



GREATER WASHINGTON  
Board of Trade

# SPRING BUSINESS OUTLOOK

## *Greater Washington Business Survey*

### RESEARCH FINDINGS

- ▷ Business Outlook Survey
- ▷ Interview Dates: April 19-26, 2010
- ▷ Sample: 200 CEOs / Business Executives  
in the Greater Washington, DC Region

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For more information, contact Liz Krinock at 202.857.5987 or [LizKrinock@bot.org](mailto:LizKrinock@bot.org).

# SPRING BUSINESS OUTLOOK

## *Greater Washington Business Survey*

The Greater Washington Board of Trade's Spring Business Outlook Survey indicates business leaders' optimism on the state of the local economy. Business leaders express their optimism through perceptions about the economy and their plans to hire, expectations for revenue and intentions to spend.

Surveys of business decision-makers are a staple of national, regional and local economic analysis. Business surveys are used to measure trends, grasp new opportunities and identify approaching hazards.

The following report presents current findings of business leaders' optimism on the local economy and indicates changes over time.

### HOW IS THE BUSINESS OUTLOOK INDEX CREATED?

- The **Business Outlook Index** is made up of the Index of Current Conditions and the Index of Future Expectations.
- The **Current Conditions Index** is based on survey questions related to overall business and economic conditions and an assessment of each business's current financial situation compared to its financial situation a year ago.
- The **Future Expectations Index** is based on survey questions that probe: (1) expectations for general business and economic conditions over the next 6 months, (2) expectations for employment changes over the next year, (3) expectations for softening and strengthening of individual businesses over the next year and (4) expectations for revenue changes of individual businesses over the next year.

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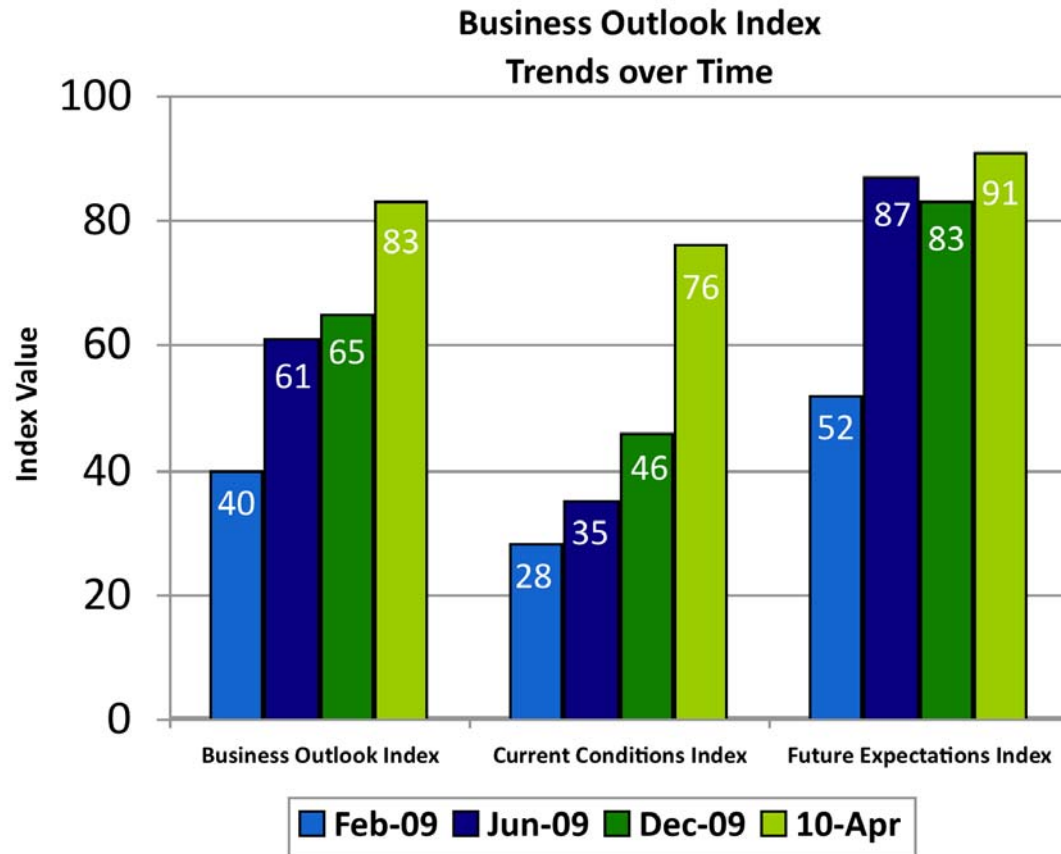


# REGIONAL BUSINESS OUTLOOK TRENDS OVER TIME

DATA PRESENTED AS AN INDEX

## FINDINGS

- The overall Business Outlook Index for the Greater Washington region has progressively risen since the first survey was conducted in February 2009. During this period, the region's overall Business Outlook Index increased from 40 to 83, a 43-point jump.
- During the same period, the Current Conditions Index skyrocketed from 28 to 76 and the Future Expectations Index jumped from 52 to 91.



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# INDEX OF CURRENT CONDITIONS

DATA PRESENTED AS A PERCENTAGE OF SURVEY RESPONDENTS

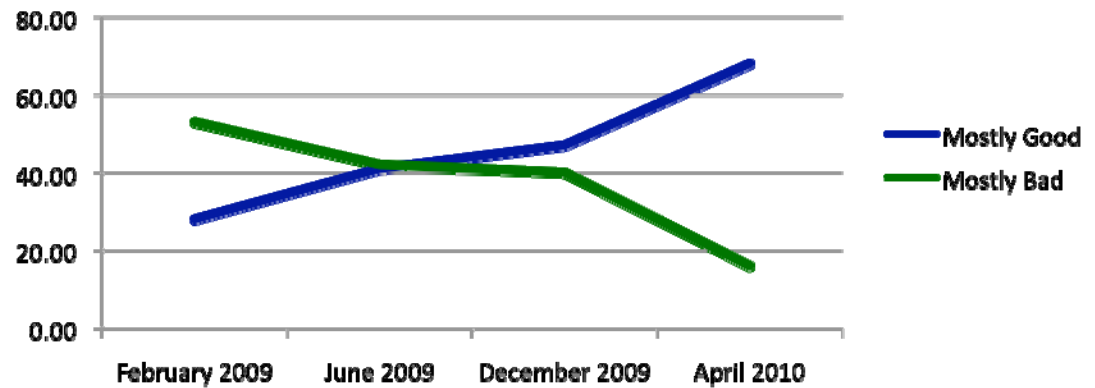
## FINDINGS

- For the first time in this survey, a majority of business executives surveyed (68%) think current business and economic conditions in the Greater Washington region are “mostly good” as opposed to 16% saying they are “mostly bad.” Also for the first time, more executives think their overall financial situation has “improved” versus “declined.” Today 49% reported improvement, 20% reported decline and 30% said the situation had remained the same.

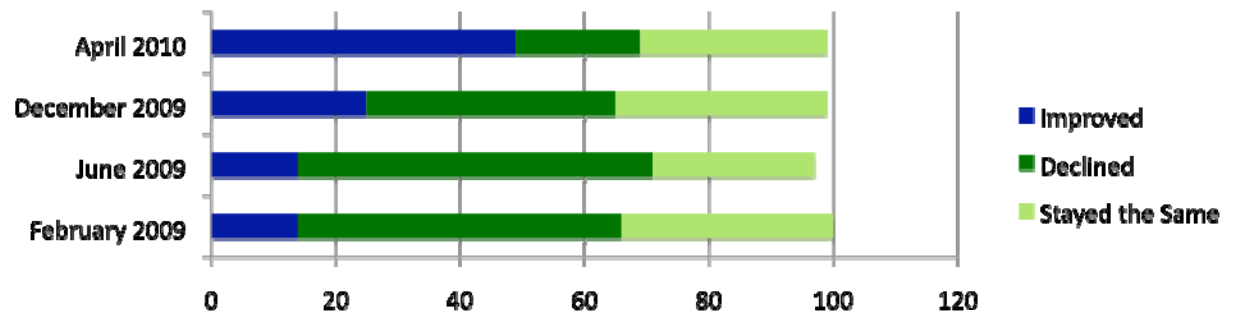
- Today positive sentiment about economic conditions in the region exceeds negative sentiment by 52%. In December 2009, positive sentiment exceeded negative sentiment by only 7%.

The **Index of Current Conditions** is based on two questions:

① Current business and economic conditions in the Greater Washington region are...



② Since last year, your business’s overall financial situation has...



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# INDEX OF FUTURE EXPECTATIONS

DATA PRESENTED AS A PERCENTAGE OF SURVEY RESPONDENTS

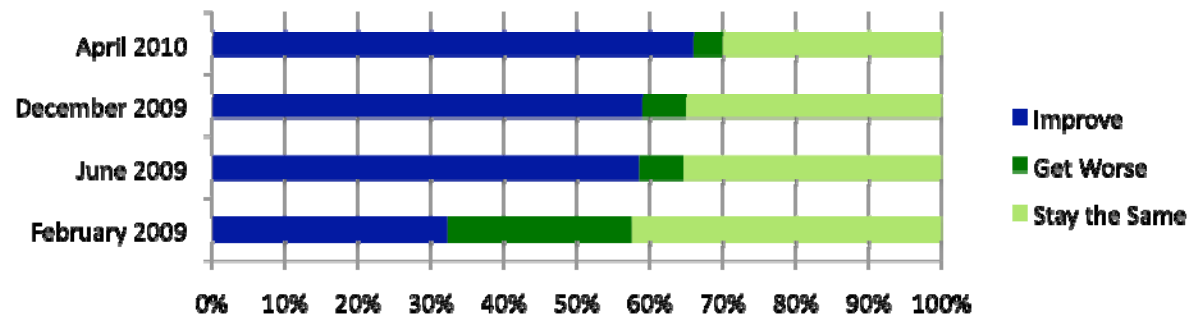
## FINDINGS

- Business executives think the region’s economic conditions will improve over the next year by a 16-to-1 margin. This is a significant sign of optimism for Greater Washington’s economy.
- There is an uptick in the number of executives surveyed who expect that their companies will increase employees – 38% today compared to 32% in December 2009.

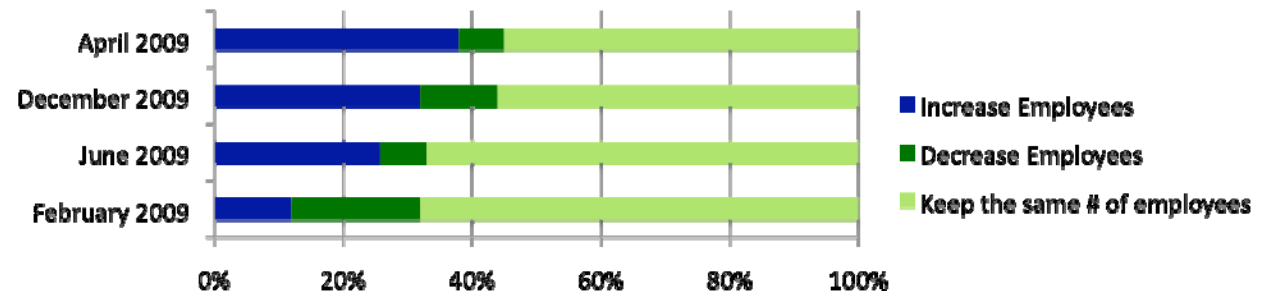
The **Index of Future Expectations** is based on four questions:

In the next 6 months...

① Business and economic conditions in Greater Washington will...



② Your company or organization will...



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# INDEX OF FUTURE EXPECTATIONS

DATA PRESENTED AS A PERCENTAGE OF SURVEY RESPONDENTS

## FINDINGS

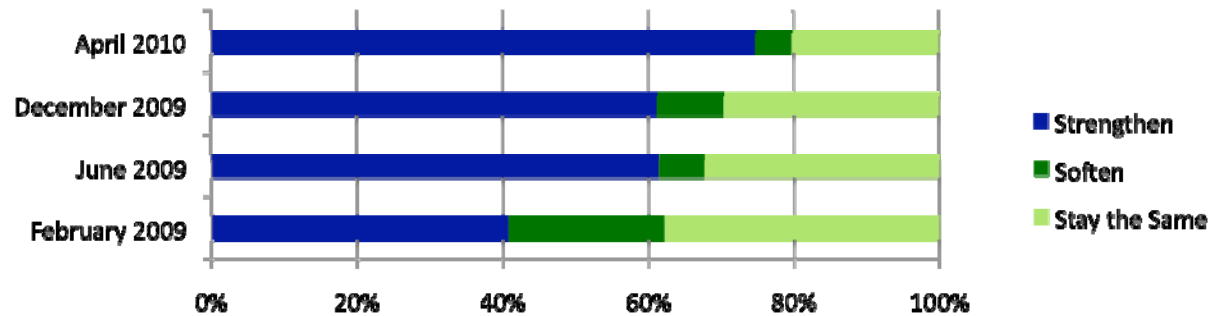
- Nearly 3/4 of Greater Washington’s business executives expect their businesses to strengthen and their revenues to increase over the next year. That is up 14 percentage points since December 2009.

- Expected total revenue and/or sales is also up significantly – 73% today compared to 55% in December 2009.

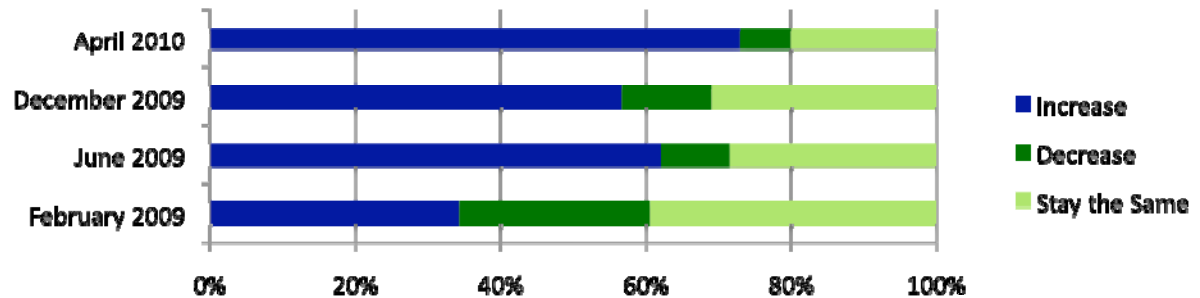
The **Index of Future Expectations** is based on four questions:

In the next year...

③ Your business will...



④ Your company’s or organization’s total revenues and/or total sales will...



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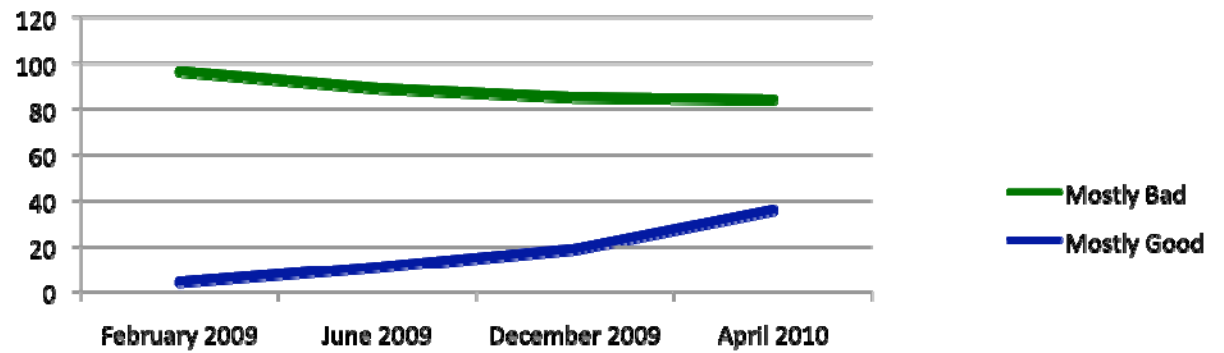
# ECONOMIC CONDITIONS: LOCAL VS. NATIONAL

## DATA PRESENTED AS A PERCENTAGE OF SURVEY RESPONDENTS

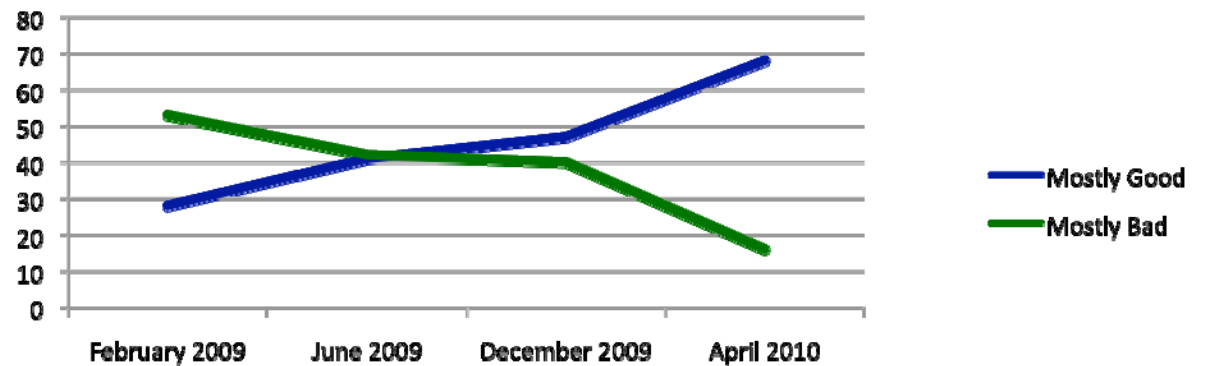
### FINDINGS

- According to the survey, business executives assess the Greater Washington region's economy as much stronger than the nation's economy as a whole.
- Though only 36% assess nationwide business and economic conditions as "mostly good," that number is up from 19% in December 2009.
- Positive sentiment about both the national and regional economies has consistently improved since February 2009.

Current national business and economic conditions in the United States are...



Current business and economic conditions in the Greater Washington region are...



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# BUSINESS FINANCING AND CREDIT

DATA PRESENTED AS A PERCENTAGE OF SURVEY RESPONDENTS

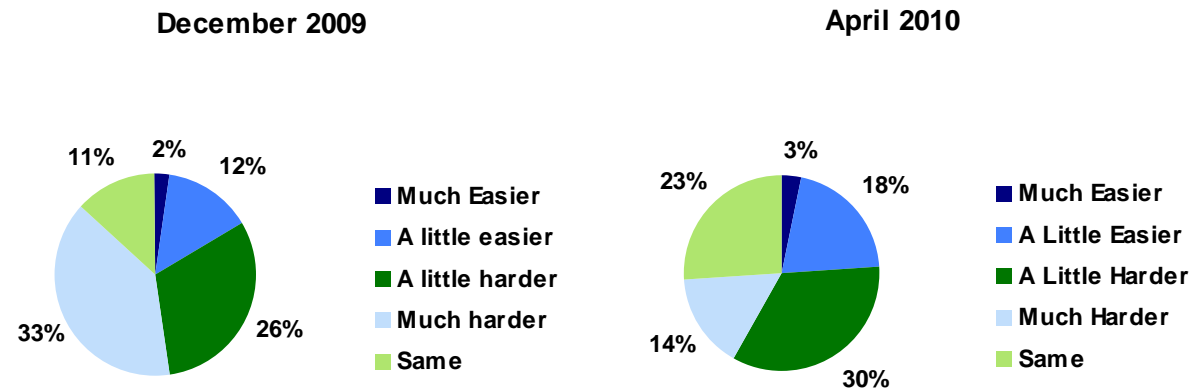
## FINDINGS

- Securing financing appears to be a continued drag on current economic growth in Greater Washington.

- Despite the feeling that getting bank financing has gotten “harder” as opposed to “easier” by more than a 2-to-1 margin (44% to 21%), the situation shows improvement since December 2009 (when the margin was more than 4-to-1).

### Over the last 6 months...

Acquiring bank financing and credit for business and organizations has become...



*Note: This question was not asked in the February 2009 or June 2009 surveys. Results are rounded. Sums of multiple responses may vary.*

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# BUSINESS FINANCING AND CREDIT

DATA PRESENTED AS A PERCENTAGE OF SURVEY RESPONDENTS

## In the next few months...

Acquiring bank financing and credit for business and organizations will be...

### FINDINGS

- In the April 2010 survey, 47% of business executives said it will get easier to acquire bank financing and credit in the next few months while 26% said it will get harder. In December 2009, 37% of business executives said it will get easier while nearly the same amount – 38% – said it will get harder.

	February 2009	June 2009	December 2009	April 2010
Much easier	*	*	3%	3%
A little easier	*	*	33%	44%
<b>Total Easier</b>	<b>15%</b>	<b>27%</b>	<b>37%</b>	<b>47%</b>
A little harder	*	*	23%	18%
Much harder	*	*	15%	8%
<b>Total harder</b>	<b>61%</b>	<b>40%</b>	<b>38%</b>	<b>26%</b>
Same (volunteered)	10%	13%	16%	20%

*Note: Results are rounded. Sums of multiple responses may vary.*

*\* Answer options in the February and June surveys were limited to “easier” and “harder.”*

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# PLANNED BUSINESS INITIATIVES, INVESTMENTS AND PURCHASES

DATA PRESENTED AS A PERCENTAGE OF SURVEY RESPONDENTS

## FINDINGS

- In the latest survey, a solid majority of business executives expect to purchase new equipment, upgrade computer technology, take a risk on a new idea and expand products or services over the next few months.

- Since December 2009, there was a 5 percentage point increase in the number of executives who said they are ready to modernize physical plants to make them more “green” and energy efficient and a 4 percentage point increase in those who said they expect to expand office space or facility size and outsource more functions.

## In the next few months...

	February 2009	June 2009	December 2009	April 2010
Purchase new equipment	33%	43%	42%	57%
Upgrade computer technology	36%	45%	47%	56%
Take a risk on a new idea	56%	51%	45%	60%
Expand products or services	52%	53%	46%	55%
Expand or increase office space, plant size, stores or other facilities	12%	11%	14%	18%
Outsource more functions now handled by in-house employees	*	*	12%	16%
Increase advertising and promotion	30%	37%	46%	46%
Launch a new branding initiative	30%	23%	29%	28%
Make facilities more “green” and energy efficient	35%	29%	31%	36%

\* Indicates that the question was not asked in the February 2009 and June 2009 surveys.

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# GREATER WASHINGTON AS A PLACE TO DO BUSINESS

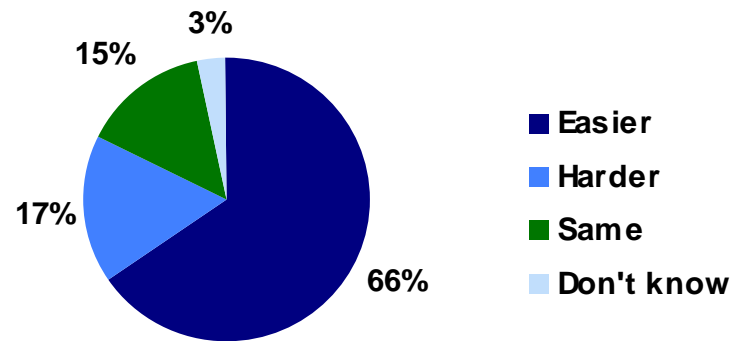
DATA PRESENTED AS A PERCENTAGE OF SURVEY RESPONDENTS

## FINDINGS

- The region’s business executives continue to say that doing business is easier in Greater Washington than in most other places in the United States – by a nearly 4-to-1 margin.
- It should be noted, however, that the “easier” to do business percentage is a little lower than it was in February 2009 and June 2009.

Is it easier or harder to do business in the Greater Washington region than it is in most other places in the United States...

**April 2010**



	Easier	Harder	Same	Don't Know
DECEMBER 2009	64%	19%	10%	7%
JUNE 2009	68%	18%	7%	7%
FEBRUARY 2009	71%	15%	7%	7%

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# STIMULUS PACKAGE IMPACT ON GREATER WASHINGTON ECONOMY

DATA PRESENTED AS A PERCENTAGE OF SURVEY RESPONDENTS

## FINDINGS

- Survey respondents who believe the federal stimulus package has had a positive impact on the region's economy has increased from its previous low-point in December 2009.

	June 2009	December 2009	April 2010
Big positive impact	8%	8%	13%
Small positive impact	68%	56%	59%
<b>Total positive</b>	<b>76%</b>	<b>64%</b>	<b>71%</b>
No impact	15%	14%	20%
Small negative impact	4%	8%	5%
Big negative impact	4%	7%	2%
<b>Total negative</b>	<b>23%</b>	<b>29%</b>	<b>27%</b>

*Note: These questions were not asked in February 2009.*

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# STATE AND LOCAL BUDGETS

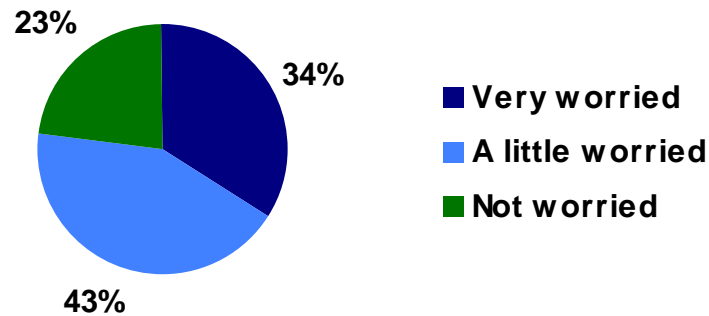
DATA PRESENTED AS A PERCENTAGE OF SURVEY RESPONDENTS

## FINDINGS

- An overwhelming 77% of business executives surveyed report being worried about state and local government budget deficits – 34% are “very worried” and 43% “a little worried.”

How worried are you that state and local government budget deficits in Greater Washington may hurt the region’s economic competitiveness and quality of life in terms of service cuts and tax increases ...

**April 2010**



*Note: This is the first time this questions was asked.  
Results are rounded. Sums of multiple responses may vary.*

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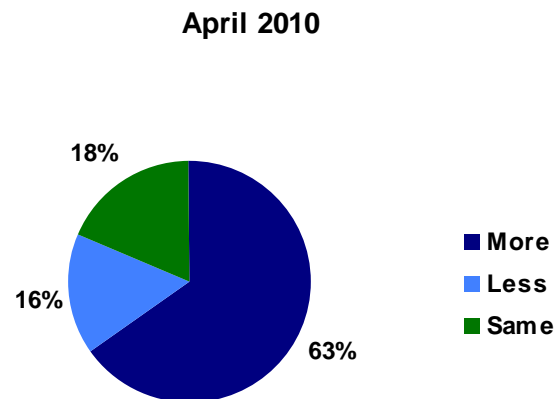
# CONFIDENCE IN METRO

DATA PRESENTED AS A PERCENTAGE OF SURVEY RESPONDENTS

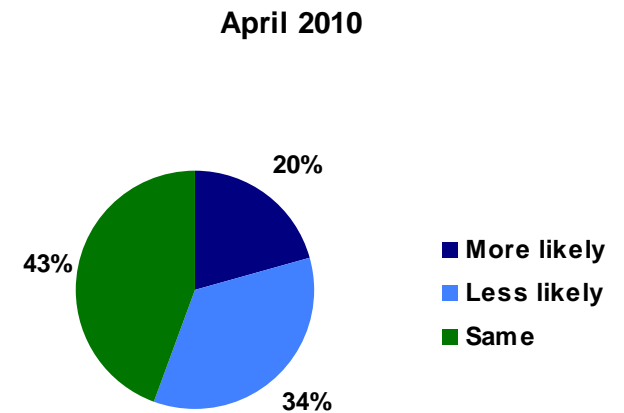
## FINDINGS

- The majority of business leaders (63%) think Metro will be more of an asset to Greater Washington into 2011.
- Comparing the likelihood that they would ride Metro now versus a few years ago, 20% of survey respondents report no change, despite recent negative news stories surrounding the system.

Over the next year, the Metro is likely to become more of an asset or less of an asset for the local economy...



Would you say you are more or less likely to ride the Metro system now than you were a few years ago ...



*Note: This is the first time these questions were asked.  
Results are rounded. Sums of multiple responses may vary.*

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# HEALTH CARE REFORM

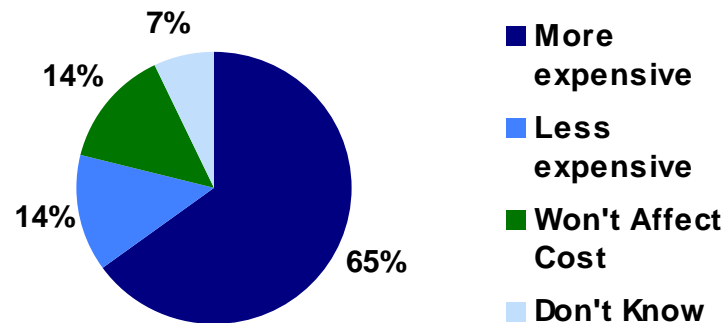
DATA PRESENTED AS A PERCENTAGE OF SURVEY RESPONDENTS

Providing quality health care coverage for your employees will be...

## FINDINGS

- Expectations are that the health care reform legislation recently passed by Congress will make providing health care to employees more costly than before the legislation was passed. Sixty-five percent of business leaders expect that providing health care coverage will be more expensive.

April 2010



*Note: This is the first time these questions were asked.  
Results are rounded. Sums of multiple responses may vary.*

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# SPRING BUSINESS OUTLOOK

## *Greater Washington Business Survey*

The sample for this survey (N=200) included business executives from the Greater Washington region:

- **Washington, DC**
- **Maryland Counties**
  - Anne Arundel County
  - Calvert County
  - Charles County
  - Frederick County
  - Howard County
  - Montgomery County
  - Prince George's County
  - St. Mary's County
- **Virginia Counties**
  - Arlington County
  - Fairfax County
  - Fauquier County
  - Loudoun County
  - Prince William County
  - Spotsylvania County
  - Stafford County
  - Alexandria, Falls Church, Fairfax

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# SPRING BUSINESS OUTLOOK

## *Greater Washington Business Survey*

### **Presented by Greater Washington Board of Trade**

The Greater Washington Board of Trade is the Greater Washington region's premier business network and the only local business association representing all industry sectors. Founded in 1889, the Board of Trade enjoys a long history of helping its members' businesses grow by providing content-rich programs, connecting business leaders and marketing Greater Washington's economic opportunities. As Greater Washington's regional business organization, the Board of Trade addresses business concerns that stretch across geographic boundaries, such as transportation, emergency preparedness, green as a competitive advantage and workforce issues. Website: [www.BoardofTrade.org](http://www.BoardofTrade.org)

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### **Special thanks to Arnold Worldwide**

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