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to Hire

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MCLEAN, Va. — Small businesses across the country are expressing optimism about the national economy and expect to see continued improvement in their financial performance over the next six months, yet more than half (52 percent) of small businesses nationwide say current business conditions are only fair or poor, according to Capital One's Spark Small Business Barometer for the third quarter of 2013.

The quarterly survey of small businesses measures the economic perceptions, financial conditions and future projections of small business owners across the nation, as well as the most common challenges that today's small businesses face.

“Our third quarter Barometer results show a bit of a paradox. While a growing number of small businesses are expressing optimism about the year ahead for the national economy, and their business financials are showing improvement, a high percentage still have no near-term plans for growth,” said Jon Witter, President of Direct, Consumer and Small Business Banking at Capital One. “The lack of planning for and investing in the future – whether related to hiring, retirement or emergency planning – is concerning and a sign of the continued constraints and headwinds that small businesses face every day.”

Results Highlights

Financial Performance:

National sentiment about current business conditions is slightly negative, as less than half (47 percent) of small businesses consider business conditions excellent or good, representing a slight one-point increase compared to the previous quarter.

However, nearly two-thirds (64 percent) of minority-owned businesses report

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their financial situation since 2012, with 46 percent reporting improvements.

Along with this improvement comes a rise in short-term financial expectations. Thirty-two percent of businesses have seen an uptick in sales over the past six months and more businesses – 46 percent – expect their firm's financial situation to improve over the next six months. This is a nine-point improvement compared to Q3 2012, when only 37 percent of businesses anticipated financial growth. The number of businesses citing sales declines over the past six months decreased from 25 percent to 20 percent across all industries.

Despite the slight increase in business owners' sales projections, only 29 percent of small business owners have plans to hire new employees in the next six months, with over half (53 percent) citing their current level of income as the primary reason for their decision not to hire.

Economic Outlook:

The survey found that 29 percent of businesses identify the economy as the most important long-term challenge they face, with healthcare costs (19 percent) and government regulations (15 percent) ranking as the second and third most prominent long-term challenges. When asked to consider proposed solutions to economic challenges, 24 percent of business owners nationwide – and a dominant 66 percent of businesses in the wholesale industry – believe that cutting state and local taxes would be the most effective way to promote economic growth in their state.

With that said, the national economic outlook is on the rise. Fifty-two percent of business owners are optimistic about the national economy over the next 12 months, which is an eight-point increase over the national economic outlook reported in the previous quarter.

The economic outlook for the local economy varies greatly by region and by

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Following are additional key trends derived from this quarter's survey.

- Systemic challenges continue to be recurring top-of-mind obstacles: 28 percent identify the economy as the most important long-term challenge.
- Health care costs (19 percent) and government regulations (15 percent) round out the top three identified long-term challenges.
- Only a fraction of small business employees have access to an employer-sponsored retirement plan: Only 24 percent of small businesses report offering a retirement plans for their employees.
- Relaxing government regulations continue to be a central theme as a key for economic growth: 24 percent believe cutting state and local taxes would do the most to promote economic growth in their state.
- Cutting back regulations (21 percent) and encouraging tech startups and business incubators to come to the area (20 percent) round out the top three beliefs.
- A majority of small business employers do not have plans to hire over the next six months: 29 percent plan to hire employees in the next six months, while two-thirds (64 percent) do not have plans to hire in the next six months
- More than half of small businesses do not have an emergency plan.
- Fifty five percent of small business owners report they have no emergency response plan to follow in the case of an unexpected disaster or emergency.
- The construction sector is the least prepared, with 92 percent reporting no emergency plan.

“Small business is the backbone and a driving force of our local and national economies,” Witter said. “Our goal is to understand the day-to-day challenges and constraints small business owners face, so we can best serve them with useful products and services, as well as access to quality resources and education.”

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per business was conducted. The interviews were conducted 9/27/18 - 1/7/19. The margin of error for each state's study is ± 5.66 percentage points and the national is ± 4.9 percentage points, and when the Louisiana & New Orleans data are combined, the 480 completes there would be ± 4.5 percentage points, at the 95% confidence level. Interviews were monitored at random.

Sampling for this study was conducted using a national sample of businesses drawn from Hoovers & Dun and Bradstreet. All interviews were conducted using a computer-assisted telephone interviewing system. Statistical weights were designed from the United States Department of Commerce to ensure proper inclusion of all SIC codes.

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