

**FUTURE BUSINESS INDEX**  
**For the**  
**ACCIDENT FUND INSURANCE COMPANY OF AMERICA**

**EPIC ▪ MRA Statewide Survey Of Business Plans**  
**FREQUENCY REPORT of SURVEY RESPONSES**

May 2007 - **Nov 2006**

**614/710** SAMPLE – ERROR  $\pm 4.0\%$  **3.7%**

\_\_01. Overall, how satisfied are you with the condition of the economy as it affects your business -- very satisfied, somewhat satisfied, somewhat dissatisfied or very dissatisfied?

<u>May</u> <u>'07</u>	<u>Nov</u> <u>'06</u>	
2%	7%	very satisfied
18%	22%	somewhat satisfied
<b>19%</b>	<b>29%</b>	<b>Total SATISFIED</b>
30%	35%	somewhat dissatisfied
47%	34%	very dissatisfied
<b>77%</b>	<b>69%</b>	<b>Total DISSATISFIED</b>
3%	2%	Undecided/don't know

\_\_02. Over the next six months, would you say that your business outlook is good or bad? **[IF GOOD/BAD]** Would that be very or somewhat?

<u>May</u> <u>'07</u>	<u>Nov</u> <u>'06</u>	
10%	14%	very good
33%	37%	somewhat good
<b>43%</b>	<b>51%</b>	<b>Total GOOD</b>
<b>13%</b>	<b>7%</b>	<b>Some ways good/some ways bad</b>
25%	22%	somewhat bad
15%	15%	very bad
<b>40%</b>	<b>37%</b>	<b>Total BAD</b>
4%	5%	Undecided/don't know

\_\_03. Over the next six months, do you expect your bottom line to improve with profits growing over expenses, will your bottom line worsen with costs taking a larger share of profits, or, do you think your bottom line will pretty much remain the same? **[IF IMPROVE/ WORSEN, ASK]**  
Would that be a lot or somewhat?

<u>May</u> <u>'07</u>	<u>Nov</u> <u>'06</u>	
2%	4%	improve a lot
13%	14%	improve somewhat
<b>15%</b>	<b>18%</b>	<b>Total IMPROVE</b>
2%	2%	Costs will exceed profits ( <i>volunteered</i> )
48%	54%	[costs] Bottom line will remain the same
21%	15%	worsen somewhat
7%	8%	worsen a lot
<b>28%</b>	<b>23%</b>	<b>Total WORSEN</b>
7%	3%	Undecided/don't know

04a – c. What would you say are the top two or three concerns that you have about your business? **[WRITE UP TO THREE CONCERNS BELOW AS STATED]**

<u>May</u> <u>'07</u>	<u>Nov</u> <u>'06</u>		<u>May</u> <u>'07</u>	<u>Nov</u> <u>'06</u>	
15%	19%	Poor economy/ <b>Economy</b>	1%	2%	Employee retention
13%	14%	Finding customers/ <b>Customers</b>	1%	1%	Advertising costs
8%	—%	Tax increases	1%	1%	Government regulations
7%	—%	Higher/ <b>Increased</b> costs	1%	—%	Collections
5%	6%	Health care costs	1%	—%	Interest rates
5%	6%	Unemployment	1%	—%	Lansing leaders
4%	4%	Gas/ <b>Fuel</b> prices	1%	—%	Tourism industry
3%	3%	Auto industry	—%	6%	Bottom line
3%	3%	Staffing/ <b>Finding right people</b>	—%	5%	Revenue
3%	2%	Housing market	—%	5%	Supply costs
3%	1%	State budget/cuts	—%	2%	Energy costs
3%	—%	Funding	—%	2%	Insurance costs
3%	—%	Making a profit	—%	2%	Member involvement
3%	—%	People moving out of Michigan	—%	2%	Minimum wage law
2%	3%	Competition	—%	1%	Location
2%	—%	Growth	—%	1%	School budget cuts
2%	—%	Staying in business/ <b>Surviving</b>	—%	1%	Statewide elections
1%	2%	Consumer confidence/ <b>Climate of depression</b>	—%	1%	Weather
			4%	—%	Undecided/don't know

\_\_05. Over the next six months, do you plan to hire more employees, maintain the number of employees you have, or, do you expect that you might have to lay off some of your employees?

<u>May</u> <u>'07</u>	<u>Nov</u> <u>'06</u>	
11%	16%	Plans to hire more employees
68%	68%	Will maintain number of employees
14%	11%	May have to lay off employees
2%	3%	Will lay off employees ( <i>volunteered</i> )
5%	2%	Undecided/don't know

\_\_05A. If your company were to hire more employees in the future, do you think you would be able to meet all of your needs, most of your needs, some of your needs or very little, if any of your needs by hiring job applicants from Michigan?

53%	all of their needs
15%	most of their needs
<b>68%</b>	<b>Total ALL/MOST</b>
8%	some of their needs
10%	very little if any of your needs
<b>18%</b>	<b>Total SOME/LITTLE</b>
14%	Undecided/don't know

\_\_05B. If you were to hire new employees in the future, what percentage of those employees do you think would end up coming from the hiring of job applicants from Michigan? [WRITE IN PERCENTAGE]

\_\_\_\_\_ Percent

May '07    MEAN:    93.84 pct    MEDIAN:    100 pct

\_\_05C. How many employees do you have? [WRITE IN NUMBER]

\_\_\_\_\_ Employees

May '07    MEAN:    42.96    MEDIAN:    5.00

\_\_06. In the next six months, do you plan to increase wages for your employees?

<u>May</u> <u>'07</u>	<u>Nov</u> <u>'06</u>	
28%	30%	Yes
63%	65%	No
9%	5%	Undecided/don't know

\_\_07. In the next six months, do you anticipate that the benefit package for your employees will stay the same or change?

<u>May</u> <u>'07</u>	<u>Nov</u> <u>'06</u>		
78%	77%	Benefits will stay the same	<b>GO TO Q. 09</b>
12%	15%	Benefits will change	
1%	—%	Change for some/stay the same for others ( <i>volunteered</i> )	
9%	8%	Undecided/don't know	<b>GO TO Q. 09</b>

\_\_08. Will you be increasing existing benefits, adding new benefits, decreasing existing benefits or eliminating benefits?

RESPONSES AMONG THOSE WHO INDICATED A CHANGE IN Q7

<u>May</u> <u>'07</u>	<u>Nov</u> <u>'06</u>	
19%	11%	Increasing existing benefits
10%	11%	Adding new benefits
34%	53%	Decreasing existing benefits
15%	5%	Eliminating benefits
—%	9%	Combination of above ( <i>volunteered</i> )
22%	11%	Undecided/don't know

\_\_09. Specifically, based on any expected increased cost for healthcare for your business, do you expect to absorb those costs, increase employee premiums or decrease healthcare benefits?

<u>May</u> <u>'07</u>	<u>Nov</u> <u>'06</u>	
30%	24%	Absorb the costs
11%	18%	Increase employee premiums
17%	12%	Decrease healthcare benefits
2%	2%	Combination of increased premiums/decreased benefits ( <i>volunteered</i> )
3%	1%	Combination of all options ( <i>volunteered</i> )
5%	9%	No increase in costs ( <i>volunteered</i> )
26%	21%	[No insurance ]Don't offer healthcare ( <i>volunteered</i> )
6%	13%	Undecided/don't know

\_\_\_13. The State of Michigan provides assistance to existing businesses and also engages in many activities designed to attract new businesses to Michigan. If existing businesses wish to expand, relocate to another part of the state, or has a problem with a state agency, they can get assistance from the state for such things as site location, job training grants, help with permits or tax abatements. State government is responsible for providing information to prospective businesses and investors outside of Michigan and internationally, about the state and its industries, offering employee recruitment and training help, financial and tax break assistance, and the coordination of site development, resources and services for existing or new businesses. Based on this explanation or what you may already know about economic development and business recruitment efforts, how important do you think these activities are by state government – very important, somewhat important, only a little important or not really important at all?

52%	very important
27%	somewhat important
<b>79%</b>	<b>Total IMPORTANT</b>
5%	only a little important
9%	not really important at all
<b>14%</b>	<b>Total UNIMPORTANT</b>
7%	Undecided/don't know

\_\_\_14A. The State of Michigan spends state tax dollars working toward the goal of attracting new international investments, economic development and businesses from abroad to the state so that the state's economy can diversify and focus on such areas as alternative energy and emerging technologies, and be less reliant on traditional manufacturing in the auto industry. How important do you think international development is as a tax dollar funded activity of the State of Michigan – very important, somewhat important, only a little important or not really important at all?

36%	very important
38%	somewhat important
<b>74%</b>	<b>Total IMPORTANT</b>
10%	only a little important
12%	not really important at all
<b>22%</b>	<b>Total UNIMPORTANT</b>
4%	Undecided/don't know

\_\_\_16. State government currently spends state tax dollars to inform businesses in Michigan about the services and assistance that is available to them. Should state tax dollars be spent for this purpose or not?

63%	Tax dollars <b>SHOULD</b> be spent for this purpose
30%	Tax dollars <b>SHOULD NOT</b> be spent for this purpose
7%	Undecided/don't know

\_\_\_17. State government currently spends state tax dollars to advertise in other states to attract businesses to Michigan and to inform prospective businesses about the services and assistance that is available to them. Should state tax dollars be spent for this purpose, or not?

- 73% Tax dollars SHOULD be spent for this purpose
- 24% Tax dollars SHOULD NOT be spent for this purpose
- 3% Undecided/don't know

\_\_\_29. What regional organizations or institutions has your business had interaction with over the past couple of years or so to get assistance in improving the ability of your business to innovate? **[CODE ANY RESPONSES MENTIONED OR WRITE IN UNDER OTHER]**

- 10% Industry or cluster associations
- 5% Chamber of commerce
- 3% Banks
- 3% Business assistance centers
- 3% Other companies in your industry
- 3% Universities and 4-year colleges
- 2% K-12 public schools
- 1% Entrepreneurial networks
- 1% Federal labs
- 1% Professional service firms
- 1% Venture capital firms
- 1% Workforce development agencies
- 3% Other
- 50% NONE

\_\_\_30. Which of the following specific state or regional organizations have you had experience or interaction with to receive assistance over the past year or so? **[READ AND ROTATE 1 TO 8 BELOW – CODE ALL RESPONSES]**

- 13% Michigan Works Agencies
- 6% Local/County Economic Development Council
- 3% Michigan Economic Development Council
- 2% University-based research or business incubator services
- 2% Venture capitalists/angel investors
- 1% 21<sup>st</sup> Century Jobs Initiative
- 1% Small Business Technology Development Centers
- % Small Business Innovation Research or Small Business Technology Transfer Grants
- 70% None

\_\_34. How many locations does your business have? **[DO NOT READ—CODE REPLY]**

<u>May</u> <u>'07</u>	<u>Nov</u> <u>'06</u>	
75%	69%	One
9%	12%	Two
16%	18%	Three or more
—%	1%	Refused

\_\_35. Do you plan to expand your business by adding one or more new locations in the next six months, do you expect to consolidate your business by closing one or more locations, or, will you be keeping the same number of locations? **[PROBE FOR BEST ANSWER]**

<u>May</u> <u>'07</u>	<u>Nov</u> <u>'06</u>	
6%	9%	Will add locations
4%	3%	Will consolidate
85%	83%	Will keep the same number of locations
5%	5%	Undecided/don't know

\_\_36. Do you plan to expand your business with a new product line or a new service in the next six months? **[PROBE FOR BEST RESPONSE]**

<u>May</u> <u>'07</u>	<u>Nov</u> <u>'06</u>	
8%	12%	Yes, a new product line
8%	13%	Yes, a new service
6%	6%	Both
72%	65%	No, will not expand either
6%	4%	Undecided/don't know

\_\_37. Do you plan to spend any funds on employee education and training over the next six months? **[IF YES, FOLLOW-UP BY ASKING]** How much do you expect to spend?

<u>May</u> <u>'07</u>	<u>Nov</u> <u>'06</u>				
54%	50%	Yes — will spend			
	May '07	<u>MEAN:</u>	\$2,267. <sup>77</sup>	<u>MEDIAN:</u>	\$1,300. <sup>xx</sup>
	Nov '06	<u>MEAN:</u>	\$2,205. <sup>94</sup>	<u>MEDIAN:</u>	\$1,000. <sup>00</sup>
41%	48%	No, will not spend anything			
5%	2%	Undecided/don't know			

\_\_38. Do you plan to travel or have any of your employees travel for business purposes in the next six months? [**PROBE FOR BEST RESPONSE**]

<u>May</u> <u>'07</u>	<u>Nov</u> <u>'06</u>		
17%	15%	Yes, respondent	
9%	8%	Yes, employees	
24%	23%	Both	
47%	52%	No, don't plan to travel	<b>GO TO Q. 41</b>
3%	2%	Undecided/don't know	<b>GO TO Q. 41</b>

\_\_39. Will you and/or other employees be traveling more, less or about the same as you have in the past?

<u>May</u> <u>'07</u>	<u>Nov</u> <u>'06</u>	
7%	13%	More
5%	10%	Less
38%	76%	About the same
50%	1%	Undecided/don't know

\_\_41. For how many years have you been in business?

Number of years \_\_\_\_\_

May '07	<u>MEAN:</u>	29.10	<u>MEDIAN:</u>	21.00
Nov '06	<u>MEAN:</u>	28.71	<u>MEDIAN:</u>	20.00

\_\_42. What type of business or industry do you operate? [**DO NOT READ – CODE RESPONSE OR WRITE IN UNDER OTHER**]

<u>May</u> <u>'07</u>	<u>Nov</u> <u>'06</u>	
27%	27%	Business services
16%	19%	Retail
11%	7%	Professional services
10%	5%	Manufacturing or manufacturing supplier
7%	7%	Health care
6%	8%	Non-profit
5%	6%	Food service
5%	4%	Public service
5%	2%	Education
2%	3%	Finance
2%	—%	Construction
1%	2%	Distribution/trucking
—%	1%	Telecommunications
3%	1%	Other
—%	8%	Undecided/don't know/refused

\_\_44. Thinking about your business ten years down the road, are you excited about where you think your business will be, are you encouraged, uncertain, concerned or depressed?

<u>May</u> <u>'07</u>	<u>Nov</u> <u>'06</u>	
18%	26%	Excited
23%	26%	Encouraged
23%	18%	Uncertain
22%	18%	Concerned
9%	7%	Depressed
5%	5%	Undecided/don't know

**THANK RESPONDENT FOR HIS OR HER TIME AND TERMINATE**