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Regional Small Business Outlook
OPEN Small Business Network 2004 Semi-Annual Monitor from American Express

Small business optimism varies by region; Small businesses in the South are the most optimistic:

Northeast	North Central	South	West	Small Business Overall
72%	66%	75%	73%	72%

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

Northeast	North Central	South	West	Small Business Overall
42%	55%	43%	45%	46%

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

Northeast	North Central	South	West	Small Business Overall
51%	50%	51%	54%	51%

Northeast At-a-Glance

Hiring

- 42% of small businesses in the **Northeast** have plans to hire, up from 31% in March 2003. 94% of those with plans to hire say they need to hire to help handle their growing business. Other reasons for hiring include needing new employees to help increase their business volume, going after new business ventures, 49%, needing seasonal help for the summer, 46%. And having finally found the right candidate for a position they have been trying to fill, 32%.

Healthcare

- 51% of small businesses in the **Northeast** offered healthcare benefits over the last six months, down from 57% in March 2003. In order to deal with the rising healthcare costs, 26% will assume the additional cost of coverage, 22% will shop for a new carrier, 16% will require employees to pay a larger share and 4% plan to reduce coverage.

Cash Flow

- 59% of small businesses in the **Northeast** expect to face cash flow issues over the next six months, steady compared to March 2003. Topping the list of cash flow issues is accounts receivable (23%), followed by the ability to pay bills on time (21%), having enough cash on

hand to win new business (8%), the ability to track cash flow (6%), and the ability to meet payroll (1%).

North Central At-a-Glance

Hiring

- 55% of small businesses in the **North Central** states have plans to hire, up sharply from 37% in March 2003. Among those hiring, 72% say they need new employees to help handle their growing business, 70% need new employees to help increase business volume, 46% need seasonal help for the summer, 42% are starting a new venture and 36% finally found the right candidate for a position they have been trying to fill.

Healthcare

- 50% of small business owners in the **North Central** states offered healthcare over the last six months, down from 57% in March 2003. In order to deal with the rising healthcare costs, 22% will assume the additional cost of coverage or shop for a new carrier, 13% will require employees to pay a larger share and 9% plan to reduce coverage.

Cash Flow

- 65% of small businesses in the **North Central** states expect to face cash flow issues in the next six months, steady compared to March 2003. Topping the list of cash flow issues is the ability to pay bills on time (22%), followed by accounts receivable (21%), having enough cash on hand to win new business (15%), and the ability to track cash flow and meet payroll (4%, each).

South At-a-Glance

Hiring

- 43% of small businesses in the **South** have plans to hire, up from 35% in March 2003. Of those hiring, 81% say they need to hire to handle their growing business, 59% need new employees to help increase business volume, 50% are starting a new venture, 26% need seasonal help for the summer and 16% finally found the right candidate for a position they have been trying to fill.

Healthcare

- 51% of small businesses in the **South** offered healthcare benefits over the last six months, up slightly from 48% in March 2003. In order to deal with the rising healthcare costs, 21% will shop for a new carrier, 20% will assume the additional cost of coverage, 9% will require employees to pay a larger share and 7% plan to reduce coverage.

Cash Flow

- 65% of small businesses in the **South** expect to face cash flow issues over the next six months, up from 52% in March 2003. Topping the list of cash flow issues is accounts receivable (25%), followed by having enough cash on hand to win new business (14%), the ability to pay bills on time (12%), the ability to track cash flow (9%), and the ability to meet payroll (5%).

West At-a-Glance

Hiring

- 45% of small businesses in the **West** have plans to hire, up from 35% in March 2003. Among those hiring, 81% say they need to hire to handle their growing business, 61% need new employees to help increase business volume, 45% need seasonal help for the summer and 32%

are starting a new venture and finally found the right candidate for a position they have been trying to fill.

Healthcare

- 54% of small businesses in the **West** offered healthcare benefits over the last six months, steady compared to March 2003. In order to deal with the rising healthcare costs, 29% will assume the additional cost of coverage, 18% will shop for a new carrier, 9% will require employees to pay a larger share and 4% plan to reduce coverage.

Cash Flow

- 56% of small businesses in the **West** expect to face cash flow issues over the next six months, steady compared to March 2003. Topping the list of cash flow issues is having enough cash on hand to win new business (17%), followed by accounts receivable (15%), the ability to pay bills on time (12%), the ability to track cash flow (7%) and the ability to meet payroll (5%).

Survey Methodology

The OPEN Small Business Network Semi-Annual Monitor, released each April and October, is based on a nationally representative sample of 732 small business owners/managers of companies with fewer than 100 employees. The survey was conducted via telephone by International Communications Research (ICR) from March 8- March 19, 2004. The poll has a margin of error of $\pm 3.62\%$.

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