A cooperative project of:
The Greater Springfield Chamber of Commerce
and
University of Illinois at Springfield
Center for Entrepreneurship / Center for State Policy and Leadership

The Sangamon County Business Economic Outlook Survey

The Chamber *and* UIS

About the survey: The Sangamon County Business Economic Outlook Survey is a biannual vehicle to assess the economic outlook of businesses and non-profit organizations in Sangamon County. The survey solicits opinions from a sample of businesses/ firms/ organizations in Sangamon County with 10 or more employees. Opinions solicited include expectations about the performance of various aspects and sectors of the Sangamon County economy in the next 12 months; expectations for the respondent's own business; and the biggest challenges facing their firm in the local economy over the next 12 months. The most recent results are based on 200 survey responses that were collected during late August through mid-September, 2008. The survey was also conducted last March.

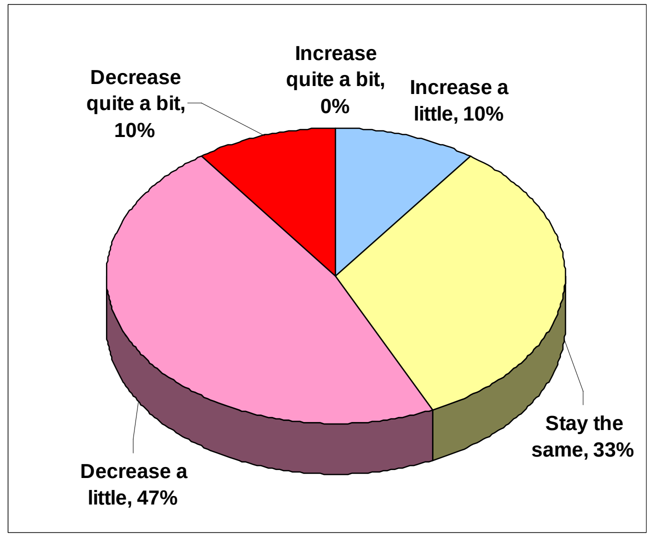
About the "Intensity Index Score" (IIS): Outlook questions ask respondents whether an economic indicator over the next 12 months will: *decrease quite a bit, decrease a little, stay about the same, increase a little, or increase quite a bit*. For the purpose of tracking responses over time, we developed an "Intensity Index Score" for each of the outlook indicators. The Intensity Index Score is the average of all ratings when the following values are given to each response: decline quite a bit (-100), decline a little (-50), stay about the same (0), increase a little (+50), and increase quite a bit (+100).

This score can range from a low of -100, meaning every respondent expects the topic to "decline quite a bit" -- to a high of +100, meaning every respondent expects the topic to "increase quite a bit." A score of 0 either indicates that every respondent expects the topic to "stay about the same," or that the increase and decrease responses are evenly balanced.

Result highlights

Expectations for the performance of the Sangamon County economy as a whole over the next 12 months are somewhat negative (Intensity Index Score = -28). One in ten respondents expect any increase in the performance (0% quite a bit; 10% a little) while well more than half expect some kind of decrease (10% quite a bit; 47% a little). One in three (33%) expect it to stay about the same.

Outlook for Sangamon County Economy



The September expectations for the Sangamon County economy are slightly more pessimistic than the expectations found last March (Intensity Index of -22). The September results show somewhat fewer expecting an increase (10% vs. 16% in March) and at the same time show slightly more expecting a decrease (57% vs. 54% in March) and expecting stability (33% vs. 30% in March).

By sector, the most positive expectations are found for the following sectors

- medical/health care (IIS = +32)
- education (+10) and,
- information and communications systems and services (+2).

The most negative expectations are found for construction/building (-35) and manufacturing (-29) followed by retail trade (-25), wholesale trade (-25), finance/insurance/real estate (-25) and transportation/warehousing (-23).

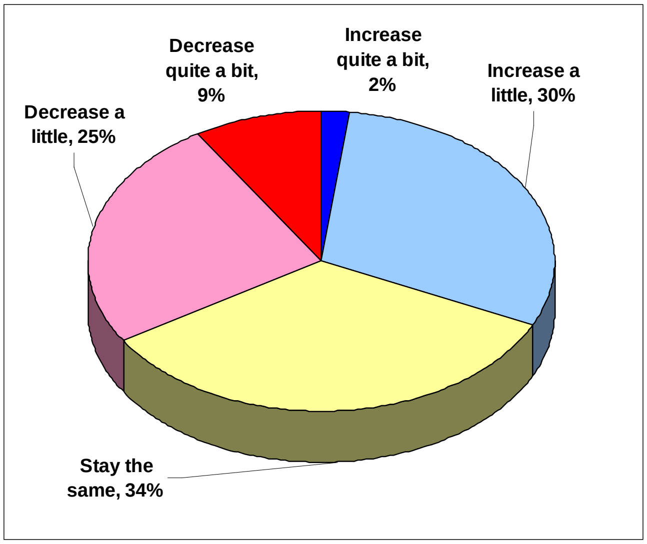
From March to September, the largest changes in the Intensity Index scores occur for:

- information and communications systems and services (IIS dropping from +13 in March to +2 in September),
- accommodations, food, entertainment and recreation (IIS dropping from -7 in March to -17).

Three other sectors show a very modest decline in their IIS of -5 or -6, while seven sectors show virtually no change in their IIS.

The overall expectations for "your" firm/ business in Sangamon County over the next 12 months are slightly negative (Intensity Index Score = -5). Almost one-third expect some kind of increase (2% quite a bit; 30% a little) while just over one-third expect some kind of decrease (9% quite a bit; 25% a little). Just over one-third (34%) gave a rating of "stay about the same."

Outlook for Own Firm: "Overall"



The September expectations for respondents' own firms are more pessimistic than the expectations found last March, when there was a slightly positive Intensity Index of +7. The September results show somewhat fewer expecting an increase (32% vs. 37% in March) and also fewer expecting stability (34% vs. 39% in March). At the same time, the September results show more expecting a decrease (34% vs. 24% in March).

The biggest challenges selected across all respondents are:

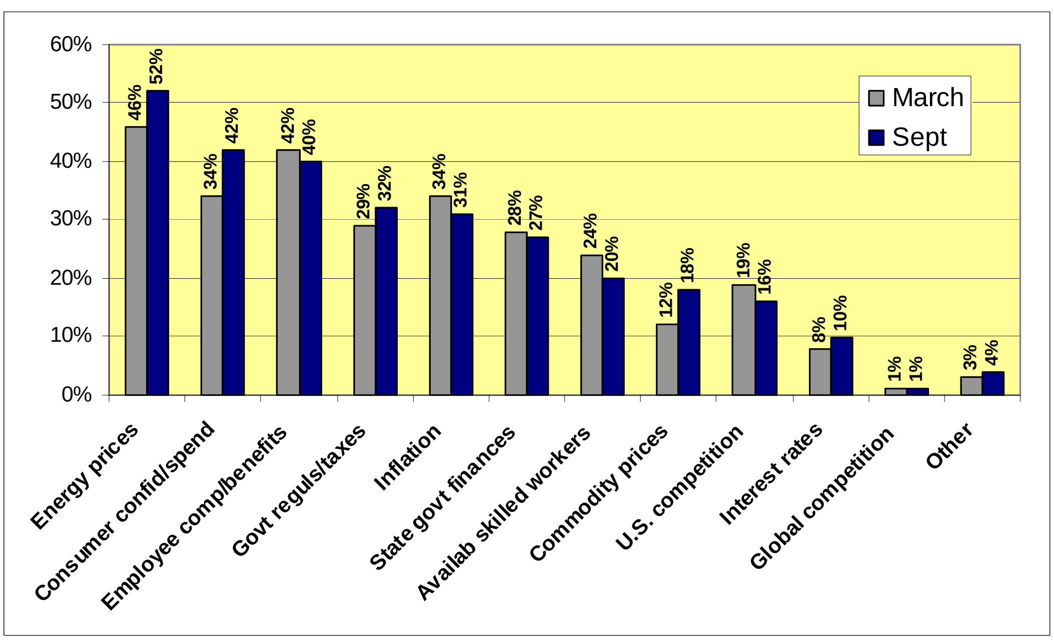
- energy prices (52%)
- consumer confidence/spending (42%)
- employee compensation/benefits (40%)
- government regulations/taxation (32%)
- inflation (31%)
- state government finances (27%).

From March to September, the largest increases for these concerns are for consumer confidence/spending (+8%, from 34% to 42%) and energy prices (+6%, from 46% to 52%).

Familiarity with Q5 initiative. Nearly three in ten of the respondents indicated they are either "very" (11%) or "quite" (17%) familiar with the Quantum Growth Partnership (Q5) Initiative, and another third (32%) said are "somewhat familiar." Four in ten said there are either "not very" (20%) or "not at all" familiar (20%).

More detailed results are presented below.

What are the Three Biggest Challenges Facing Your Firm in the Local Economy over the Next 12 Months?

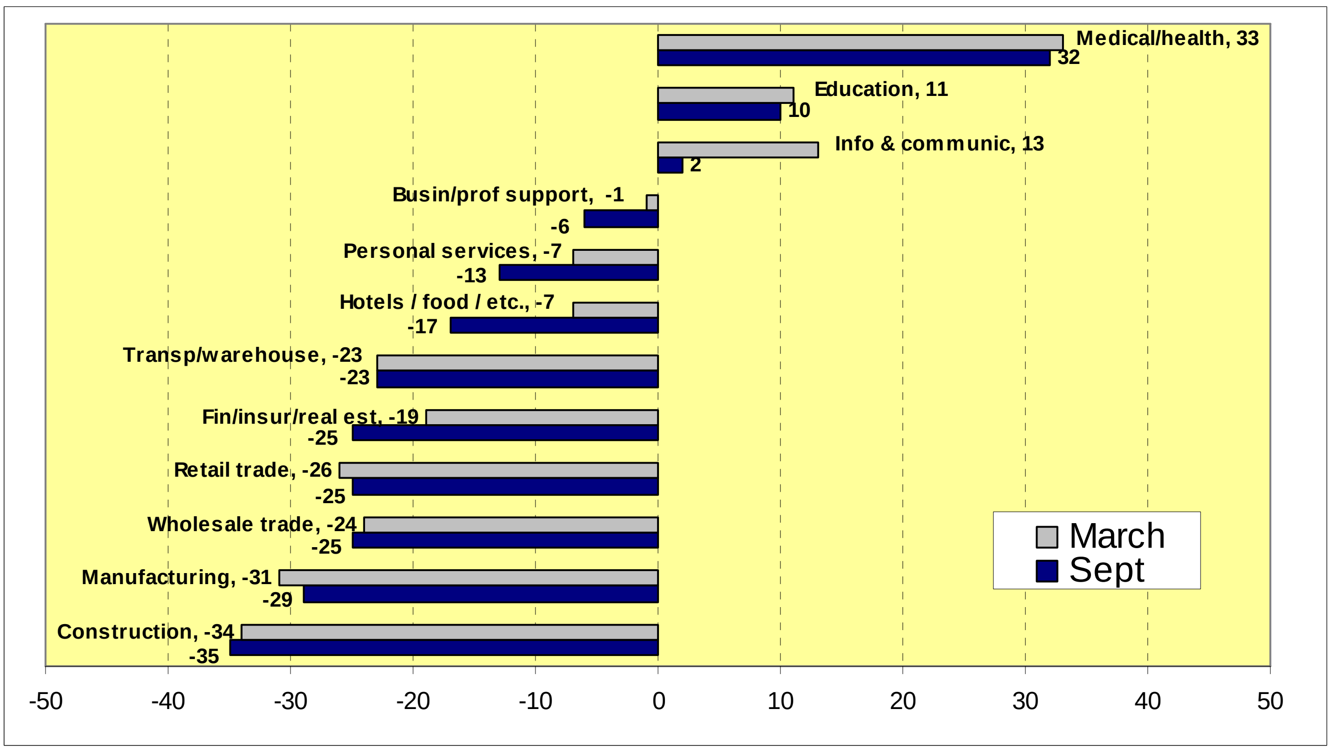


Over the Next 12 Months, What are your Expectations for Sangamon County Economy?

(figures show % of respondents by category)

Sangamon County	DECREASE quite a bit	DECREASE a little	SAME	INCREASE a little	INCREASE quite a bit	Intensity Index Score (IIS)	March to Sept change in IIS
Overall economy	10%	47%	33%	10%	0%	-28	-6
Gross sales / revenue	13	40	26	19	3	-20	-2
Capital investment	15	40	27	17	1	-25	-11
Overall employment	13	48	25	13	1	-31	-14
Contributions to non-profits organizations	15	40	40	5	0	-32	-5
Interest rates	1	15	45	36	3	+12	+38
Inflation / prices of goods/services	2	3	10	50	36	+58	+3

Intensity Index Scores for Economic Sectors



Over the Next 12 Months, What are your Expectations for Your Firm?

(figures show % of respondents by category)

Sangamon County	DECREASE quite a bit	DECREASE a little	SAME	INCREASE a little	INCREASE quite a bit	Intensity Index Score (IIS)	March to Sept change in IIS
Overall	9%	25%	34%	30%	2%	-5	-12
Gross revenue / sales	9	26	25	35	5	+1	-11
Capital investment	8	19	48	19	6	-2	-13
Number of employees	7	23	46	22	2	-5	-15
Profitability	11	30	28	29	3	-9	-11

More results as well as updates and additional analyses of the results are/will be posted at:
http://cspl.uis.edu/SurveyResearchOffice/BusinessOutlookSurveyResults.htm