



## California small business owners increasingly optimistic

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- **Almost all think they are moving in the right direction**
- **“A clearly different environment in California for small businesses than 2013”**

An overwhelming majority of small business owners (86 percent) feel that their business is moving in the right direction with 87 percent expecting growth over the next year and 65 percent expecting growth of 5 percent or more over the next 12 months, according to the third annual California Bank & Trust small business survey.

Additionally, 63 percent of respondents expect growth to increase year-over-year.

The Los Angeles region is slightly more bullish than the Bay Area and San Diego, with 43 percent of small business owners expecting a growth rate of more than 10 percent over the next 12 months compared to 38 percent in the Bay Area and 26 percent in the San Diego region, says the San Diego-based bank, a subsidiary of Zions Bancorporation (NASDAQ: ZION).

California Bank & Trust also surveyed small businesses on current regulatory and environmental conditions and the impact of these circumstances on their business. Nearly two-thirds of respondents (63 percent) in this year’s survey say the Affordable Care Act has had a neutral or positive impact on their business. In addition, 72 percent of small businesses say the rise in the minimum wage would have a neutral or positive effect on their business while 59 percent say the drought would have no affect on their business.

“What our 2014 small business survey illustrates is that many California small businesses are in a unique position to capitalize on growth opportunities and weather larger macroeconomic changes,” says Tory Nixon, executive vice president for small business lending at California Bank & Trust. “Small businesses are shrugging off these regulatory changes and environmental concerns and are quite optimistic about the future growth of their business.”

Additional highlights from the survey include:

- **Areas of Investment**

Small businesses are planning to make significant capital investments over the next 12 months. Eighty-four percent of small businesses surveyed are planning to invest more or the same amount in technology over the next 12 months, just over 70 percent in both online marketing and equipment, and 66 percent in social media.

- **Hiring**

More than half of small businesses surveyed plan to hire additional employees in 2014. Ninety-two percent plan to hire 1-10 additional workers with one-quarter or 25 percent of this group planning to hire 5-10 employees.

- **E-Commerce & Online Presence**

An online presence continues to be significant for small businesses throughout the state. Ninety-six percent of respondents have a website, just over 60 percent currently use digital marketing techniques to promote their business and over 52 percent said an e-commerce online presence was “extremely important” or “very important.” But when asked the primary source of sales growth, an overwhelming majority (74 percent) said traditional sales.

- **Social Media**

Nearly 60 percent of respondents maintain a social media presence for their business and 34 percent are increasing their investment in this communication medium.

- **Succession Planning**

Almost 90 percent of those surveyed have a succession plan in place, saying they would pass on their business to a friend or family member (30 percent), sell business to employees (16 percent) and sell their business to the highest bidder (43 percent).

- **Financing**

Close to 35 percent of small businesses surveyed are expected to need financing over the next 12 months with 49 percent saying that bank loans are their primary source of funding.

- **Banking**

The most common usage of online banking includes accessing account information/resources (78 percent) and conducting transactions (67 percent). In addition, “competitive rates,” “customer service” and “payment and term options” were the most important factors when looking for a loan provider, above “industry knowledge,” “regional knowledge” and well beyond “government backing.”

- **International Sales**

Thirty-eight percent of California small businesses derive sales from international markets with 9 percent saying international markets accounted for over 25 percent of their sales.

“The comprehensive results of our survey showcase a clearly different environment in California for small businesses than 2013,” says Mr. Nixon. “Businesses are optimistic, expect healthy grow rates, are making capital investments and leveraging new technologies to market and sell their products.”

As a central partner to many small businesses throughout California, California Bank & Trust provides financial solutions to meet their needs and support their growth plans.”

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