

**SMC Business Councils**  
Government Relations

**Survey of Small Business Leaders**  
**State Issues**

February 2010

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**Summary of Findings**

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The purpose of the survey is to assess where small businesses stand after they have withstood an epic downturn and to determine what they require to grow and create the jobs needed to put Pennsylvanians back to work.

The survey reports data collected from business owners who are members of SMC Business Councils a business association in south western and central Pennsylvania representing service, manufacturing and commercial enterprises. Survey respondents are 23% self-employed, 50% have 2-20 employees and 27% have more than 20 employees.

The following pages report responses to the questions that were asked. Common themes that were expressed in answer to the open ended questions are summarized and presented in the form of a bullet list. Quantifiable responses are summarized below and shown in graph form on the last four pages.

**Top Business Challenges**

When asked to identify the challenges that have most severely impacted their businesses, the number one concern among Pennsylvania small businesses leaders is health care costs (71%) followed by adverse economic conditions (45%), business taxation (43%), personal taxation (42%), compliance with government regulations (29%), cash flow (25%), energy costs (22%), cost of labor (21%) lack of access to capital (19%) and lack of qualified workers (13%).

**Economic Outlook 2010**

**Labor Force**

23% of small businesses expect to grow their workforce moderately while 67% will stay the same and 8% will lay off employees.

**Revenue**

37% of small business owners expect revenue to grow moderately while 33% expect revenue to stay the same and 22% expect revenue to decrease moderately.

**Profits**

29% of small business owners expect profits will grow moderately, 29% expect profits to stay the same and 31% will decrease moderately.

**Capital Acquisitions**

13% of small business owners will make capital acquisition, 56% will not and 31% are undecided.

**For more information contact:**

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**What are your other top business challenges?**

**Lack of Confidence in the Economy**

This was cited in numerous ways and was indicated in several issue categories. It results in nervousness and unwillingness on the part of businesses and their customers to make long-term commitments to hiring, and capital investments.

**The State is Not Business Friendly**

This is a common perception manifested in numerous comments.

Specific comments include:

- Slow response time by state agencies
- An unfavorable attitude towards manufacturers.
- Difficulty in navigating government forms and websites to procure information
- Difficulty in keeping up with new state programs for business

**International Challenges**

These are addressed at the federal level but state support for exporting is appropriate.

Challenges cited:

- Currency manipulation
- Difficulty in servicing international clients
- Falling US dollar
- Foreign competition
- Enforcement of fair US trade laws

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**What comments do you have on ways to improve the business climate?**

Protect American manufacturers

- Enforce existing fair trade laws

Unemployment Compensation

- Provide commonsense Unemployment Compensation regulation.
- Invest in training programs in exchange for Unemployment Compensation benefits to improve quality of workers available.

Contracts

- Award a portion of local contracts to local contractors.
- Stop awarding no-bid contracts exclusively to large national and international companies.

Ease of Doing Business

- Provide a one-stop source for business information on taxes, permits and regulations.

Tort Reform

- Protection from lawsuit abuse is needed

Regulations

- Regulation should be sensible
- Curtail proliferation of unnecessary regulatory reporting

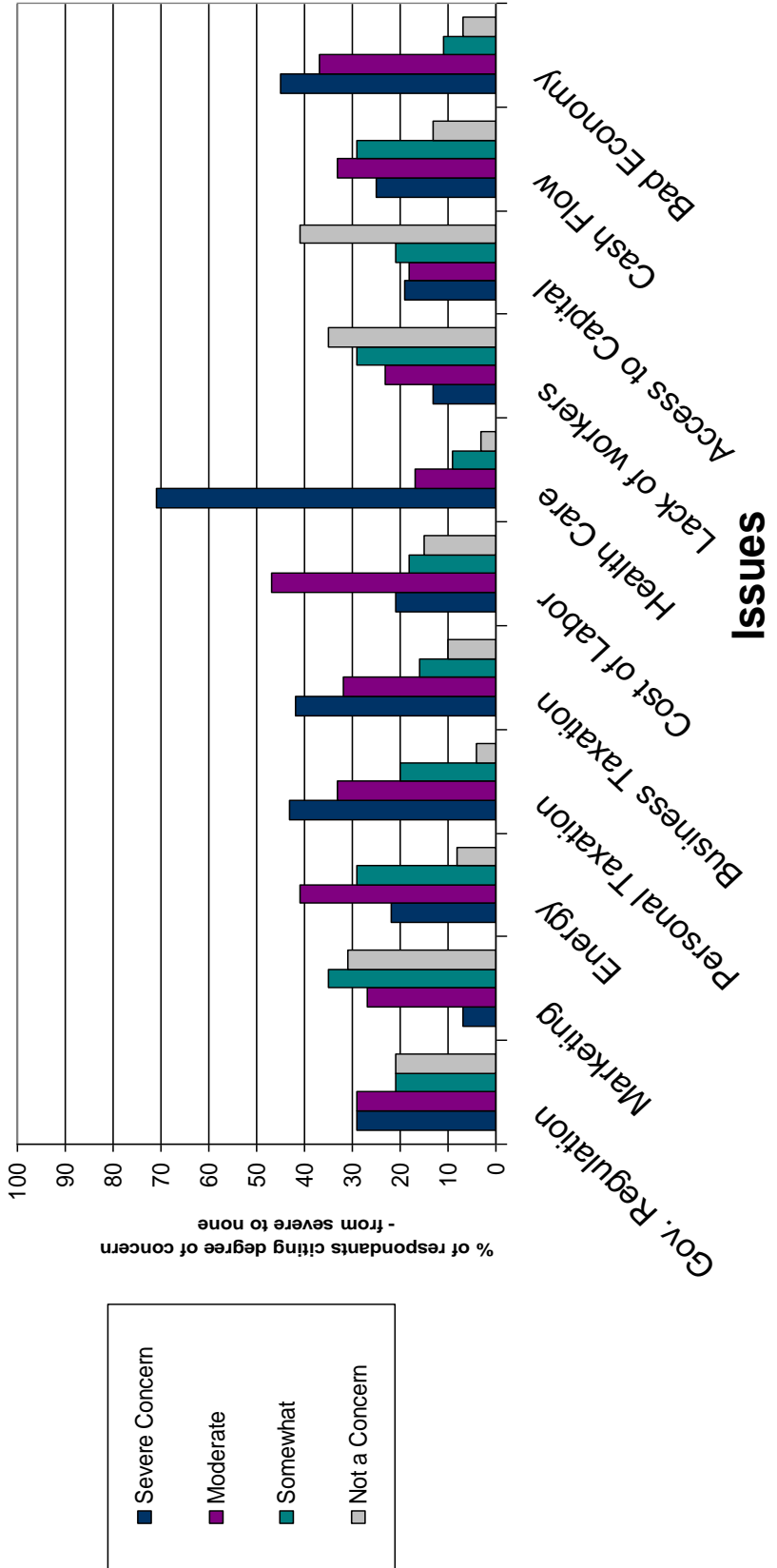
Taxation

- Tax policy – cuts and credits – to encourage business investment and hiring

Regional networking so business leaders can share common concerns

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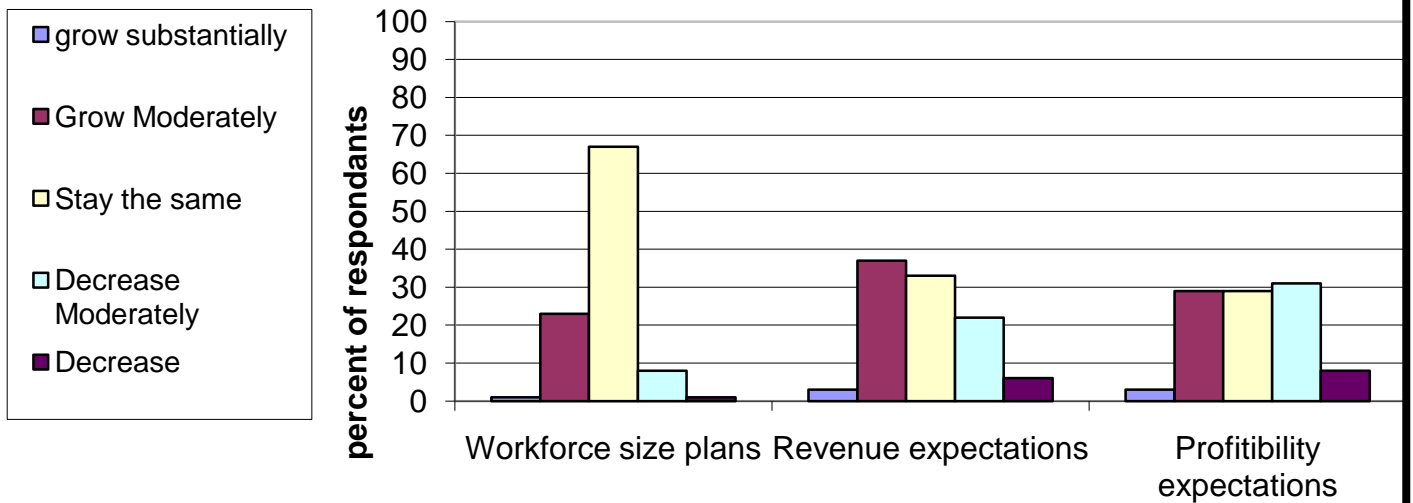
# Top Challenges of Small Business



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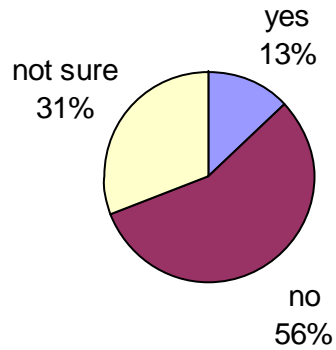
## Economic Outlook of Respondents



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### Will You Make Capital Acquisitions in 2010?



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### Size of Responding Businesses

