

EPIC ▪ MRA Clinton/Eaton/Ingham Area Survey Of Business Plans – April 2007

APRIL 2007 – OCTOBER 2006

[FREQUENCY REPORT of SURVEY RESPONSES – 300 SAMPLE – ERROR ±5.7%]

__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>Apr '07</u>	<u>Oct '06</u>	
4%	6%	very satisfied
21%	27%	somewhat satisfied
25%	33%	Total SATISFIED
36%	38%	somewhat dissatisfied
38%	25%	very dissatisfied
74%	63%	Total DISSATISFIED
1%	4%	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>Apr '07</u>	<u>Oct '06</u>	
15%	23%	very good
39%	41%	somewhat good
54%	64%	Total GOOD
8%	8%	Some ways good/some ways bad (volunteered)
22%	16%	somewhat bad
13%	8%	very bad
35%	24%	Total BAD
3%	4%	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>Apr '07</u>	<u>Oct '06</u>	
3%	5%	improve a lot
15%	17%	improve somewhat
18%	22%	Total IMPROVE
—%	2%	Costs will exceed profits (<i>volunteered</i>)
48%	49%	Costs will remain the same
20%	13%	worsen somewhat
9%	6%	worsen a lot
29%	19%	Total WORSEN
5%	8%	Undecided/don't know

__04 a - 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>Apr '07</u>	<u>Oct '06</u>		<u>Apr '07</u>	<u>Oct '06</u>	
19%	19%	Economy	1%	1%	Advertising costs
10%	18%	Customers/Lack of	1%	1%	Location
7%	5%	Health care/costs	1%	—%	Auto industry
7%	—%	Increased costs	1%	—%	Regulations
7%	—%	Taxes	1%	2%	State government/legislation
6%	—%	Not enough sales	1%	—%	Utilities
5%	2%	Unemployment	—%	7%	Bottom line
3%	2%	Competition	—%	7%	Revenue
3%	1%	State budget	—%	4%	Supply costs
3%	—%	Cash flow	—%	3%	Employee retention
3%	—%	Qualified customers	—%	3%	Finding right people/good employees
3%	—%	Service tax	—%	3%	Insurance costs
3%	—%	Staffing	—%	2%	Member involvement
2%	5%	Fuel costs/prices	—%	1%	Climate of depression
2%	3%	Housing market	—%	1%	Energy costs
2%	—%	Bankruptcy	—%	1%	School budget cuts
2%	—%	Customer satisfaction	—%	1%	Statewide elections
2%	—%	Growth/no growth	—%	1%	Technology
2%	—%	Single business tax	—%	1%	Weather
1%	3%	Property tax/taxes			

__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>Apr '07</u>	<u>Oct '06</u>	
69%	66%	Will maintain number of employees
16%	21%	Plans to hire more employees
5%	4%	Will lay off employees (<i>volunteered</i>)
7%	3%	May have to lay off employees
3%	6%	Undecided/don't know

__06. In the next six months, do you plan to increase wages for your employees?

<u>Apr '07</u>	<u>Oct '06</u>	
27%	38%	Yes
67%	53%	No
6%	9%	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>Apr '07</u>	<u>Oct '06</u>		
81%	81%	Benefits will stay the same	GO TO Q. 09
12%	10%	Benefits will change	
—%	1%	Change for some/stay the same for others (<i>volunteered</i>)	
7%	8%	Undecided/don't know	GO TO Q. 09

__08. Will you be increasing existing benefits, adding new benefits, decreasing existing benefits or eliminating benefits?

<u>Apr '07</u>	<u>Oct '06</u>	
20%	18%	Increasing existing benefits
6%	6%	Adding new benefits
37%	32%	Decreasing existing benefits
14%	15%	Eliminating benefits
6%	6%	Combination of above (<i>volunteered</i>)
17%	23%	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>Apr '07</u>	<u>Oct '06</u>	
26%	34%	Absorb the costs
9%	11%	Increase employee premiums
12%	9%	Decrease healthcare benefits
3%	1%	Combination of increased premiums/decreased benefits (<i>volunteered</i>)
4%	—%	Combination of all options (<i>volunteered</i>)
10%	10%	No increase in costs (<i>volunteered</i>)
19%	23%	Don't offer healthcare (<i>volunteered</i>)
17%	12%	Undecided/don't know

__10. 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 the greater Lansing area?

43%	All of your needs	
24%	Most of your needs	
11%	Some of your needs	
13%	Very little if any of your needs	
9%	Undecided/don't know	GO TO Q. 12

__11. 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 the greater Lansing area? **[WRITE IN PERCENTAGE]**

6%	None	2%	60 percent
2%	One - Ten percent	2%	65 – 70 percent
2%	25 percent	5%	75 percent
1%	30 percent	6%	80 percent
7%	50 percent	6%	90 percent
		61%	98 – 100 percent

MEAN: 81.3 percent

MEDIAN: 100 percent

__23. 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]**

16%	Industry or cluster associations
8%	Chamber of Commerce
5%	Universities and four-year colleges
5%	Professional service firms
3%	Public or private research organizations
3%	Other companies in your industry
3%	Home Builders' Association
2%	K-12 public schools
2%	Community or technical colleges
1%	Workforce development agencies
1%	Regional customers
1%	Non-professional associations (alumni clubs, athletic clubs, etc.)
1%	NFIB
1%	MSHDA
1%	MSAE
1%	Federal labs
1%	Banks
3%	Other
57%	None

__24. 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]**

1%	21 st Century Jobs Initiative
1%	Small Business Innovation Research or Small Business Technology Transfer Grants
1%	Venture Capitalists/Angel Investors
15%	Michigan Works Agencies
1%	Small Business Technology Development Centers
7%	University-based research or business incubator services
4%	Local/County Economic Development Council
3%	Michigan Economic Development Council
76%	None

__25. Do you plan to spend money in the next six months by either purchasing or leasing any office equipment?

<u>Apr '07</u>	<u>Oct '06</u>	
27%	22%	Yes
70%	74%	No
3%	4%	Undecided/don't know

__26. Do you plan to purchase advertising in the next six months?

<u>Apr '07</u>	<u>Oct '06</u>		
47%	45%	Yes	
50%	50%	No	GO TO Q. 28
3%	5%	Undecided/don't know	GO TO Q. 28

__27. What kind of advertising do you plan to purchase? **[READ 1-9 – CODE ALL RESPONSES MENTIONED]**

<u>Apr '07</u>	<u>Oct '06</u>	
26%	24%	Radio
24%	21%	TV
46%	39%	Newspaper
9%	21%	Magazine
14%	4%	Billboards
24%	12%	Internet advertising
—%	1%	Phone solicitations
26%	22%	Direct mail
2%	4%	Something else

__28. How many locations does your business have? **[DO NOT READ—CODE REPLY]**

<u>Apr '07</u>	<u>Oct '06</u>	
67%	72%	One
13%	14%	Two
20%	14%	Three or more

__29. 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>Apr '07</u>	<u>Oct '06</u>	
5%	7%	Will add locations
3%	4%	Will consolidate
90%	84%	Will keep the same number of locations
2%	5%	Undecided/don't know

__30. 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>Apr '07</u>	<u>Oct '06</u>	
12%	12%	Yes, a new service
14%	9%	Yes, a new product line
5%	5%	Both
68%	65%	No, will not expand either
1%	9%	Undecided/don't know

__31. 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>Apr '07</u>	<u>Oct '06</u>			
58%	47%	Yes — will spend		
	<u>Apr '07</u>		<u>MEAN:</u>	\$2,535. ⁷¹
	<u>Oct '06</u>		<u>MEAN:</u>	\$2,174. ⁰⁷
			<u>MEDIAN:</u>	\$1,500. ⁰⁰
			<u>MEDIAN:</u>	\$1,500. ⁰⁰
38%	49%	No, will not spend anything		
4%	4%	Undecided/don't know		

__32. 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>Apr '07</u>	<u>Oct '06</u>		
19%	17%	Yes, respondent	
11%	10%	Yes, employees	
27%	21%	Both	
41%	48%	No, don't plan to travel	GO TO Q. 35
2%	4%	Undecided/don't know	GO TO Q. 35

__33. Will you and/or other employees be traveling more, less or about the same as you have in the past?

<u>Apr '07</u>	<u>Oct '06</u>	
11%	17%	More
12%	6%	Less
77%	76%	About the same
—%	1%	Undecided/don't know

__34. How will you or your employees be doing most of your traveling for business purposes, By... **[READ AND ROTATE 1 TO 5 – CODE ALL RESPONSES MENTIONED]**

<u>Apr '07</u>	<u>Oct '06</u>	
69%	76%	Car or van
1%	2%	Bus
44%	31%	Commercial airline
1%	1%	Charter plane
—%	1%	Train

__37 a – b What would you say are the one or two things that will need to change in the greater Lansing area to improve your business? **[WRITE COMMENTS FOR UP TO TWO RESPONSES]**

<u>Apr '07</u>	<u>Oct '06</u>		<u>Apr '07</u>	<u>Oct '06</u>	
30%	25%	Better economy	1%	—%	Qualified employees
23%	18%	More jobs/ Lower unemployment	1%	—%	State regulations enforced
8%	—%	Tax reform	—%	6%	Improved auto industry
4%	8%	More customers	—%	5%	Lower taxes
4%	2%	Improved housing market	—%	5%	New businesses
4%	—%	Area growth	—%	5%	Positive attitude/ Residents' confidence
4%	—%	Customer confidence	—%	4%	Stable state government
4%	—%	More government money	—%	3%	Downtown improvement
3%	—%	Improved business climate	—%	3%	School funding
3%	—%	Keep manufacturing jobs	—%	2%	Less competition
2%	1%	More tourists	—%	2%	Local regulations
2%	1%	New governor	—%	1%	Advertising
2%	—%	Ease of regulations	—%	1%	Democrats control legislature
2%	—%	Legislature	—%	1%	Finish road construction
1%	3%	Lower fuel/gas price	—%	1%	Less crime
1%	—%	Diversified products	—%	1%	Less school of choice
1%	—%	Improved GM sales	—%	1%	More people moving in
1%	—%	Infrastructure	—%	1%	MSU football team
1%	—%	New city officials	—%	1%	Regionalism

__38. 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>Apr '07</u>	<u>Oct '06</u>	
17%	29%	Excited
35%	32%	Encouraged
17%	14%	Uncertain
18%	17%	Concerned
9%	4%	Depressed
4%	4%	Undecided/don't know