County businesses have to be addressed. The recent closure of five area community banks does not bode well for local lending, especially for smaller and newer firms.
- Some local business leaders are projecting an increase in hiring, so unemployment levels are likely to begin coming down in 2012. Programs and benefits to assist the unemployed, however, will remain an essential component for maintaining the County’s economic and housing stability.
- Small and mid-sized firms may not have the capacity to interpret the business implications of the numerous federal regulations and programs being legislated. County government, in collaboration with the region’s professional service firms, should provide an ongoing series of seminars and workshops to help business leaders better understand the impact of these changes.
- The reorganization of County government under the leadership of the first County Executive is giving economic development and business advocacy a high priority within its new structure. The emphasis on Macomb’s “Blue Economy” provides a fresh opportunity for business development.
- Macomb County must identify its “economic uniqueness” within the region and then stake a claim to specific related industries and develop collaborative centers of excellence to support their growth and development.

**Reminder**

A summary of the responses for each survey question and a list of the verbatim responses and/or customized cross-tabulations of the data can be obtained by contacting the authors at 586-263-6242.