

## U.S. Small Business Confidence Index Rises 5 Points

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Improved Economic Forecast Drives Expectations for Greater Revenue, Fuels Need for More Hiring During Next 12 Months According to Latest SBRB Study

**Regionally, businesses in Northeast, South, Midwest have increased confidence, anticipate higher staff levels. Confidence level of businesses in Western U.S. ebbs and now more in line with rest of nation says SBRB report prepared in conjunction with International Profit Associates.**

The Small Business Research Board (SBRB) U.S. Small Business Confidence Index (SBCI) rose to 46 for the second quarter of 2007, a jump of 5.22 points from the previous quarter, according to a report issued here today co-sponsored by International Profit Associates (IPA).

Businesses in the Northeast, South and Midwest largely contributed to the increased confidence level. Each of those regions reported improved confidence indexes signifying their optimistic outlook for business improvement during the next 12 months.

The businesses in these regions are looking for improvements in the economy and greater revenue. They also will support their views with additional staffing.

IPA, based in Buffalo Grove, IL, has more than 1,800 professionals and is the largest privately-held provider of management consulting services to small and medium-size businesses in North America.

'The collective opinions expressed about improvements in outlook for the economy, sales increases and additional staffing are close parallels to what businesses have reported for the first four months of 2007,' said Gregg Steinberg, President of IPA. 'Key sectors such as the housing industry and manufacturing have reported positive results despite concerns about weaknesses, be they regional and / or seasonal.'

Overall, 43% of respondents participating in the quarterly nationwide poll of small business owners and managers indicated hope for an improved economy. This was nearly a 3 percentage point increase from the prior study. Similarly, 58% are looking for increased revenue during the next 12 months versus the 53.71% that believed revenues would improve when the last study was completed. Of the respondents, 37% said they now plan to increase hiring as compared to 28.71% last time.

'For instance, the U.S. Census Bureau reports indicate that the sale of new homes rose 16.2% during April 2007 and far exceeded economists expectations. This growth lends validity to the continuing demand for attractively priced and promoted new housing. The 16.2% one month gain, the largest in 14 years, was aided by builder discounts and incentives that drove the average price down by nearly 11%,' added Steinberg.

'Concurrently, the Federal Reserve, the U. S. Department of Commerce and the Institute of Supply Management (ISM) have also issued positive reports about manufacturing. The Fed reported that industrial production reached a 2007 high in April, growing .7% from the previous month while the Commerce Department reported that orders for durable goods improved for the third straight month, rising .6% for April. The ISM said its April manufacturing index increased 3.8 points to 54.7 and indicates that the manufacturing economy is generally expanding,' said Steinberg.

The regional SBCI indexes moved accordingly. In the Northeast, the new SBCI reached 47.66 an increase from 40.36 while in the Midwest, the new index rose to 42.33 from 32.33. The SBCI in the South moved to 50 from 42.67.

The SBCI was only lower in the Western region, falling 3.82 points to 45.66. A drop off in plans for hiring was the greatest factor in the lower confidence index.

The latest SBRB poll said small businesses in the Northeast, South and Midwest will act upon these elevated expectations. Double digit percentage increases in predictions for hiring in these regions during the next 12 months support higher confidence levels. In the Northeast, 41% of the respondents said they have plans to increase hiring, a jump from 26.9% during the previous quarter. In the Midwest, 41% plan to increase hiring versus 18.01% and in the South 41% plan to boost hiring versus 29.5%.

The opinions and projections about the strength of the economy, revenues and hiring looking forward 12 months are the three key ingredients to determining the SBCI and providing the basis for these quarterly and annual comparisons.

US/Regional Indexes	ALL US	NE	MW	S/SE	W/Pac
<b>New SBRB Index</b>					
May 2007	46	47.66	42.33	50	45.66
Prior period	40.78	40.36	32.33	42.67	49.48
Change	5.22	7.3	10	7.33	-3.82
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<b>Economy improving</b>					
May 2007	43	46	41	42	44
Prior	40.07	44.2	31.5	43.7	44.1
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<b>Revenue increase</b>					
May 2007	58	54	50	67	64
Prior	53.71	50	47.5	54.8	62.87
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<b>Hiring</b>					
May 2007	37	41	36	41	29
Prior	28.71	26.9	18.01	29.5	41.48

The Small Business Research Board ascertains and reports the opinions of small business owners and managers on a wide variety of topics related to their own businesses as well as national and international issues that may impact their operations. The SBRB conducts these studies for the benefit of small business owners and managers. The SBRB also provides opportunities for third parties to gain real time insight into the attitudes of small businesses nationwide through the independently conducted research.

The universe of participants is developed from among small businesses across the United States. More than 700 small business owners and senior managers participated in this SBRB poll. The SBRB study is a voluntary survey conducted via phone and email.

The latest information about the Small Business Research Board can be found at [www.ipasbrb.com](http://www.ipasbrb.com).

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