

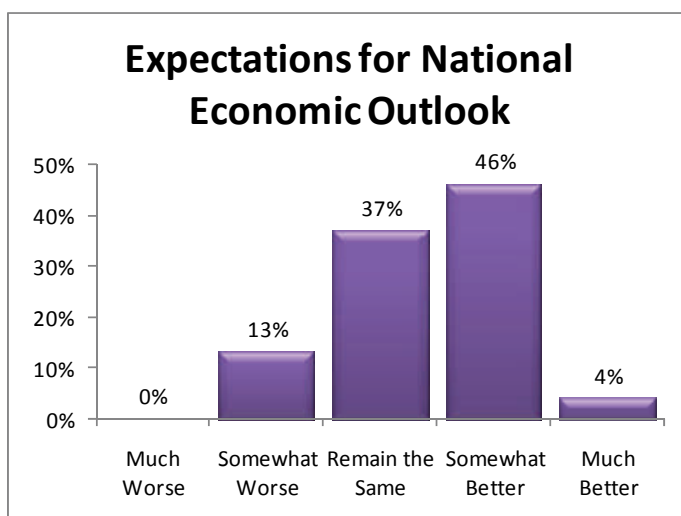
## A New Index for Business

The BusinessFirst Charlotte Confidence Index is derived from a six question survey asking business leaders their opinions about expectations for the upcoming quarter as it pertains to the national and local economy, as well as company sales, profits, hiring plans, and capital expenditures. The inaugural survey was completed during the first two weeks of March 2011. An index value is calculated for each question that ranges from 0 to 100, with an index value above 50 indicating expansion or positive outlook, and values below 50 indicating contraction or negative outlook. The BusinessFirst Confidence Index is a composite of the six questions with equal weighting, and is represented with the same 0 to 100 scale.

Overall, Mecklenburg County business leaders are confident about the local and national economy, as well as their company sales, profits, hiring plans, and capital expenditures for the second quarter 2011 as compared to the first quarter. The inaugural BusinessFirst Charlotte Confidence Index recorded a value of **62.3**. An index value above 50 indicates positive expectations and values below 50 indicate negative expectations.

2011 Second Quarter Outlook Index Values	
National Economic Outlook	<b>60.2</b>
Local Economic Outlook	<b>63.2</b>
Sales Expectations	<b>68.4</b>
Profits Expectations	<b>63.2</b>
Hiring Expectations	<b>62.5</b>
Capital Expenditures Expectations	<b>56.3</b>
<b>BusinessFirst Confidence Index</b>	<b>62.3</b>
Index above 50 indicates expansion Index below 50 indicates contraction	

### Expectations for National Economic Outlook

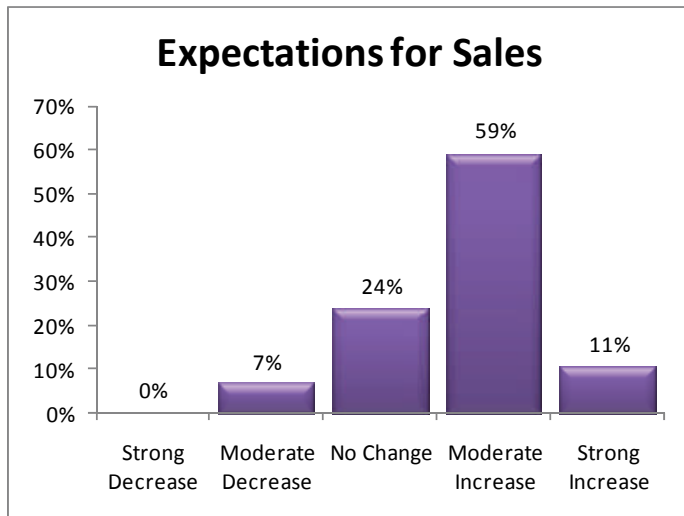
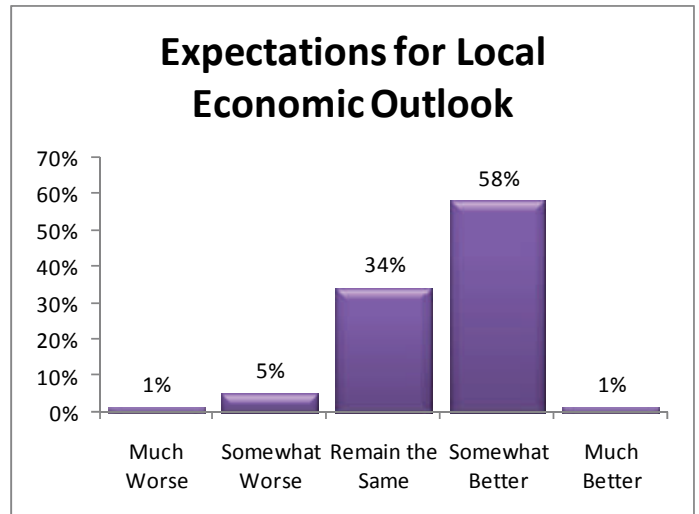


## National Economic Outlook

Mecklenburg County business leaders have a positive outlook on the national economy, with a national economic outlook index value of **60.2**. Half of the business leaders responding to the survey expect the national economy to improve in the second quarter compared to the first quarter 2011. While only 4 percent of the respondents expect the national economy to be much better, a large percentage of them (46%) nonetheless expect the national economy to be somewhat better. An additional 37 percent of respondents expect the national economy to remain the same in the second quarter. Remaining respondents (13%) expect the national economy to be somewhat worse, and none of the business leaders expect it to be much worse.

## Local Economy

Business leaders in Mecklenburg County have higher expectations for the local economy than the national economy, with a local economic outlook index value of **63.2**. Nearly 60 percent of business leaders responding to the survey expect the local economy to improve in the second quarter compared to the first quarter 2011. While only 1 percent of them expect the local economy to be much better, the majority (58%) expect it to be somewhat better. Thirty-four percent of respondents expect the local economy to remain the same, while 6 percent expect it to be worse. (Five percent expect the local economy to be somewhat worse, and only 1 percent expects it to be much worse.)

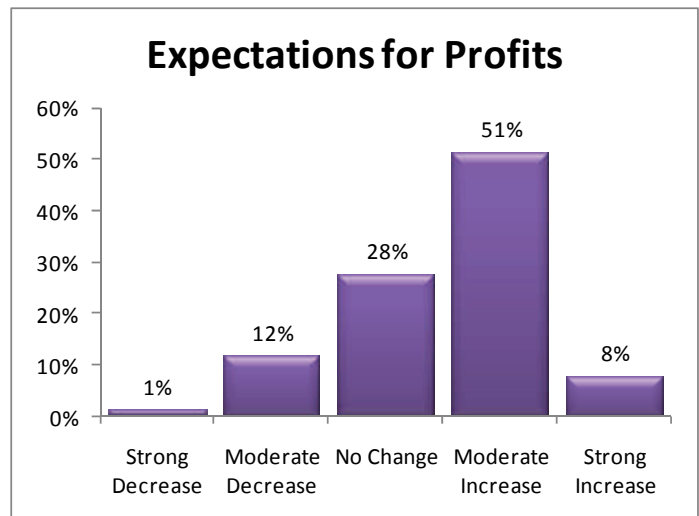


## Sales

Of the six component indices, Mecklenburg County business leaders have the greatest confidence in sales, with a sales index value of **68.4**. The positive outlook in sales parallels the increased consumer confidence seen nationally in The Conference Board Consumer Confidence Index® (CCI). Seventy percent of business leaders responding to the survey expect increases in sales in the second quarter compared to the first quarter 2011. Fifty-nine percent expect a moderate increase in sales and 11 percent expect a strong increase. Nearly a quarter of respondents expect no change in sales, while 7 percent expect a moderate decrease. None of the business leaders expect a strong decrease in sales in the second quarter 2011.

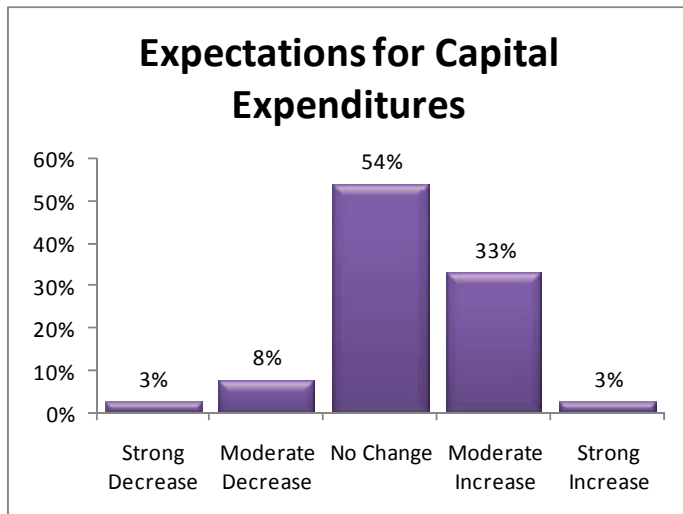
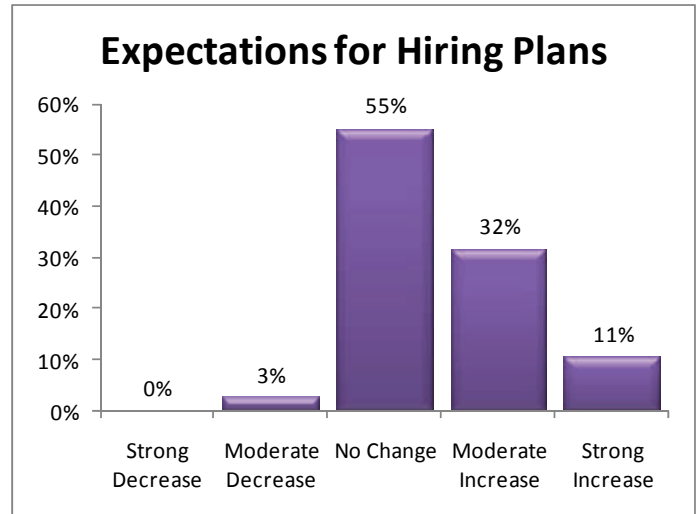
## Profits

Expectations for profits do not directly correspond with expected sales increases, but Mecklenburg County business leaders still have a positive outlook on profits, with a profits index value of **63.2**. The differential in confidence between sales and profits could be attributed to the overall increase of business costs (transportation, raw materials, etc.) and price cuts to entice sales. Nearly 60 percent of business leaders responding to the survey expect increases in profits for the second quarter compared to the first quarter 2011. The majority of them (51%) expect just a moderate increase in profits. An additional 28 percent of respondents expect no change in profits for the second quarter. Twelve percent expect profits to decrease moderately and only 1 percent expects a strong decrease.



## Hiring

Business leaders in Mecklenburg County have a positive outlook on hiring plans, with a hiring plans index value of **62.5**. While not quite as high as the measures for sales and profits, this value was more positive than the measure of plans for capital expenditures. Hiring has continued to be sluggish across the nation, a trend supported locally by these figures. Less than half (43%) of business leaders responding to the survey expect increases in hiring for the second quarter compared to the first quarter 2011. Thirty-two percent expect a moderate increase in hiring and 11 percent expect a strong increase. The majority of respondents (55%) expect no change in hiring for the second quarter. Only 3 percent of business leaders expect a moderate decrease in hiring, and on a positive note, none expect a strong decrease.



## Capital Expenditures

Mecklenburg County business leaders have the least confidence regarding capital expenditures, with a capital expenditures index value of **56.3**, still positive but representing the lowest value of the six component indices. Low expectations for capital expenditures can indicate that businesses are cautious to invest in operations until a sustained economic recovery is evident. Only 36 percent of business leaders responding to the survey expect an increase in capital expenditures, with only 3 percent expecting a strong increase for the second quarter compared to the first quarter 2011. Fifty-four percent expect no change in capital expenditures for the second quarter. The remaining respondents expect a moderate decrease (8%) or a strong decrease (3%) in capital expenditures.

Respondent Characteristics	
Annual Sales	Percent
Less than \$1 million	25%
\$1 to \$9 million	22%
\$10 to \$99 million	21%
More than \$100 million	14%
Undisclosed	16%
Employment Size	Percent
0 to 19	41%
20 to 99	29%
100 or more	29%

## Respondents

Business leaders who responded to the survey represent the entire range of industries in Mecklenburg County including construction; manufacturing; retail; finance and insurance; professional, scientific, and technical services; and health care and social assistance. Forty-one percent of respondents employed fewer than 19 employees, 29 percent employed 20 to 99 employees, and 29 percent employed more than 100. In terms of annual sales, 25 percent had sales of less than \$1 million, 22 percent ranged from \$1 to \$9 million, 21 percent ranged from \$10 to \$99 million, 14 percent had sales of more than \$100 million, and 16 percent were undisclosed.

## For More Information

The BusinessFirst Charlotte Confidence Index represents the collaborative efforts of the Charlotte-Mecklenburg Workforce Development Board and the City of Charlotte to provide a quarterly, forward-looking indicator of economic activity in Mecklenburg County based on the opinions of local business executives. This work is being coordinated through BusinessFirst Charlotte, a collaborative program between the City of Charlotte and the Charlotte Chamber, and the UNC Charlotte Urban Institute is conducting the research and analysis. The survey was disseminated to businesses who first registered as participants through the index website ([www.ui.uncc.edu/businessfirst](http://www.ui.uncc.edu/businessfirst)). Registration is open to all businesses in Mecklenburg County. For classification and verification, the registration asks for company information regarding business type, employment size, and revenues. Survey responses are then calculated into an index value ranging from 0 to 100, with 50 as the neutral point. To determine the index values, for each question the percent of responses for each option in the five-part scale is multiplied by a weighting factor to transform the values into a scale that

ranges from 0 to 100. The overall index is a composite of all six questions combined with equal weighting and calculated similarly. The index values represent the opinions of the participants who responded to the survey, constituting just a sample of all business leaders in Mecklenburg County.

If you are interested in registering as a participant in order to receive invitations to complete our quarterly survey, you can do so at [www.ui.uncc.edu/businessfirst](http://www.ui.uncc.edu/businessfirst). The next survey asking about expectations for third quarter 2011 will be conducted the first two weeks of June.

We would like to thank the 76 business leaders who completed the inaugural survey during the first two weeks of March. As the survey expands to include more participants, further analysis is planned to include breakdowns by individual industries and business characteristics, as well as to look at trends over time.



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