

Results of the January Survey of Nebraska Business: April 3, 2015
Prepared by the UNL College of Business Administration, Bureau of Business Research

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***Summary:** Respondents to the March Survey of Nebraska Business reported positive expectations for business sales and strong expectations for employment growth over the next six months. Specifically, respondents to the March 2015 survey were more likely to expect sales to rise (30%) than fall (22%) at their business over the next six months and much more likely to plan to increase employment (20%) than to reduce it (4%). Within the state, optimism about sales and employment was especially strong in the Omaha area. Businesses in other regions of the state expected to add employees over the next six months but were neutral or negative in their sales outlook. When asked about the most important issue facing their business, customer demand was the top issue named by 42 percent of respondents. This reflected concerns about prices for crop commodities. The quality and availability of labor was named as the top issue by 16 percent of respondents. Competition and the need to improve business practices was named as the top concern by 11 percent of respondents.*

Survey of Nebraska Business

The *Survey of Nebraska Business* is sent to 500 Nebraska business establishments each month. The survey asks business owners and managers whether they expect to expand sales and employment over the next 6 months. The survey also asks “What is the most important issue facing your business today?” Individual responses to that question fall into one dozen categories of business and public policy issues. Surveyed businesses are randomly selected from all industries, including agriculture. Businesses of all sizes are surveyed. In March, responses were received from 145 of the 500 surveyed businesses. This 29% response rate is more than sufficient for analysis of the results.

As seen in Table 1 below, respondents to the March 2015 *Survey of Nebraska Business* are optimistic in their outlook for sales and very optimistic in their outlook for employment. Looking at specific numbers, while nearly half of February respondents expect no change in sales, 30 percent expect sales to increase and 22 percent sales to decrease in the next 6 months. This is a positive 8 percent gap. For employment, 20 percent of March respondents expect to add jobs over the next 6 months while 4 percent expect to reduce employment, a positive 16 percent gap. Results are somewhat more optimistic than those obtained last month in the January and February 2015 *Survey of Nebraska Business*.

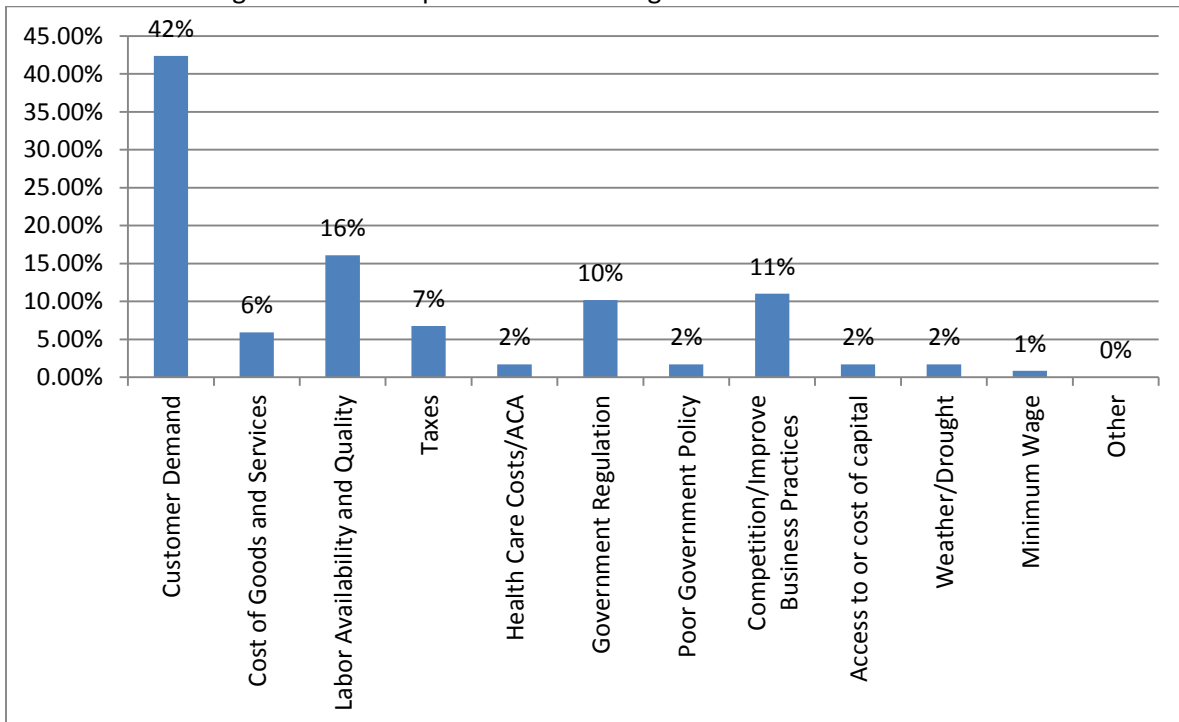
Table 1: Business Expectations for the Next Six Months, March 2015

	Change Over the Next Six Months	
	Sales	Employment
Increase	30%	20%
Stay the Same	48%	76%
Decrease	22%	4%

Note: Column totals may not sum to 100% due to rounding.

Results in Figure 1 show the top concerns of responding business owners and managers. Four of five responses were related to business operations issues such as customer demand for business products or services, the cost of supplies (goods and services), labor availability and quality, competition from other businesses, improved business practices or access to capital. Customer demand was the most common top concern, named by 42 percent of respondents. This share is higher than in most months and reflects heightened concerns about crop prices. Customer demand was most often the top concern in Central and Northeast Nebraska, two key agricultural regions of the state. For the seventh consecutive month, the quality and availability of labor was the second most cited top concern, chosen by 16 percent of respondents. Competition and a need to improve business practices was named as the top issue by 11 percent of respondents. One in five respondents listed public policy issues as their top concern. Ten percent chose government regulation as the top concern while 7 percent chose taxes.

Figure 1: Most Important Issue Facing Each Business March 2015



Note: Percentages may not sum to 100% due to rounding

Omaha Area Responses to the Survey of Nebraska Business

Table 2 and Figure 2 summarize responses from Omaha Metropolitan Area businesses (Nebraska portion only).¹ The responses are combined from the February and March 2015 surveys. Responses were combined from the last two months in order to generate a sufficient sample size. There were a combined 93 responses from Omaha Metropolitan Area businesses during February and March.

As seen in Table 2, Omaha Metropolitan Area businesses (Nebraska portion only) continued to be much more positive in their outlook for sales and employment growth than businesses from other parts of the state. For sales, 36 percent expect sales to increase and just 11 percent sales to decline over the next 6 months. This was much more positive than the balance of the state. In particular, Omaha businesses were 9 percent more likely to foresee an increase in sales and 17 percent less likely to foresee a decline. For employment, the Omaha outlook is similar to the outlook in other parts of the state. In the Omaha area, 24 percent of respondents expect to add jobs over the next 6 months and 8 percent expect to reduce employment.

Table 2: Omaha Metro Area Business Expectations for the Next Six Months, February and March, 2015

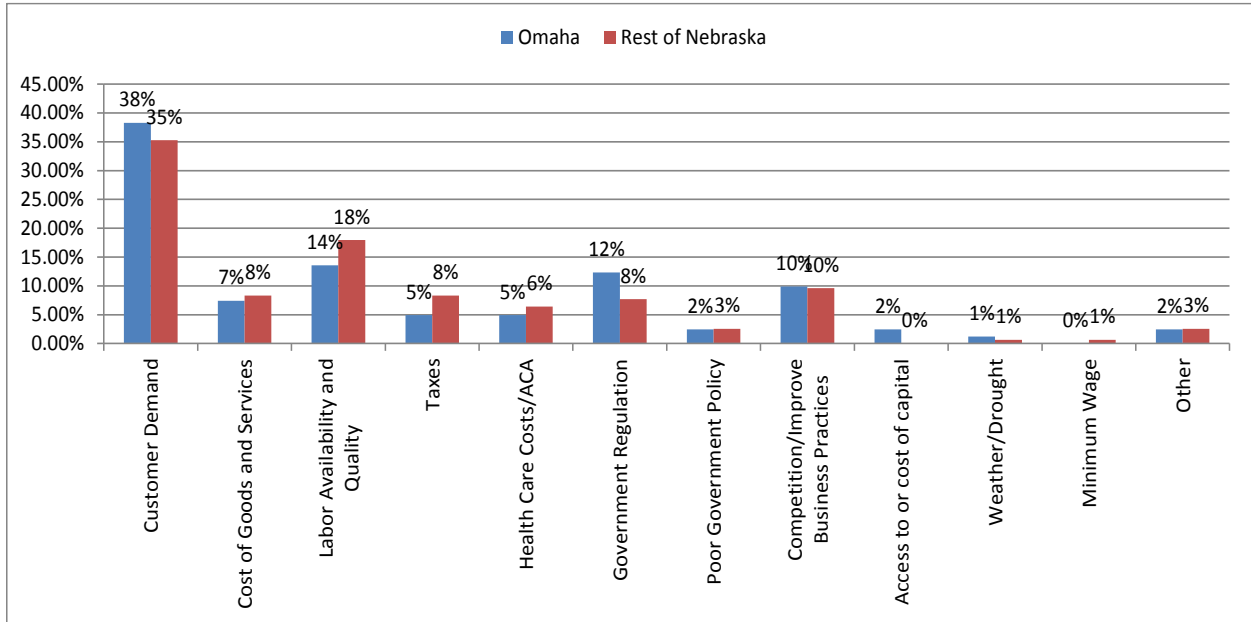
	Change Over the Next Six Months		
	Rest of Nebraska	Omaha Area	Difference
	Sales		
Increase	26%	36%	9%
Stay the Same	46%	53%	7%
Decrease	28%	11%	-17%
	Employment		
Increase	20%	24%	4%
Stay the Same	76%	68%	-8%
Decrease	4%	8%	3%

Note: Percentages may not sum to 100% or 0% due to rounding.

Figure 2 compares the top business concerns of Omaha Metropolitan Area respondents (Nebraska portion only) from February and March with those from businesses located in other parts of Nebraska. The results are quite similar. The implication is that Omaha area business face a similar set of challenges as businesses in other parts of the state. However, Omaha businesses benefit from stronger demand. This is why sales expectations are better in the Omaha area.

¹ The region includes Cass, Douglas, Sarpy, Saunders and Washington counties.

Figure 2: Most Important Issue Facing Omaha Metro Area Businesses, February and March, 2015



Note: Percentages may not sum to 100% due to rounding

Southeast Nebraska Responses to the Survey of Nebraska Business

Table 3 and Figure 3 summarize responses from Southeast Nebraska businesses. Southeast Nebraska includes counties stretching east from York County through Lancaster County to Otoe County and also south to the Nebraska-Kansas border.² The responses discussed in Table 3 and Figure 3 are combined from the February and March 2015 surveys, in order to generate a sufficient sample size. There were a combined 67 responses from Southeast Nebraska businesses during February and March.

As seen in Table 3, Southeast Nebraska businesses were less optimistic than business in the balance of the state during February and March. For sales, 27 percent expect sales to increase and the same percentage expect sales to decrease in the next 6 months. For employment, 16 percent of businesses expect to add employment while just 4 percent expect to reduce it over the next six months. This outlook is optimistic but less optimistic than in the balance of the state.

Table 3: Southeast Nebraska Business Expectations for the Next Six Months, February and March, 2015

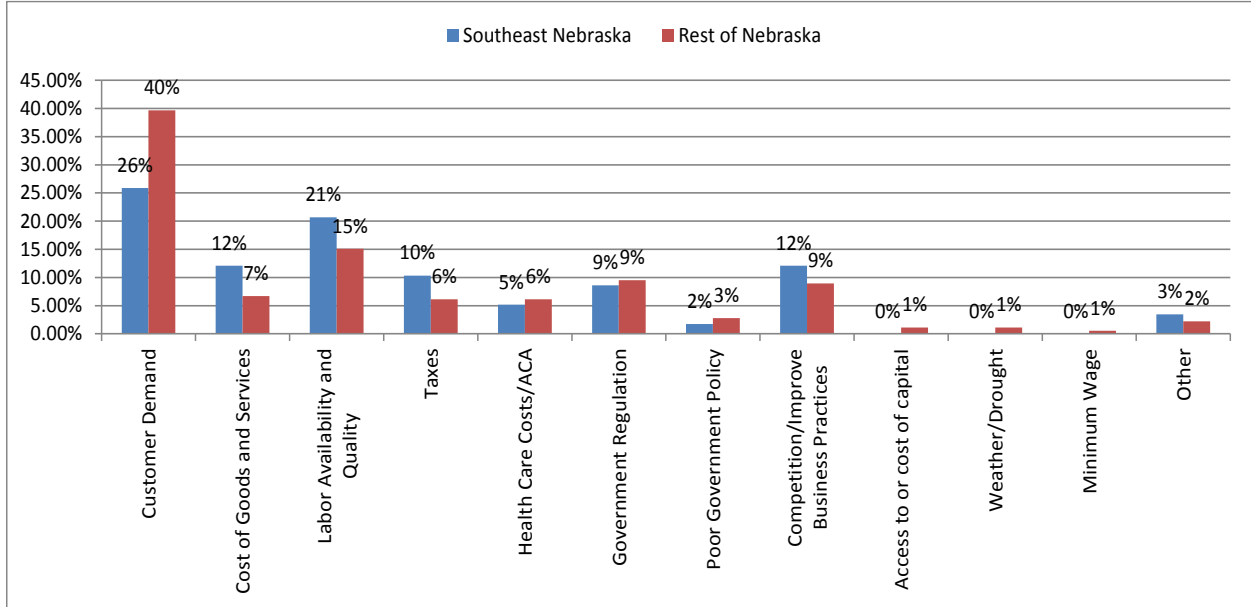
	Change Over the Next Six Months		
	Rest of Nebraska	Southeast Nebraska	Difference
	Sales		
Increase	30%	27%	-3%
Stay the Same	49%	46%	-3%
Decrease	21%	27%	6%
	Employment		
Increase	21%	16%	-5%
Stay the Same	73%	79%	6%
Decrease	5%	4%	-1%

Note: Percentages may not sum to 100% or 0% due to rounding.

Figure 3 compares the top business concerns of Southeast Nebraska respondents from February and March with those from businesses located in other parts of the state. Southeast Nebraska businesses had somewhat different concerns than businesses in other parts of the state. Customer demand was much less likely to be a top concern for Southeast Nebraska business. At the same time, Southeast Nebraska businesses were more likely to list the costs of goods and services and labor availability and quality as a top concern. Overall, resources and costs seem to be as significant a concern as demand among Southeast Nebraska businesses.

² The regions include Filmore, Gage, Jefferson, Johnson, Lancaster, Nemaha, Otoe, Pawnee, Richardson, Saline, Seward, Thayer, and York counties.

Figure 3: Most Important Issue Facing Southeast Nebraska Businesses, February and March, 2015



Note: Percentages may not sum to 100% due to rounding

Central Nebraska Responses to the Survey of Nebraska Business

Table 4 and Figure 4 summarize responses from Central Nebraska businesses. Central Nebraska includes Hall County and Buffalo County, counties to the north including Custer County and counties to the south to the Nebraska-Kansas border, including Adams County.³ The responses discussed in Table 4 and Figure 4 are combined from the February and March 2015 surveys, in order to generate a sufficient sample size. There were a combined 39 responses from Central Nebraska businesses during February and March.

Central Nebraska businesses were less optimistic in their outlook for sales and employment over the next 6 months than businesses located in the balance of the state. As seen in Table 4, 28 percent of Central Nebraska businesses expect sales to rise in the next six months while 26 percent expected sales to decline. This result is close to neutral and less optimistic than in the balance of the state. For employment, 15 percent of Central Nebraska businesses plan to expand employment while just 3 percent plan to reduce it. This result is optimistic but again less optimistic than in the balance of the state.

Table 4: Central Nebraska Business Expectations for the Next Six Months, February and March, 2015

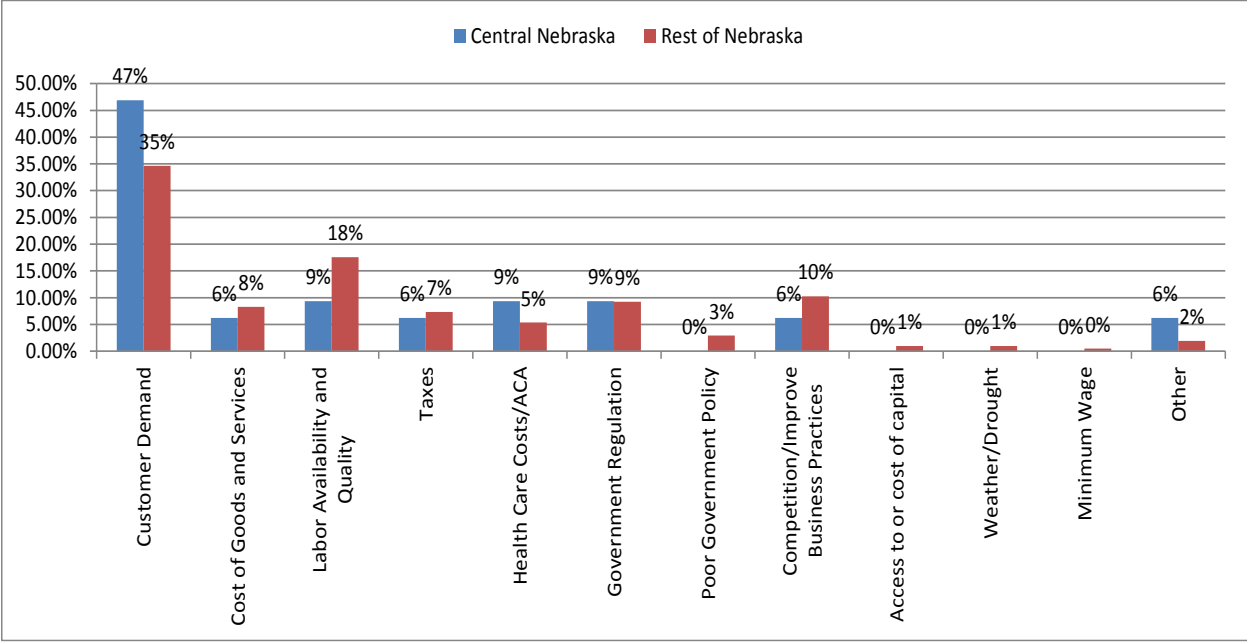
	Change Over the Next Six Months		
	Rest of Nebraska	Central Nebraska	Difference
	Sales		
Increase	29%	28%	-1%
Stay the Same	49%	46%	-3%
Decrease	22%	26%	4%
	Employment		
Increase	22%	15%	-7%
Stay the Same	72%	82%	10%
Decrease	6%	3%	-3%

Note: Percentages may not sum to 100% or 0% due to rounding.

Figure 4 compares the top business concerns of Central Nebraska respondents from February and March with those from businesses located in other parts of the state. Central Nebraska businesses were much more concerned about the issue of customer demand. This option was chosen by 47 percent of respondents. This reflects widespread concerns about crop prices. Central Nebraska business were less likely to express concern about labor availability and quality.

³ The region includes Adams, Blaine, Buffalo, Clay, Custer, Franklin, Garfield, Greeley, Hall, Hamilton, Harlan, Howard, Kearney, Loup, Merrick, Nance, Nuckolls, Phelps, Sherman, Valley, Webster, and Wheeler counties.

Figure 4: Most Important Issue Facing Central Nebraska Businesses, February and March, 2015



Note: Percentages may not sum to 100% due to rounding

Northeast Nebraska Responses to the Survey of Nebraska Business

Table 5 and Figure 5 summarize responses from Northeast Nebraska businesses. Northeast Nebraska includes Platte and Madison Counties, counties to the north and east through to the borders with Iowa and South Dakota.⁴ The responses discussed in Table 5 and Figure 5 are combined from the February and March 2015 surveys, in order to generate a sufficient sample size. There were a combined 52 responses from Northeast Nebraska businesses during February and March.

Responding businesses in Northeast Nebraska are pessimistic in their outlook for sales but optimistic in their outlook for employment. For sales, 29 percent of respondents expect sales to rise over the next six months, while 35 percent expect sales to fall. This compares to a positive outlook in the balance of the state. For employment, 21 percent of businesses expect to add employees in the next six months while 6 percent expect to reduce employment. This is similar to the employment outlook in the balance of the state. The outlook in Northeast Nebraska may reflect weakness in crop prices which is impacting crop producers and agriculture-related manufacturers. The outlook is neutral overall, with pessimism for sales mitigated by optimism for employment.

Table 5: Northeast Nebraska Business Expectations for the Next Six Months, February and March, 2015

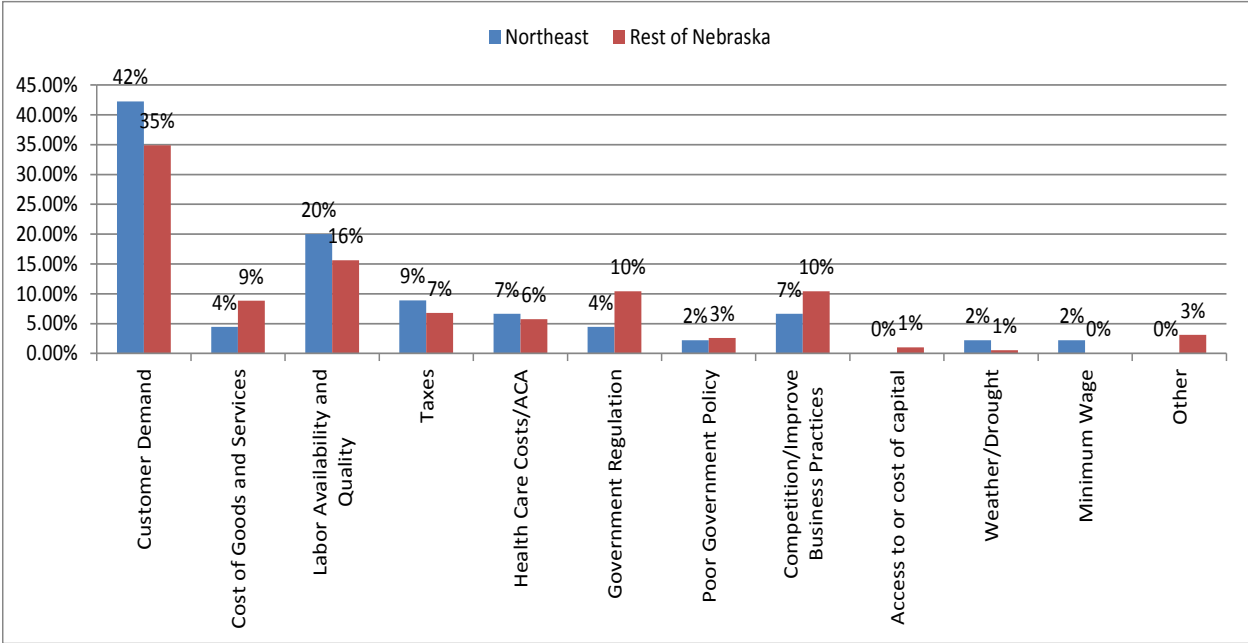
	Change Over the Next Six Months		
	Rest of Nebraska	Northeast Nebraska	Difference
	Sales		
Increase	29%	29%	0%
Stay the Same	52%	35%	-16%
Decrease	19%	35%	16%
	Employment		
Increase	21%	21%	0%
Stay the Same	74%	73%	-1%
Decrease	5%	6%	1%

Note: Percentages may not sum to 100% or 0% due to rounding.

Figure 5 compares the top business concerns of Northeast Nebraska respondents from February and March with those from businesses located in other parts of the state. Business in Northeast Nebraska were somewhat more concerned about customer demand, but somewhat less concerned about the cost of goods and services and government regulation.

⁴ The region includes Antelope, Boyd, Boone, Brown, Burt, Butler, Colfax, Cedar, Cuming, Dakota, Dixon, Dodge, Holt, Keya Paha, Knox, Madison, Pierce, Platte, Polk, Rock, Stanton, Thurston and Wayne counties.

Figure 5: Most Important Issue Facing Northeast Nebraska Businesses, February and March, 2015



Note: Percentages may not sum to 100% due to rounding

West Nebraska Responses to the Survey of Nebraska Business

Table 6 and Figure 6 summarize responses from West Nebraska businesses. West Nebraska includes Dawson and Lincoln Counties, counties north to the Dakota border, south to Kansas border, Scottsbluff County and the rest of the Nebraska Panhandle.⁵ The responses discussed in Table 6 and Figure 6 are combined from the February and March 2015 surveys, in order to generate a sufficient sample size. There were a combined 31 responses from West Nebraska businesses during February and March.

Responding businesses in West Nebraska were slightly negative in their outlook for sales and strongly positive in their outlook for employment over the next 6 months. For sales, 16 percent of West Nebraska respondents expect sales to increase at their business over the next six months while 19 percent expect sales to fall. For employment, 29 percent expect to increase employment while just 3 percent expect to decrease employment. This outlook for employment exceeds the outlook in the balance of the state.

Table 6: West Nebraska Business Expectations for the Next Six Months, February and March, 2015

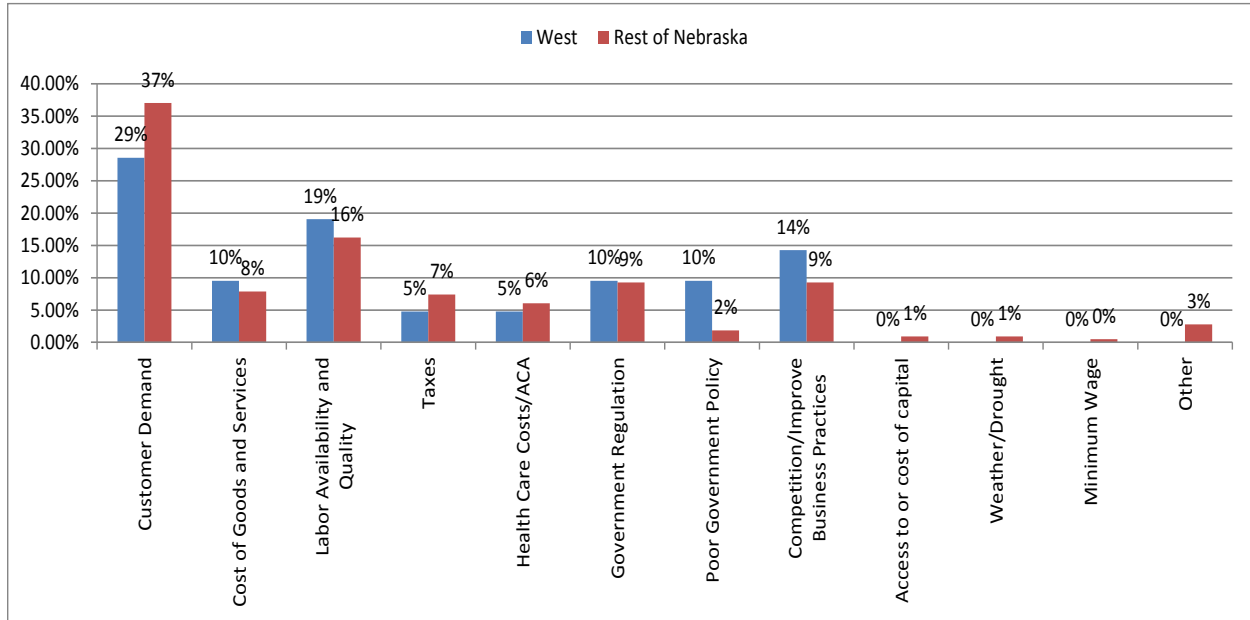
	Change Over the Next Six Months		
	Rest of Nebraska	West Nebraska	Difference
	Sales		
Increase	31%	16%	-15%
Stay the Same	46%	65%	18%
Decrease	23%	19%	-3%
	Employment		
Increase	20%	29%	9%
Stay the Same	74%	68%	-6%
Decrease	6%	3%	-2%

Note: Percentages may not sum to 100% or 0% due to rounding.

Figure 6 compares the top business concerns of West Nebraska respondents from February and March with those from businesses located in other parts of the state. Generally speaking, respondents from West Nebraska are less concerned about customer demand than in Central or Northeast Nebraska. This may be because the region has a strong livestock sector, and livestock prices remain elevated.

⁵ The region includes Arthur, Banner, Box Butte, Chase, Cherry, Cheyenne, Deuel, Dawes, Dawson, Dundy, Frontier, Furnas, Garden, Gosper, Grant, Hayes, Hitchcock, Hooker, Keith, Kimball, Lincoln, Logan, McPherson, Morrill, Perkins, Red Willow, Scotts Bluff, Sheridan, Sioux and Thomas counties.

Figure 6: Most Important Issue Facing West Nebraska Businesses, February and March, 2015



Note: Percentages may not sum to 100% due to rounding