The Voice of Small Business Owners

Business owners are more optimistic now than any time in the eight year history of the U.S. Bank Small Business Annual Survey. Times are good and they’re getting better, according to the small business owners surveyed. The recession is clearly in the rear-view mirror and although there are still challenges, owners are seeing revenue growth, making capital investments and hiring.

The survey of 3,200 small business owners within U.S. Bank’s 25-state national footprint was conducted in January and February 2017 by market research firm Market Probe Inc., based in Milwaukee. The businesses needed to have less than $10 million in annual revenue, with half of them under $200,000.
Small business owners experiencing expansion

With the 2016 election complete, 18 percent of small business owners feel that the economy is in an expansion, up from just 9 percent a year ago. Among owners, 38 percent report higher revenues, more than at any time in the past eight years. The positivity is underscored by the owners’ assessment: 80 percent of those surveyed describe their own business as strong, another historical high for the survey.

“Business owners are gaining confidence in the economy. For most owners, the recession is long over and now they’re making plans to expand.”

– John Elmore, Vice Chairman of Consumer and Business Banking at U.S. Bank

Plans to invest in their business where possible

Forty percent of owners said they plan to make a capital expenditure to expand their business in the next year and about one-fourth expect to increase the number of people working for them, both eight-year highs in the survey.

Of course, finding workers is another thing. Sixty one percent of owners said they’re experiencing extreme or moderate difficulty finding quality employees to expand their business. They’re adapting by offering more on the job training and curbing their own growth expectations.
Health care reform still an issue
Half of all owners surveyed expect to be impacted by potential changes to the health care act and if that happens, they overwhelmingly support retaining worker health care coverage for pre-existing conditions. Political issues like immigration reform and trade reform aren’t as impactful.

Owners expect ethical banks, multiple channels
The most important attribute business owners want from their business bank is the ability to bank through multiple channels such as online, mobile and in person branches – 88 percent say they will do at least some of their banking in a physical branch in the next five years. Qualities related to trust ranked second and third among business owners.

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ability to bank through multiple channels</td>
<td>42%</td>
</tr>
<tr>
<td>Transparent and straight-forward interaction</td>
<td>39%</td>
</tr>
<tr>
<td>Demonstrate ethical behavior</td>
<td>37%</td>
</tr>
<tr>
<td>Know me and my business</td>
<td>36%</td>
</tr>
<tr>
<td>Simplified fee structure</td>
<td>33%</td>
</tr>
<tr>
<td>Services to efficiently manage transactions</td>
<td>32%</td>
</tr>
</tbody>
</table>

“We appreciate that small business owners place a high value on the trust they have with their bankers,” said Katie Lawler, global chief ethics officer at U.S. Bank. “We work hard to exceed the expectations of small business owners every day by building trust through our actions and doing the right thing.”

Small businesses helping others
This year’s survey for the first time asked owners to assess their personal satisfaction. More than half of all business owners (52 percent) are extremely satisfied with the balance between their work and personal lives. Only 38 percent of owners feel positive about their wealth and savings while 55 percent said they are satisfied how their business improves the lives of others. Owners showed a very high rate of satisfaction about their businesses contribution to the lives of others.

“We’ve always known that as a collected group small businesses are important for the success of our economy. It’s also great to see that business owners understand the importance of community involvement and give of their time and talent to worthy causes.”

Who are the small business owners we talked to?

More than half of the owners we talked to have been in business for more than 10 years, three quarters for more than five. Revenues are mainly under $1 million. They represent a large mix of business segments. Nearly all have not served in the military. Most have less than 20 employees, and two out of three say their employees are mostly full time. Most are located in urban or suburban areas, and most are over age 45. They are almost evenly split, male and female.

If you compile the predominant characteristics of the small business owner we talked to in our 2017 survey, this is what they would look like:

- In business for 10 years or more;
- Revenue under $1 million;
- No military service;
- Fewer than 20 employees;
- Urban/suburban (not rural);
- Over age 45.

For more information on this survey please visit usbank.com/smallbusiness