



**Outlook of Florida Small Business Owners  
American Express OPEN Small Business Monitor  
Spring 2010 Semi-Annual Monitor**

The American Express OPEN Small Business Monitor, released each spring and fall since 2002, is based on a nationally representative sample of small business owners/managers of companies with fewer than 100 employees.

<b>Florida Entrepreneurs Have a Mixed Outlook</b>	Small Businesses Overall 2010	Florida Small Business Owners 2010	Southern Small Business Owners 2010
Over Next Six Months, expect the Business to Grow Regardless of the Economy	33%	32%	31%
Plan to Hire Over the Next Six Months	28%	30%	28%
Have Cash Flow issues	60%	82%	63%
Have Capital Investment Plans	48%	43%	42%
Believe the Economy is in Recession	44%	38%	44%
Believe the worst of US economic woes are not over	69%	72%	73%
Recession has affected date planned to retire	43%	59%	40%
Economy has caused them to make business changes	64%	75%	64%
Offer Employees Healthcare coverage	43%	30%	48%

<b>Florida Entrepreneurs Have Varied Tactics to Deal with the Recession</b>	Small Businesses Overall 2010	Florida Small Business Owners 2010	Southern Small Business Owners 2010
Hiring freeze	48%	68%	50%
Salary freeze	43%	57%	41%
Allow employees to maintain a flexible schedule	33%	35%	38%
Reduce employee hours	40%	54%	34%
Tap personal assets	41%	65%	41%
Stop taking a salary	33%	49%	33%
Ask family member to work for no pay	29%	43%	27%
Renegotiate leases/contracts	26%	25%	26%
Lay off employees	22%	20%	19%
Work a second job	20%	31%	17%
Cut benefits	20%	30%	25%

**Florida Business Owner Highlights**

**Noteworthy Florida business owner highlights are as follows:**

- More than eight in ten (86%) say the economy is preventing them from making investments in their business

- More than three quarters (82%) report having cash flow issues
- Seven in ten (72%) don't think the worst of US economic woes are over
- Nearly half (49%) report not taking a salary as a tactic to manage through the recession
- More than one in four entrepreneurs (29%) describe their business as a "sinking ship"
- On average Florida business owners will need to postpone their retirement 14 years because of the economy

### Business Outlook

According to the Monitor, about half of Florida business owners are less likely to have a positive outlook for their business prospects over the next six months (49%), compared with over half of their counterparts in the South (51%). Over the next six months more than one third (39%) expect sales to be lower than the same period last year. Based on their business performance, 38% of business owners would say we are still in recession, 37% say the economy is stagnant and only 23% say the economy is recovering. Nearly three quarters (72%) don't think the worst of US economic woes are over and more than one in four entrepreneurs (29%) describe their business as a "sinking ship" saying the economy has had a negative effect on their business and its survival is in jeopardy.

Seventy eight percent of Florida entrepreneurs describe themselves as optimists and generally see the glass as "half full". Three quarters of business owners (75%) say staying healthy and exercising helps them stay positive in a tough economy.

### Managing the Recession

One third of Florida business owners (35%) say the current economy creates opportunities for their business. Of these entrepreneurs, more than half (53%) say the current economy creates less direct competition.

Seventy five percent of Florida entrepreneurs say the current economy has caused them to make changes in their business. More than one third of entrepreneurs were surprised by the effect cutting expenses had on their business (34%). Cuts ranged from purchasing less, using less and keeping less on-hand inventory, keeping a closer eye on expenses, cutting back on advertising marketing and promotions, offering more competitive pricing and reducing product lines/services. In one Royal Palm Beach entrepreneurs' own words "Cutting back in general and managing a tighter ship had the most surprising effect. It was necessary to get personally involved with all aspects of spending."

More than one third of Florida business owners were also surprised by the effect reducing staff related expenses had on their business (35%) such as laying off employees, reducing employee hours, reducing employee salaries, taking on more work themselves, using staff more efficiently and cutting employee benefits. According to one New Smyrna Beach business owner, "It was working thirty to sixty five hours myself and cutting back on payroll."

Nearly one in five entrepreneurs (18%) were surprised how improvements in the business including using more aggressive sales and promotional tactics, paying more attention to customer service or making better use of technology made an effect. One Daytona Beach entrepreneur said, "It's being more aggressive with my sales and marketing."

Fewer (5%) were surprised that reevaluating matters in the area of financing such as collecting payments or partial payments upfront, extending or using lines of credit, giving up costly real

estate or tapping into personal savings made a difference. For one Miami business owner it was as simple as, “More aggressive advertising campaigns and additional revenues to support it.”

The most common tactics business owners use to manage through the recession includes instituting a hiring freeze (68%) or tapping personal assets (65%). Slightly fewer have instituted a salary freeze (57%). A similar number have reduced employee hours (54%) or have actually stopped taking a salary (49%). More than three in ten allow employees to maintain a flexible schedule (35%), have a spouse or family member working in the business for no pay (43%) or actually work a second job as a result of the recession (31%). Slightly fewer have cut benefits (30%). One in four has renegotiated leases or supply contracts (25%) and slightly fewer have laid off employees (20%).

### Investments in the Company

Nearly four in ten Florida business owners (43%) will make capital investments over the next six months. For Florida entrepreneurs technology investments lead the category (32%). Additional investments include office equipment (24%), office furnishings and manufacturing/production equipment (each 9%) and real estate investments (4%).

The majority of business owners (86%) say the current economy is preventing them from making investments in their business. The number one investment area that is suffering is capital investments (50%); followed by marketing and sales (42%), R&D (27%), and real estate (16%).

### Accessing Capital

More than half of Florida business owners (54%) say they do not feel confident they can access the capital they need to grow their business. To secure the funds they need, business owners are using various ways including tapping personal savings and using business credit cards (each 34%), using personal credit cards (29%), securing a bank loan (12%), home equity or private equity/venture capital (each 10%), borrowing from a friend or family member (8%) or an angel investor (5%).

### Addressing Cash Flow Issues

Eighty-two percent of Florida business owners report having cash flow issues. The biggest worry among entrepreneurs is the ability to pay bills on time (31%), followed by having enough cash to win new business (26%), the ability to accurately track cash flow (11%), accounts receivable (8%) and the ability to meet payroll (7%).

The majority of business owners (85%) are concerned about having enough cash available to pay bills in the next six months.

As a tactic to improve cash flow, nearly four in ten Florida entrepreneurs are most likely to use personal or private funds (36%). Three in ten will put off purchases (30%). Others will use a credit card (15%), obtain and use a line of credit (8%), or get a short-term loan (4%) in order to improve cash flow.

### Hiring Plans

Three in ten Florida business owners (30%) are planning to hire within the next six months. One in four business owners (25%) will be offering lower salaries than they were previously. One in five business owners will hire in the area of sales/marketing first (23%). One third of business owners

(33%) say they plan on using more non full-time staff instead of hiring full-time employees over the next six months. Of those planning to use non full-time staff, more than half (52%) will do so to save on benefits costs.

### Healthcare

Thirty percent of Florida entrepreneurs offer healthcare benefits to employees. Nearly the same number of these business owners (27%) say rising healthcare costs are jeopardizing the survival of their business.

### Marketing

Less than half of Florida business owners (43%) say creative marketing has helped them insulate their business from the broader downturn. However, more than six in ten (62%) say they are challenged finding innovative and creative ways to market their business. Nearly all (96%) say word of mouth is more important than ever in marketing their business. For those business owners that use social networking sites, the main reason they use it is to save money on marketing (20%). On average Florida business owners will spend \$2,322 on search engine marketing in 2010.

### Retirement

Nearly three quarters of Florida entrepreneurs (74%) are worried about their ability to save for retirement. Forty seven percent of these business owners say they “are very worried”. Nearly six in ten entrepreneurs say (59%) the recession has affected the date they planned to retire. On average Florida business owners will need to postpone their retirement 14 years because of the economy.

### **Survey Methodology**

American Express OPEN Small Business Monitor, released each spring and fall, is based on a nationally representative sample of 734 small business owners/managers of companies with fewer than 100 employees. The anonymous survey was conducted via telephone by Echo Research from February 9- February 22, 2010. The poll has a margin of error of +/- 3.6%.

States within the South include Delaware, Maryland, West Virginia, Virginia, South Carolina, North Carolina, Georgia, Florida, District of Columbia, Kentucky, Mississippi, Tennessee, Alabama, Arkansas, Louisiana, Oklahoma and Texas.

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