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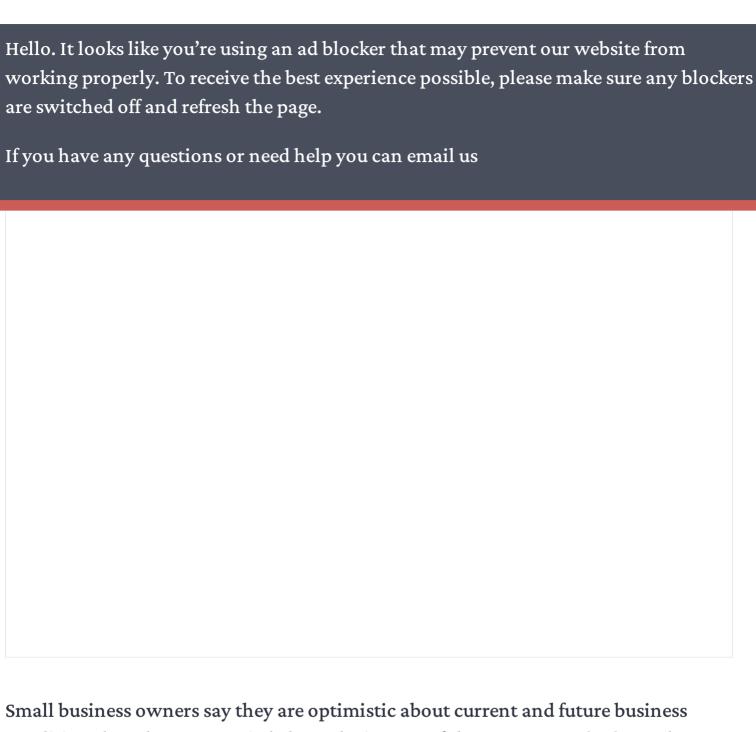
Practice **Advisor**

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Small business owners say they are optimistic about current and future business conditions but also are worried about the impact of the Tax Cuts and Job Act that was signed into law in late 2017. Capital One's latest Small Business Growth Index found that 52 percent of businesses expect to pay the same or more in taxes and only 36 percent believe their taxes will decrease in 2018.

"Small business confidence continues to rise with more than half of small business owners expecting a profitable 2018," shared Celia Edwards Karam, head of small business banking at Capital One. "As such, we're seeing many small business leaders and entrepreneurs focus on industry challenges such as taxes, technology and diversity."

Following are key themes uncovered by the Spring 2018 Small Business Growth

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- Raise employee wages (47 percent)
- While only 36 percent of SBOs believe they'll pay less in taxes in 2018, 46 percent say they support the tax plan. Among the 46 percent of small businesses owners that support the new tax law:
 - o Eighty-five percent say they expect it will lead to economic growth
 - o Forty-six percent favor the ability to write off additional purchases
 - o Forty-three percent believe it will make it easier to file taxes

Optimism among SBOs remains high, with significant increases among male SBOs; however, hiring remains flat.

- The majority (62 percent) feel current business conditions are "good" or "excellent" and 51 percent feel their financial position will improve six months from now.
- Optimism among male SBOs has considerably increased, as 62 percent believe business conditions are "good" or "excellent," up from 46 percent a year ago. In comparison, 63 percent of female SBOs feel business conditions are "good" or "excellent," up from 56 percent in 2017.
- Twenty-nine percent plan on hiring additional employees in the next six months, up from 25 percent responding to the same question in the fall of 2017.
- Of the 65 percent of businesses that do not plan on hiring in the next six months:
 - Seventy-percent say they do not currently have a need to hire additional employees;
 - Twenty-one percent say they do not have the financial resources to add to their workforce; and
 - Nineteen percent plan to invest in other areas of their business.

Nearly half of small businesses believe a diverse workforce will lead to future profitability.

• Forty-seven percent of SBOs with at least one employee believe a diverse workforce

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Forty percent of SBOs are concerned about technology replacing jobs, yet those investing in technology are more likely to hire.

- While 39 percent of SBOs are concerned that technology will eventually replace certain jobs or prevent businesses from hiring, 65 percent believe technology innovations are making it easier to streamline business operations.
- Millennial SBOs are most likely to state technology investments have made managing their businesses easier (81 percent), compared to 61 percent of Baby Boomers and 60 percent of mature business owners.
- Thirty-three percent of SBOs who state technology advancements have made it easier to manage their business have plans to hire in the next six months, compared to just 17 percent of SBOs who have not invested in technology.

"When it comes to running a business, small business owners face many of the same challenges as leaders in larger organizations – from building a diverse workforce to navigating the tax landscape – yet they tackle these challenges with fewer resources," said Buck Stinson, head of small business card at Capital One. "We are encouraged to see that business owners remain optimistic about their financial futures and we are committed to providing innovative products to fuel continued business growth."

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