

CBIA's Quarterly Economic & Credit Survey Results 1q2015

196 respondents, margin of error +/- 7.1%. Response rate is 10.9%

Company Performance	all in %						
	<u>2Q2013</u>	<u>3Q2013</u>	<u>4Q2013</u>	<u>2Q2014</u>	<u>3Q2014</u>	<u>4Q2014</u>	<u>1Q2015</u>
1) Current outlook for firm							
Improve significantly	4	6	6	4	7	6	6
Improve somewhat	36	30	32	31	28	33	33
Remain stable	49	41	48	49	47	48	51
Worsen somewhat	11	22	12	15	17	11	8
Worsen significantly	1	1	1	1	1	1	3
Performance Indicators							
2-a) Size of firm's workforce							
Improve significantly	1	1	0	0	2	2	1
Improve somewhat	23	16	20	24	23	26	27
Remain stable	60	64	67	62	59	62	58
Worsen somewhat	14	18	11	14	15	11	12
Worsen significantly	1	1	2	1	1	0	2
2-b) Capital investments							
Yes					57	57	56
No					43	43	44
2-c) Top areas of investment (if "yes" to 2-b)							
Production or sales increase					38	38	39
Operational cost reduction					15	22	38
Technology (e.g. IT hardware, IT software, apps)					14	52	39
Foreign Trade							
3) What percentage of your firm's sales are generated by exports?							
0%	63	52	62	63	63	68	65
1-5%	20	23	18	14	21	17	18
6-15%	9	13	11	12	9	9	9
16-25%	2	2	1	4	4	1	3
Over 25%	6	10	8	7	3	4	5
Credit/Financing							
4) What types of financing has your firm used in the last three months to meet your credit needs?							
Bank loan/line of credit	82	81.0%	85.0%	84.0%	84%	81.0%	84.0%
Vendor credit	23	12.0%	23.0%	31.0%	23%	22.0%	31.0%
Private loan	9	12.0%	11.0%	7.0%	13%	11.0%	13.0%
Government-sponsored loan program	7	7.0%	8.0%	4.0%	7%	3.0%	8.0%
Public issuance of stock	0.0%	0.0%	0.0%	1.0%	0%	0.0%	0.0%
Private placement of stock	0.0%	0.0%	0.0%	0.0%	0%	0.0%	0.0%
Leasing	7.0%	17.0%	10.0%	10.0%	11%	12.0%	19.0%
Private placement of debt	2.0%	5.0%	5.0%	3.0%	2%	4.0%	4.0%
Credit cards	23.0%	17.0%	18.0%	27.0%	16%	20.0%	25.0%
Earning of business	16.0%	17.0%	16.0%	20.0%	20%	15.0%	16.0%
Other	2.0%	2.0%	0.0%	7.0%	2%	4.0%	1.0%
5) What type of financing do you need most?							
Working capital (for day-to-day operations, bridge loans, etc.)	24.0%	34.0%	32.0%	23.0%	30%	35.0%	29.0%
Capital for machinery and equipment purchases	15.0%	23.0%	19.0%	14.0%	20%	19.0%	19.0%
Capital for expansion of existing plant or office space	9.0%	7.0%	7.0%	6.0%	9%	8.0%	6.0%
Capital for research and development	1.0%	2.0%	2.0%	2.0%	3%	1.0%	1.0%
Capital for new product or service development	5.0%	8.0%	4.0%	6.0%	8%	4.0%	4.0%
None/not applicable	51.0%	41.0%	43.0%	58.0%	44%	42.0%	49.0%
Other	3.0%	3.0%	2.0%	0.0%	3%	3.0%	1.0%
6) Is credit availability a problem for your firm?							
Yes	16.0%	15.0%	15.0%	18.0%	12%	15.0%	15.0%

No	84.0%	85.0%	85.0%	82.0%	88%	85.0%	85.0%
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7) Has your firm used financing in the last three months specifically to meet your credit needs?

Yes					34%	34	41
No					66%	66	59

8) In the last three months, has your primary lending institution changed the terms of any loan you have?

Yes	11.0%	9.0%	10.0%	10.0%	7%	9.0%	6.0%
No	89.0%	91.0%	90.0%	90.0%	93%	91.0%	94.0%

Current Credit Conditions

9) How would you characterize the current lending climate in Connecticut?

Excellent	5.0%	2.0%	2.0%	5.0%	4%	6.0%	9.0%
Good	17.0%	23.0%	15.0%	15.0%	23%	24.0%	27.0%
Average	52.0%	52.0%	53.0%	53.0%	50%	50.0%	50.0%
Fair	23.0%	22.0%	23.0%	20.0%	11%	16.0%	11.0%
Poor	3.0%	1.0%	6.0%	7.0%	13%	5.0%	3.0%

9A) What are your expectations for Connecticut's lending climate over the next 3 months?

Excellent						7.0%	9
Good						22.0%	26
Average						50.0%	47
Fair						16.0%	14
Poor						5.0%	4

9B) During the last 3 months, was your firm able to satisfy its borrowing needs?

Yes						82.0%	85
Partially						11.0%	9
No						7.0%	6

Demographic Information

10) Which best describes your firm?

	%						
Construction	8.0	6.0	6.0	7	10	11	10
Manufacturing	37.0	55.0	41.0	40	37	36	37
Retail trade	8.0	4.0	6.0	3	9	7	7
Wholesale trade	8.0	6.0	6.0	8	7	8	8
Information technology	3.0	1.0	1.0	5	3	4	3
Finance, insurance, and real estate	8.0	6.0	6.0	8	3	6	5
Business and professional services	12.0	10.0	16.0	15	13	13	14
Education	1.0	0.0	1.0	0	1	0	0
Leisure and hospitality	3.0	2.0	3.0	3	3	1	1
Government	0.0	1.0	0.0	0	1	0	0
Other	11.0	10.0	11.0	10	9	6	9
Medical					4	8	6

11) How many people are employed at your Connecticut operations?

	%						
Fewer than 10	14	6	16	17	17	20	19
10 to 49	58	58	59	54	61	55	56
50 to 99	13	19	14	12	12	13	13
100 to 249	8	11	9	11	8	7	6
250 to 499	3	4	1	2	2	4	3
500 or more	4	2	1	3	0	1	3

12) In which county is your firm's primary Connecticut location?

	%						
Fairfield	19	10	15	16	18	16	16
Hartford	40	40	36	40	33	35	38
Litchfield	11	8	8	7	5	7	6
Middlesex	10	9	10	11	9	9	7
New Haven	17	22	22	18	24	22	22
New London	1	6	2	2	6	6	5
Tolland	1	4	3	4	3	3	2
Windham	1	2	2	2	1	2	3

13) What are your sales for the current fiscal year?

	%						
Less than \$500,000	4	0	6	6	2	5	6
\$500,000 to \$999,999	8	6	7	8	9	7	9
\$1 million to \$2.9 million	26	17	26	25	34	31	30
\$3 million to \$4.9 million	14	17	16	15	14	14	11
\$5 million to \$9.9 million	17	24	16	19	18	16	17
\$10 million to \$24.9 million	15	17	15	15	12	15	14
\$25 million or more	15	19	13	14	11	12	13

QUESTION OF THE QUARTER

QQ. As a business owner what keeps you up at night?

	%
Finding new customers	31
Finding workers	21
Taxes	20
Other*	15
Labor costs	7
Access to capital	6

*most often cited other were regulations, costs, business climate, legislative issues, getting orders and getting paid

QQ2. What is the one thing that excites you about doing business in Connecticut?

	%
Location	48
Other*	28
Community engagement	8
Talent pool	8
Technology	4
Educational systems	4

* The most frequent response for other was Nothing or None

QQ) How important is the state's tax policy, both business and individual, in your company's investment and location decisions?

Very important	61
Somewhat Important	27
Not important	12