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**American Express OPEN Small Business Monitor  
 Outlook of Small Business Owners by Sector Fall 2008**

**Businesses in the services industry are most likely to hire and more than half have a positive outlook on the economy; Retail businesses most affected by rising gas and energy costs; and Manufacturing most likely to make business investments.**

<b>Economic Outlook</b>	<b>Small Businesses Overall</b>	<b>Manufacturing</b>	<b>Retail</b>	<b>Services</b>
<b>Have a positive view of the economy</b>	<b>48%</b>	<b>52%</b>	<b>48%</b>	<b>53%</b>
<b>Uncertain economy is the biggest business challenge</b>	<b>32%</b>	<b>31%</b>	<b>29%</b>	<b>29%</b>
<b>Believe inflation is the Fed Issue that is the biggest threat to the economy</b>	<b>67%</b>	<b>75%</b>	<b>71%</b>	<b>64%</b>
<b>Weakened Dollar has negatively impacted business</b>	<b>46%</b>	<b>50%</b>	<b>52%</b>	<b>34%</b>
<b>The economy will most sway vote for President</b>	<b>38%</b>	<b>37%</b>	<b>49%</b>	<b>34%</b>

<b>Outlook for Growth</b>	<b>Small Businesses Overall</b>	<b>Manufacturing</b>	<b>Retail</b>	<b>Services</b>
<b>Have plans for growth</b>	<b>74%</b>	<b>81%</b>	<b>81%</b>	<b>67%</b>
<b>Willing too take a financial risk to grow</b>	<b>49%</b>	<b>57%</b>	<b>48%</b>	<b>42%</b>
<b>Plan to hire over the next six months</b>	<b>36%</b>	<b>30%</b>	<b>28%</b>	<b>44%</b>
<b>Need to hire to handle growing business</b>	<b>72%</b>	<b>73%</b>	<b>61%</b>	<b>77%</b>

<b>Rising Gas and Energy Costs</b>	<b>Small Businesses Overall</b>	<b>Manufacturing</b>	<b>Retail</b>	<b>Services</b>
<b>Rising gas and energy costs have a significant impact on business</b>	<b>56%</b>	<b>54%</b>	<b>69%</b>	<b>44%</b>
<b>Lost sales as a result of higher costs</b>	<b>40%</b>	<b>37%</b>	<b>56%</b>	<b>33%</b>
<b>Pay risings costs for materials and products</b>	<b>76%</b>	<b>90%</b>	<b>91%</b>	<b>63%</b>

<b>Cash Flow</b>	<b>Small Businesses Overall</b>	<b>Manufacturing</b>	<b>Retail</b>	<b>Services</b>
<b>Have cash flow concerns</b>	<b>55%</b>	<b>47%</b>	<b>56%</b>	<b>52%</b>
<b>Will raise prices to manage in the current economy</b>	<b>48%</b>	<b>63%</b>	<b>60%</b>	<b>40%</b>

<b>Spending Plans</b>	<b>Small Businesses Overall</b>	<b>Manufacturing</b>	<b>Retail</b>	<b>Services</b>
<b>Plan to make capital investments</b>	<b>43%</b>	<b>59%</b>	<b>37%</b>	<b>45%</b>
<b>Offer Employee Healthcare</b>	<b>54%</b>	<b>58%</b>	<b>49%</b>	<b>54%</b>

### **Key Small Business Sector Highlights**

#### Services

Business owners in the services sector are the most optimistic (53%) and are the most likely to hire (44%), but least likely to have plans for growth (67%) unlike their counterparts in manufacturing and retail (81% each have plans for growth). The biggest business challenge they face is the uncertain economy (29%). Entrepreneurs in the services sector find themselves reducing or accepting lower profit margins to manage through the current economy (48%).

#### Retail

Retail entrepreneurs are among the least optimistic (48%) and the biggest business challenge they face is the uncertain economy (29%), however, they are also among the most likely to have plans for growth (81% is tied with their counterparts in the manufacturing sector). Retailers are the most likely to feel a significant impact as a result of higher gas and energy costs (69%), which includes having lost sales as a result of higher costs (56%). They are also among the most likely to have experienced cash flow issues (56%) and among the least likely to have capital investment plans (37%). In order to manage through the current economy retail business owners are most likely to work longer hours (64%), compared to less than half among their counterparts in manufacturing (49%) and services (47%).

#### Manufacturing

Business owners in the manufacturing sector are among the most likely to have plans for growth, tied with their counterparts in the retail sector (81%). The biggest business challenges they face are the rising of costs (33%) and uncertain economy (31%). Manufacturing sector entrepreneurs are most likely to make capital investments over the next six months (59%) and offer healthcare benefits to employees (58%). They are more willing to take a financial risk to grow their business (57%) and less than half experience cash flow concerns (47%). Manufacturing business owners are raising prices in an effort to manage through the current economy (63%), like their counterparts in retail (60%).

### **Survey Methodology**

The American Express OPEN Small Business Monitor, released each spring and fall, is based on a nationally representative sample of 768 small business owners/managers of companies with fewer than 100 employees. The survey was conducted via telephone by Echo Research from August 12- August 25, 2008. The poll has a margin of error of  $\pm 3.5\%$ .

### **About American Express OPEN**

American Express OPEN is dedicated exclusively to the success of small business owners and their companies. OPEN supports business owners with exceptional service. With tailored products and services, the team delivers purchasing power, flexibility, control and rewards to help customers run their business. Specifically, business owner customers can leverage an enhanced set of products, tools, services and savings, including charge and credit cards, convenient access to working capital, robust online account management capabilities and savings on business services from an expanded lineup of partners. To obtain more information about OPENSMB, visit [OPEN.com](http://OPEN.com), or call 1-800-NOW-OPEN to apply for a card or loan. Terms and conditions apply.

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