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Sunnier outlook

Survey of small-business owners finds positive expectations in 2016

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Many small-to-mid size Atlanta business owners have poured positive energy into 2015 and 2016 business growth.

According to the “PNC Economic Outlook: Survey of Small & Middle-Market Business Owners,” released in October, a number of businesses are planning to hire additional full-time employees; offer pay raises to some employees; and expect to make a profit in 2016, among other encouraging goals and forecasts.

“Atlanta’s economy will continue to thrive in 2015 and 2016,” reads the analysis of the survey results. “Rebounds in technical and professional services will power above-average wage growth, while falling gas prices will relieve consumers. Lower fuel costs will also boost the area’s transportation and logistics firms. Longer term, reasonable living and business costs, paired with strong population growth, will lift Atlanta’s potential.”

The economic outlook is published semi-annually, said PNC Financial Services Group’s Willie Mayberry, senior vice president, business banking market manager for Georgia and Alabama, via correspondence. “PNC surveys small- and mid-size business owners’ expectations for their own businesses’ performance, and their outlook for the national and regional economies.”

The bank has surveyed metro Atlanta small-business owners since it came into the market with the RBC acquisition in 2012, he said. The one before the fall survey occurred in spring 2015. Artemis Strategy Group independently conducted telephone interviews from July 2015 to August 2015 with 520 small and middle market businesses nationwide, with revenues of \$100,000 to \$250 million, Mayberry said; the local results are based on responses from 152 interviews in Atlanta.

The survey results help the bank serve its business customer base, because “they offer insight into what challenges and opportunities small-business owners expect to address within the next months,” Mayberry said, “from where and when they expect to need additional loans to finding out how they currently manage their cash flow. The survey results offer [an] in-depth snapshot of what national and local economic pressures will impact their business operations, which helps our business bankers deepen the

relationship beyond transactional to become a trusted adviser.”

Of business owners surveyed who expect to have excess cash at the end of this year, 30 percent are most likely to invest in business operations; 28 percent, add to cash reserves; 27 percent, distribute to owners; and 26 percent, pay off business debts. Totals exceed 100 percent because owners could choose more than one response.

In addition, 84 percent of owners said they will not pursue new loans or lines of credit in the next six months; 12 percent will.

Rahim Charania, CEO of American Fueling Systems, wondered why more businesses aren't planning to invest back into their businesses and why many aren't opting not to seek out loans to help grow their operations.

“When you're in the growth cycle of the business, you're heavily investing,” Charania said. But based on the survey responses, he doesn't see that happening on a wide scale among the participants. “They're not reinvesting back into the business for future growth. They're not doing any kind of major push for growth.”

Charania does agree with survey participants' overall optimism for 2016. His company is on a growth trajectory for next year and beyond.

“I believe 2016 will be a good year for American Fueling Systems. We are expanding our operations to Texas, Virginia, Louisiana, and Mississippi. We plan to leverage the success of these new expansion to lead into 2017's expansion to Mexico. We are reinvesting the vast majority of our proceeds from 2014 back into the business, and we are reaching out to grow our business.”

Several other Atlanta businesses echo the overall sentiment of the survey.

AcuteCare Telemedicine, which serves more than 30 hospitals, is in six states with plans to expand, said CEO Dr. Matthews Gwynn.

“It's really successful, growing greatly,” he said. “We've had 100 percent growth in the last two years. We are hiring and very optimistic about 2016. We have a number of great contracts in the pipeline. We've now reached a critical size and exposure. People know us by our reputation, and that's helped. We care immensely what people think about us

because we own the company and our bottom line comes straight from what we do, and no one else. We keep very close tabs on our quality. We're very proud of that."

Attorney Rebeca E. Salmon, a managing partner at A Salmon Firm and executive director of the nonprofit Access To Law, said, "If you give a quality product at a fair price, 2016 is looking bright. We're not looking at 2016 as anything but positive."

Goals and Issues

According to the survey, 23 percent of business owners heading into 2016 expect an increase in hiring, up from 19 percent questioned during the spring 2015 survey. Kyle Porter, CEO, SalesLoft, has already experienced such progress.

"We have a fortunate circumstance of growing our company from four at the beginning of last year to over 83 today," he said during a late November interview. "We've had significant growth because the climate is so strong and the market is so strong."

Porter said he knows of one good reason why some employers face these issues: optimistic prospects.

The survey bears his view out: 86 percent – the same percentage as in the spring survey – are optimistic about their company's prospects. But when it comes to their outlook for the U.S. economy, 55 percent are optimistic, compared to 75 percent six months ago.

Thirty percent of businesses said finding qualified employees has become harder than six months prior; 11 percent of those who are not hiring say it's because they cannot find the right skilled workers.

"In today's economy, which is flourishing, employees have so many opportunities for jobs," Porter said, adding that SalesLoft has taken this challenge seriously. "We need to make our organization the best place to work in order to attract and retain talent."

Salmon said for the organizations she heads, the search for new talent goes far beyond a resume.

"Looking good on paper does nothing for us," Salmon said. Candidates must have a passion in making sure "everybody has representation, so it's an even playing field."

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CLOSER LOOK

The PNC Economic Outlook Survey of Small & Middle-Market Business Owners, which is suggests many of the participants – there were 152 telephone interviews with metro Atlanta businesses in all – are positive about business growth now and heading into 2016:

- 7 in 10 owners expect to make a net profit this year.
- The most Atlanta business owners since 2012 plan to hire additional full- time employees.
- 58 percent expect an increase in sales while 49 percent expect profits to grow.
- 4 in 10 offer a variety of ways for customers to make payments, including online and mobile options.
- 22 percent charge penalties for late payments or offer discounts for early payments (19 percent); 30 percent said they get paid with the services so these options do not apply.
- 8 in 10 of owners surveyed said they will not pursue new loans or lines of credit in the next six months, while 12 percent will.
- 19 percent said access to credit now is easier versus three months ago, and 16 percent say it is harder.

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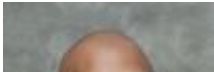
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