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Regional Small Business Outlook

2004 Small Business Monitor by OPEN from American ExpressSM

Small business management plans will include increasing investments in their businesses; Small businesses in the Northeast are the most likely to invest:

Northeast	South	North Central	West	Small Business Overall
66%	61%	57%	56%	60%

Small businesses are willing to take a financial risk in order to grow their business; Small businesses in the Northeast are the most likely to take a financial risk:

Northeast	North Central	South	West	Small Business Overall
68%	64%	61%	60%	63%

Small businesses in the Southern States are most likely to have plans to hire in the next six months:

Northeast	North Central	South	West	Small Business Overall
27%	38%	39%	35%	35%

Small businesses in West were most likely to offer healthcare benefits over the past six months:

Northeast	North Central	South	West	Small Business Overall
58%	59%	58%	65%	60%

Northeast At-a-Glance

Cash Flow

- Forty-five percent of small businesses in the **Northeast** expect to have cash flow issues in the next six months, down from 54% in October 2003 and 64% in October 2002.
- Concerns include the ability to pay bills on time (18%) which tops the list, followed by accounts receivable (11%), having enough cash on hand to win new business (5%), the ability to track cash flow (9%), and the ability to meet payroll (3%).

Hiring

- Twenty-seven percent of small businesses in the **Northeast** have plans to hire in the next six months, down from 33% in October 2003, but up from 18% in October 2002. Seventy-eight percent of those with plans to hire say they need to hire to help handle their growing business. Other reasons for hiring include increasing their business volume, 75%, they need seasonal help for the summer, 40%, are going after new business ventures, 30%, or they have finally found the right candidate for a position they have been trying to fill, 23%.

Healthcare

- Fifty-eight percent of small businesses in the **Northeast** offered healthcare benefits over the last six months, down from 70% in October 2003 and 75% in October 2002. In order to deal with the rising healthcare costs, 31% will assume the additional cost of coverage, 21% will shop for a new carrier, 9% plan to reduce coverage, and 7% will require employees to pay a larger share

North Central At-a-Glance

Cash Flow

- Just under half, 48%, of small businesses in the **North Central** states expect to face cash flow issues in the next six months, down from 62% in October 2003 and 73% in October 2002.
- Cash flow concerns include the ability to pay bills on time (22%) which tops the list, followed by accounts receivable (11%), the ability to track cash flow (7%), having enough cash on hand to win new business (6%), and the ability to meet payroll (3%).

Hiring

- Thirty-eight percent of small businesses in the **North Central** states have plans to hire in the next six months, up from 29% in October 2003 and 24% in October 2002. Eighty-three percent of those with plans to hire say they need to hire to help handle their growing business. Other reasons for hiring include increasing their business volume, 70%, are going after new business ventures, 34%, they need seasonal help for the summer, 25%, or they have finally found the right candidate for a position they have been trying to fill, 21%.

Healthcare

- Fifty-eight percent of small business owners in the **North Central** states offered healthcare over the last six months, steady with 59% in October 2003 and 46% in October 2002. In order to deal with the rising healthcare costs, 21% will assume the additional cost of coverage, 20% will shop for a new carrier, 9% will require employees to pay a larger share or reduce coverage.

South At-a-Glance

Cash Flow

- Fifty-two percent of small businesses in the **South** expect to face cash flow issues over the next six months, steady with 50% in October 2003 and down from 58% in October 2002
- Cash flow concerns include accounts receivable (15%) which tops the list, followed by the ability to pay bills on time (13%), having enough cash on hand to win new business (12%), the ability to track cash flow (8%), and the ability to meet payroll (4%).

Hiring

- More than one-third, 39%, of small businesses in the **South** have plans to hire in the next six months, up from 33% in October 2003 and 24% in October 2002. Of those hiring, 89% say they need to hire to handle their growing business, 79% need new employees to help increase business volume, 54% are starting a new venture, 27% finally found the right candidate for a position they have been trying to fill, 25% need seasonal help for the summer.

Healthcare

- Fifty-nine percent of small businesses in the **South** offered healthcare benefits over the last six months, up slightly from 55% in October 2003, but down slightly from 61% in October 2002. In order to deal with the rising healthcare costs, 18% will assume the additional cost of coverage, 16% will shop for a new carrier, 4% will require employees to pay a larger share and 5% plan to reduce coverage.

West At-a-Glance

Cash Flow

- Fifty-six percent of small businesses in the **West** expect to face cash flow issues over the next six months, steady with 56% in October 2003 and down slightly from 59% in October 2002.
- Cash flow concerns include accounts receivable (21%) which tops the list, followed by the ability to pay bills on time (14%), having enough cash on hand to win new business (11%), the ability to track cash flow and the ability to meet payroll (5% each).

Hiring

- Thirty-five percent of small businesses in the **West** have plans to hire in the next six months, down from 42% in October 2003 and 38% in October 2002. Among those hiring, 79% say they need to hire to handle their growing business, 66% need new employees to help increase business volume, 35% are starting a new venture, 21% need seasonal help for the summer, and 19% have finally found the right candidate for a position they have been trying to fill.

Healthcare

- Sixty-five percent of small businesses in the **West** offered healthcare benefits over the last six months, up slightly from 62% in October 2003 and on par with 66% in October 2002. In order to deal with the rising healthcare costs, 26% will assume the additional cost of coverage, 21% will shop for a new carrier, 7% will require employees to pay a larger share and 7% plan to reduce coverage.

Survey Methodology

The OPEN Small Business Network Semi-Annual Monitor, released each April and October, is based on a nationally representative sample of 773 small business owners/managers of companies with fewer than 100 employees. The survey was conducted via telephone by International Communications Research (ICR) from September 13- September 27, 2004. The poll has a margin of error of $\pm 3.5\%$.