

Center for Economic and Business Research

Snohomish County Business Optimism Survey Report - 2015

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In Collaboration With



COASTAL
COMMUNITY BANK

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Executive Summary

The 2015 Business Optimism Survey (Survey) is a collaboration with Coastal Community Bank to collect information related to the business environment within Snohomish County. The Center for Economic and Business Research (The Center) located within the College of Business and Economics at Western Washington University is conducting the research and analysis services. The survey represents the initial contract in a longitudinal process that makes inquiries of businesses from the perspective of employees in leadership roles within community businesses.

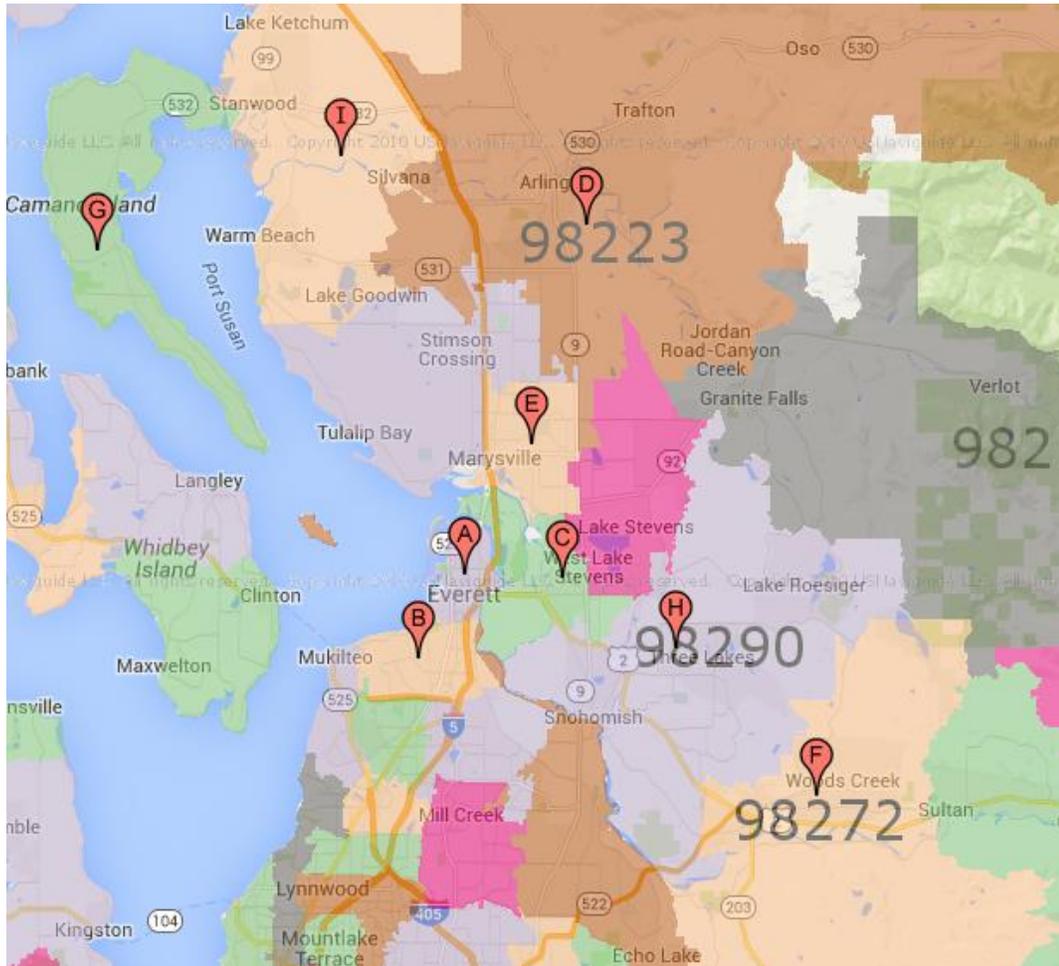
The Survey is designed with three purposes in mind: (1) to provide baseline observations of the current business environment; (2) to collect data that can be used to forecast the future business environment; (3) to assess business needs based upon self-reported characteristics, perceptions, and concerns. To accomplish these, the Survey integrates questions dealing with the businesses' current condition with questions regarding the future of the business. Current condition questions include business location (ZIP Code), years of operations, and number of employees. Future oriented questions include level of optimism for the local economy as well as the business in particular, revenue changes, investment changes, and different growth areas within the business. This report lists all questions and reports basic descriptive statistics.

The Center utilized an online survey methodology to obtain responses. A web based survey was e-mailed to an estimated 1,276 Snohomish County business contacts. Up to three reminder e-mail notices were sent to the business contacts. The survey was left open for three weeks.

To familiarize readers with the content of this survey, here we make a few observations regarding the survey results:

- The level of optimism for businesses remains high, averaging around 75.56 out of 100. Contributing factors include, but are not limited to:
 - 95% of businesses expect economic stability and/or growth in Snohomish County.
 - 61% of businesses expect revenues to rise from the previous year and of those who expect revenues to rise, 46% expect the growth to come from new customers.
 - 56% of respondents expect to invest at the same level as last year while 33% expect to invest more than last year.
 - 62% of businesses expect growth in net profits over the next 5 years, 40% expect growth in employment, 45% expect growth in equipment, 32% expect increases in gross margin, 17% expect increases in square footage, while 17% don't expect any growth.
- Respondents reported owners' personal cash and revenue generated by the business to be the most accessible sources of funding, while borrowing from family or friends and selling assets were reported as the least accessible forms of funding.
- Construction and other services, except public administration, are the highest represented industries at 15% and 14% of total respondents, respectively. Other notable industries include retail trade at 13%, real estate and rental and leasing at 10%, professional, scientific and technical services at 10%, and manufacturing at 9%.
- 59% of businesses have been in operation for 20 years or less, while 11% of businesses have been in operation for 50 years or more.

- Based on self-reported estimates, the average company has 43 full time workers and 12 part time workers.
- Over 50% of businesses are located in ZIP codes that correspond to parts of, or all of, Everett, Arlington, Marysville, Monroe, Camano Island, Snohomish, and Stanwood. A map of the listed ZIP codes can be found below.



*(A) 98201, (B) 98203, (C) 98205, (D) 98223, (E) 98270, (F) 98272, G(98282), (H) 98290, (I) 98292

- 65% of respondents are owners, 13% are CEOs or Presidents, 5% are controllers or CFOs, 9% are managers, and 7% are other organizational leaders which suggests sufficient level of leadership represented across all reported organizations.

Clarifying Notes

1. Percentages given are of the number responding to a question divided by the number asked that question. This denominator may contain fewer businesses than the total number of businesses responding to the survey due to question branching and survey attrition.
2. In some cases, percentages do not sum to one hundred because of rounding
3. A report of 0% indicates that the percentage of responses rounded down to, but is not equal with, zero.
4. This report presents responses from all businesses completing any question regardless of whether the respondent completed the survey or not.

Survey Results

Q1: What is your level of optimism for your business prospects in the next 12 months?

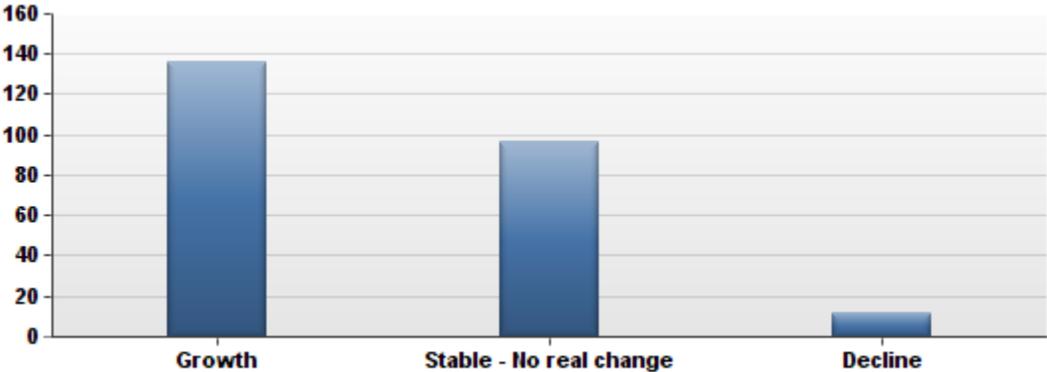
The average level of optimism on a scale of 1 to 100, 100 representing the most optimistic, was reported as 75.56 suggesting the average business in Snohomish County is more optimistic than not about business prospects in the coming 12 months. While most respondents reflect optimism in business prospects, there are noted outliers in both directions, with some reflecting significant level of pessimism that may be business specific.

Min Value	Max Value	Average Value	Standard Deviation	N
9	100	75.56	19.03	248

Q2: When thinking about the Snohomish County economy, what are your expectations for the next 12 months?

More than half of the respondents expect economic growth in Snohomish County for the next 12 months while 40% expect the local economy to remain stable over the same period. Only 5% of respondents expect the local economy to decline. Overall, 95% of respondents expect *at least* economic stability in Snohomish County for the next 12 months which contributes to an optimistic outlook for the local business environment.

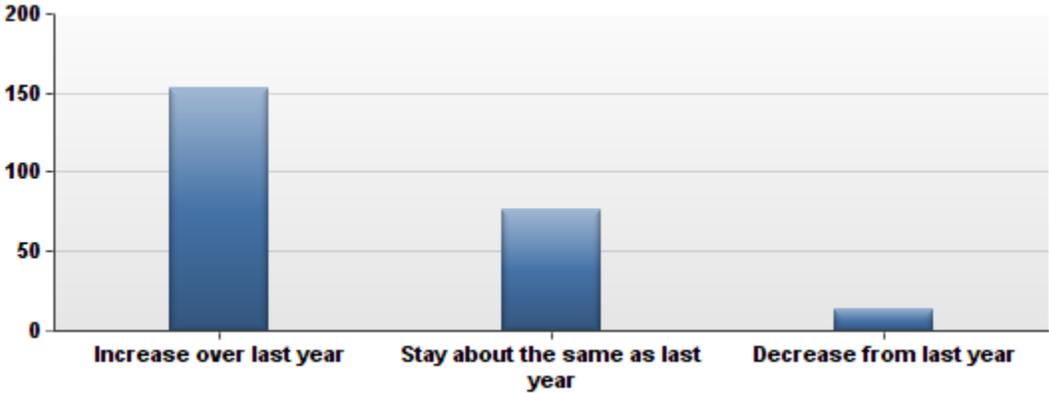
Growth	Stable - No real change	Decline	N
55%	40%	5%	262



Q3: In thinking about your business in particular, do you expect your revenues to increase over the last year, stay about the same as last year, or decrease from last year?

61% of respondents expect revenues to increase over last year while 33% expect about the same level of revenue as last year. Only 6% of respondents expect a decrease in revenue from last year. The positive outlook on revenue growth likely contributes to the elevated level of optimism reported in Q1.

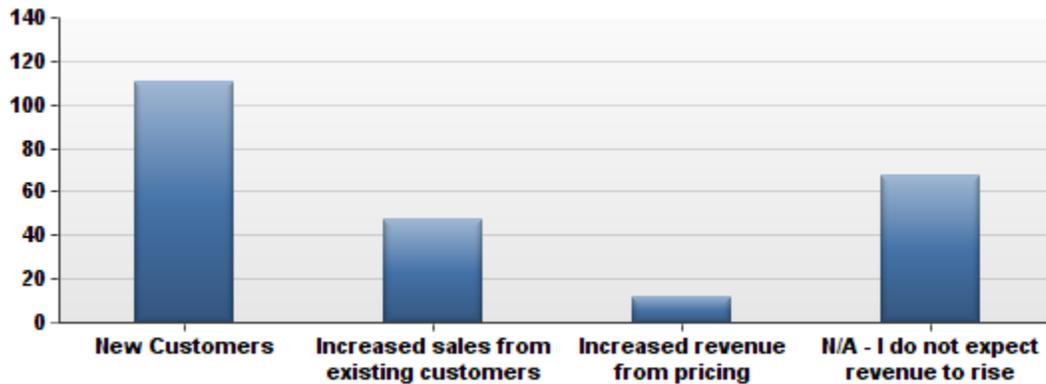
Increase over last year	Stay about the same as last year	Decrease from last year	N
61%	33%	6%	262



Q4: If you expect your revenue to rise from last year, where do you expect the majority of it to come from? New customers, increased sales from existing customers, increased revenue from pricing, or no expected rise in revenue.

Over 70% of respondents expect revenue growth from either new customers, increased sales from existing customers, or from pricing, while 30% do not expect revenue to rise from last year. This is consistent with the positive outlook on revenue growth, as was found in Q3, and likely contributes to the elevated level of optimism, as was found in Q1.

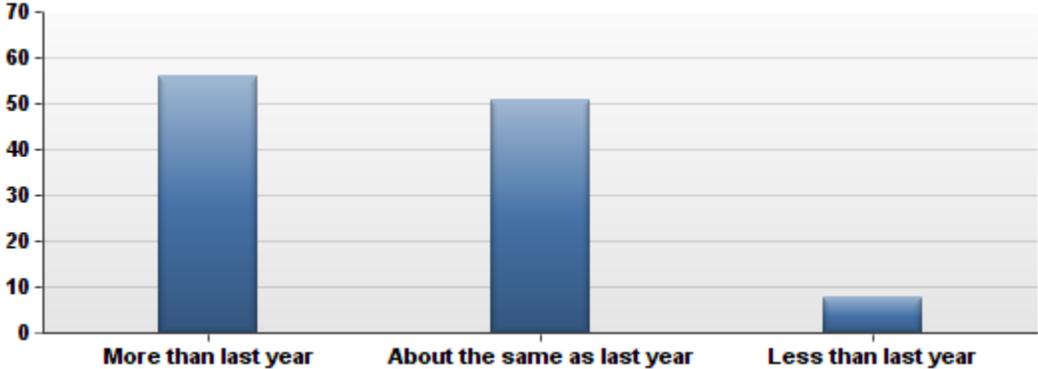
New Customers	Increased sales from existing customers	Increased revenue from pricing	N/A - I do not expect revenue to rise	N
46%	20%	5%	30%	254



Q5: In thinking about your business in particular, do you expect to invest in the business more than last year, about the same as last year, or less than last year?

Over half of the respondents expect to invest about the same as last year while about a third expect to invest more than last year. This suggests at least stable investment into local businesses in the near future and potential growth in revenue due to the 33% of respondents who expect capital injection.

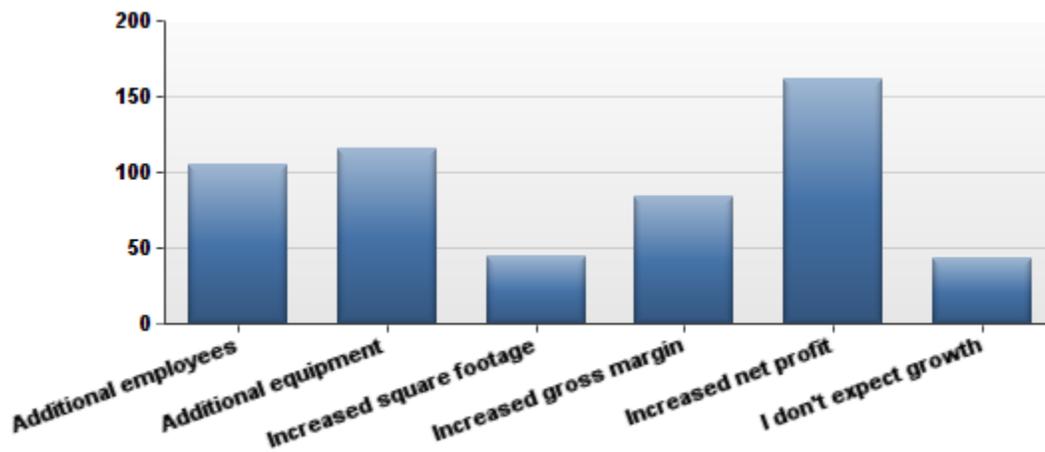
More than last year	About the same as last year	Less than last year	N
33%	56%	12%	264



Q6: When thinking about the next five years, what type of growth, if any, do you expect? (Check all that apply)

Respondents remain optimistic about growth in net profit in the next 5 years, with 62% of respondents reporting expected growth in this area. The expected increase in net profit is likely the result of the expected revenue growth (Q4) since 40% of respondents expect to add new employees to their business while 45% expect to add more equipment, both of which are costs.

Additional employees	Additional equipment	Increased square footage	Increased gross margin	Increased net profit	I don't expect growth	N
40%	45%	17%	32%	62%	17%	260



*Numbers are greater than 100 due to the allowance of multiple responses

Q7: When your business needs additional capital, how would you rank these sources of funding as most accessible to you? (Ranked on scale from 1 to 5)

A majority of the respondents reported revenue generated by the business to be the most accessible source of additional capital. Personal funding by the owner is also reported as being an easy source of funding while borrowing from friends or family, or selling assets was reported as the least accessible amongst the options

	1	2	3	4	5	N
Owners personal cash	34%	35%	21%	7%	3%	241
Revenue generated by the business	54%	37%	7%	1%	1%	241
Borrowing from bank or other financial company	11%	21%	37%	19%	12%	241
Borrowing from friend or family	0%	4%	14%	41%	40%	241
Selling assets	1%	3%	22%	31%	43%	241

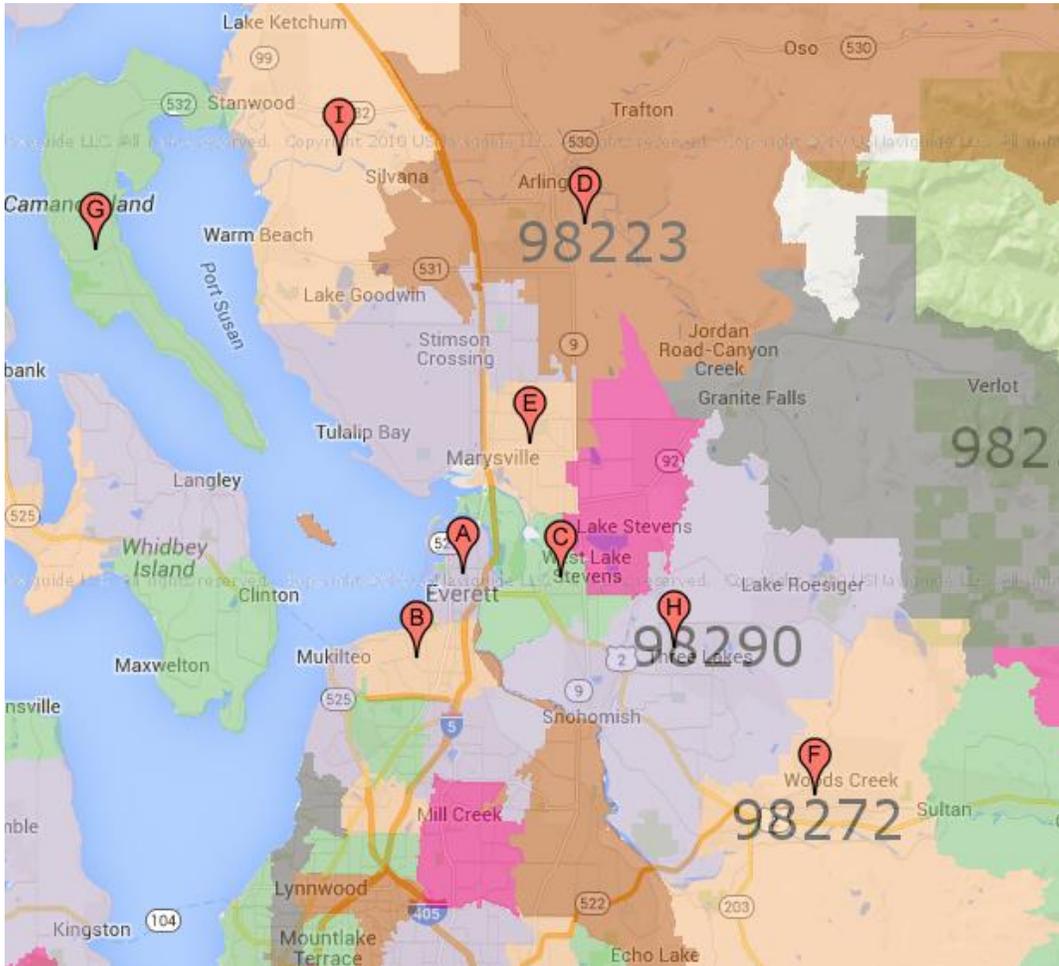
Q8: From the pull down list, please choose the industry group your company is most closely identified with.

Construction and other services, except public administration, are the highest represented industries at 15% and 14% of total respondents, respectively. Other notable industries include retail trade at 13%, real estate and rental and leasing at 10%, professional, scientific and technical services at 10%, and manufacturing at 9%. The optimism report is likely to be reflective of the industries listed above.

N	237
Construction	15%
Other Services, except Public Administration	14%
Retail Trade	13%
Real Estate and Rental and Leasing	10%
Professional, Scientific and Technical Services	10%
Manufacturing	9%
Finance and Insurance	5%
Arts, Entertainment, and Recreation	5%
Health Care and Social Assistance	4%
Agriculture, Forestry, Fishing and Hunting	3%
Wholesale Trade	3%
Transportation and Warehousing	3%
Utilities	2%
Educational Services	2%
Accommodation and Food Services	2%
Information	1%
Management of Companies and Enterprises	1%
Mining, Quarrying, and Oil and Gas Extraction	0%
Administrative and Support and Waste Management and Remediation Services	0%
Public Administration	0%

Q9: What ZIP code is your business headquartered in? (Of the 255 responses received, 252 were valid ZIP codes)

The majority of businesses, or 135 out of the 252 respondents, are located in ZIP codes that correspond to parts of, or all of, Everett, Arlington, Marysville, Monroe, Camano Island, Snohomish, and Stanwood. The optimism report is likely to be reflective of the ZIP codes with higher number of respondents. A map of the noted locations and a table of all reported zip codes can be found below.



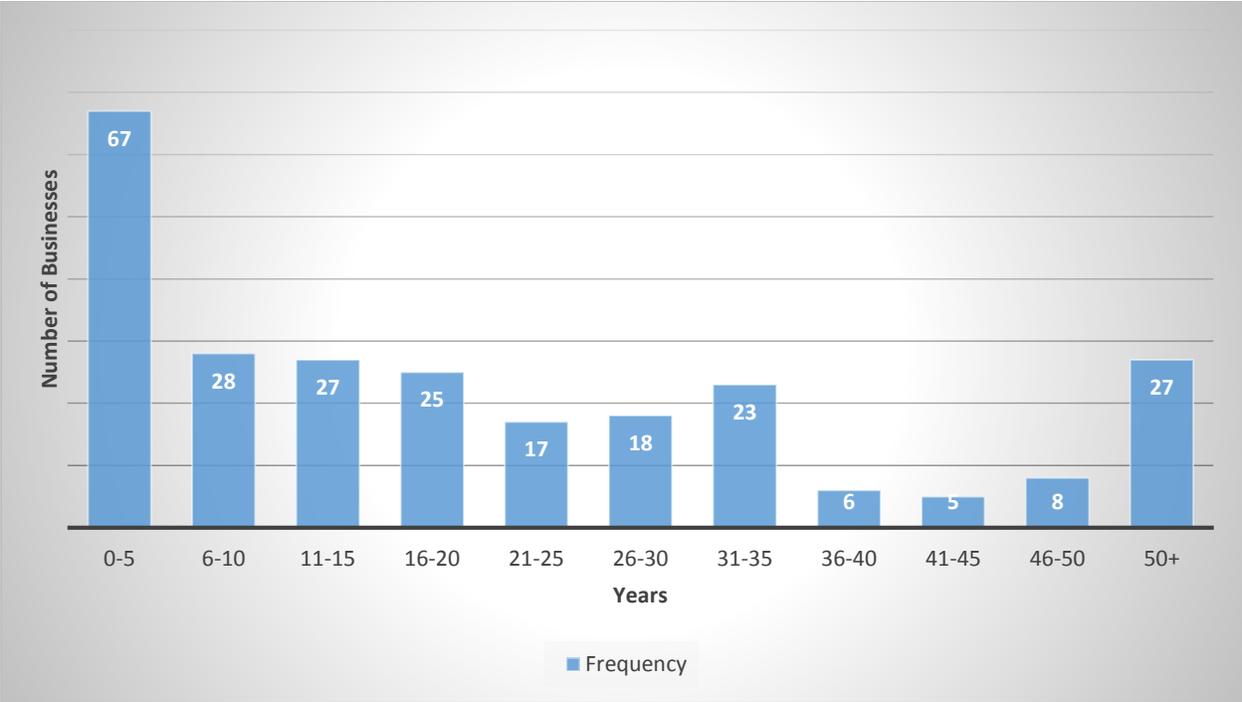
Zip Code	Count	Percentage
97035	1	0.4%
98011	1	0.4%
98012	3	1.2%
98014	2	0.8%
98020	2	0.8%
98026	3	1.2%
98033	1	0.4%
98036	3	1.2%
98037	1	0.4%
98059	1	0.4%
98065	1	0.4%
98072	2	0.8%
98077	1	0.4%
98087	2	0.8%
98104	1	0.4%
98108	1	0.4%
98112	1	0.4%
98115	1	0.4%
98118	1	0.4%
98125	1	0.4%
98133	2	0.8%
98201	22	8.7%
98203	11	4.4%
98204	6	2.4%
98205	1	0.4%
98206	3	1.2%
98208	6	2.4%
98213	1	0.4%
98221	2	0.8%
98223	20	7.9%
98225	1	0.4%

98233	1	0.4%
98235	1	0.4%
98236	1	0.4%
98241	6	2.4%
98249	7	2.8%
98251	3	1.2%
98253	1	0.4%
98256	1	0.4%
98258	5	2.0%
98260	1	0.4%
98264	1	0.4%
98270	12	4.8%
98271	9	3.6%
98272	14	5.6%
98273	1	0.4%
98274	3	1.2%
98275	3	1.2%
98277	1	0.4%
98282	25	9.9%
98287	2	0.8%
98288	1	0.4%
98290	18	7.1%
98292	13	5.2%
98293	1	0.4%
98294	5	2.0%
98296	6	2.4%
98801	1	0.4%
98816	1	0.4%
98831	1	0.4%
98972	1	0.4%
99223	1	0.4%
N	252	

Q10: How many years has your business been in operation?

Almost 50% of businesses in Snohomish County have been in operation for 15 years or less, 55% of which have been in business for 5 years or less. While a majority of the businesses are new and relatively young, about 15% of businesses have been in operation for over 40 years. The data collected may be more reflective of the numerous newer businesses while not as reflective of the older ones, even though they represent 15% of the number of businesses in the county.

N	251
0-5 Years	27%
6-10 Years	11%
11-15 Years	11%
16-20 Years	10%
21-25 Years	7%
26-30 Years	7%
31-35 Years	9%
36-40 Years	2%
41-45 Years	2%
46-50 Years	3%
50+ Years	11%



Q11: How many Employees does your company have? (Estimates are acceptable)

Information regarding the number and type of employees in a community are useful in the long term. The type of employment and shifts over time reveals the health of the overall economy and industries represented in the survey.

Q11A: Full Time - Company Wide

Min Value	Max Value	Average Value	Standard Deviation	N
1	2500	42.96	261.61	101

Q11B: Full Time – Snohomish County

Min Value	Max Value	Average Value	Standard Deviation	N
1	2000	47.43	234.48	101

Q11C: Part Time – Company Wide

Min Value	Max Value	Average Value	Standard Deviation	N
1	220	12.30	32.87	101

Q11D: Part Time – Snohomish County

Min Value	Max Value	Average Value	Standard Deviation	N
1	1600	30.60	195.56	101

Q12: Which of the following functions is the closest to your role within this business?

Owner	CEO or President	Controller or CFO	Manager	Other primary organizational leader	N
65%	13%	5%	9%	7%	255