

# National Business Trends Survey

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MidAtlantic Employers' Association

[www.meainfo.org](http://www.meainfo.org)  
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# 2014 National Business Trends Survey

*An Employer Associations of America (EAA) Sponsored Survey coordinated by Cascade Employers Association of Oregon/SW Washington in cooperation with 18 employer associations nationwide.*

Published: December 2013

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## Confidential Survey Report

This survey is provided with the understanding that the information will:

- *remain strictly confidential*
- *be restricted to authorized personnel only*
- *not be used in collective bargaining or grievance proceedings*
- *protect, completely, organizational identity*

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## National surveys produced by the EAA include:

- *National Business Trends Survey*
- *National Executive Compensation Survey*
- *National IT & Engineering Compensation Survey*
- *National Policies & Benefits Survey*
- *National Salary Budget Survey*
- *National Sales Compensation & Practices Survey*
- *National Wage & Salary Survey*

*Contact your local association for more information*



*The National Network of Local Workplace Solutions*

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## **Co-Sponsoring Employer Associations**

This survey was made possible by the collaborative efforts of Employer Associations throughout the nation. We want to graciously thank all of these associations for their efforts in attracting participants and helping to make the 2014 National Business Trends Survey a great success.

### **Midwest Region:**

AAIM Employers' Association – MO/IL  
American Society of Employers – MI  
Employers Association of West Michigan – MI  
Employers Resource Association – OH  
Management Association – IL  
MRA - The Management Association – IA/IL/MN/WI  
The Employers' Association – MI  
The Employers' Association – OH

### **Southern Region:**

Capital Associated Industries, Inc. (CAI) – NC  
The Employers Association – NC

### **Northeast Region:**

Employers Association of the NorthEast – MA/CT/RI  
MidAtlantic Employers' Association – PA/NJ/DE

### **Western Region:**

Cascade Employers Association – OR/WA  
Hawaii Employers Council – HI  
Nevada Association of Employers – NV  
The Employers Council – UT  
United Employers Association – OR/WA  
Washington Employers' – WA

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# Introduction

## Report Overview

Each day employers are faced with the challenge of how to move their business forward. The 2014 National Business Trends Survey provides detailed information regarding how executives are planning to respond in 2014. Trends can be identified in this report concerning:

- Business Outlook
- Business Investment Plans
- Staffing Plans
- Recruitment/Retention Challenges
- Job Creation Challenges
- Business Improvement Measures
- Pay Strategies
- Business Challenges

## Report Formats

The 2014 National Business Trends Survey report is divided into six sections; National Report, Regional Reports (Midwest, Northeast, Southern, & Western), and State Reports. With the exception of the state reports, each section contains a Significant Trends Summary, participant demographics, and a detail report. State reports contain participant demographics and a detail report only.

## Response Levels

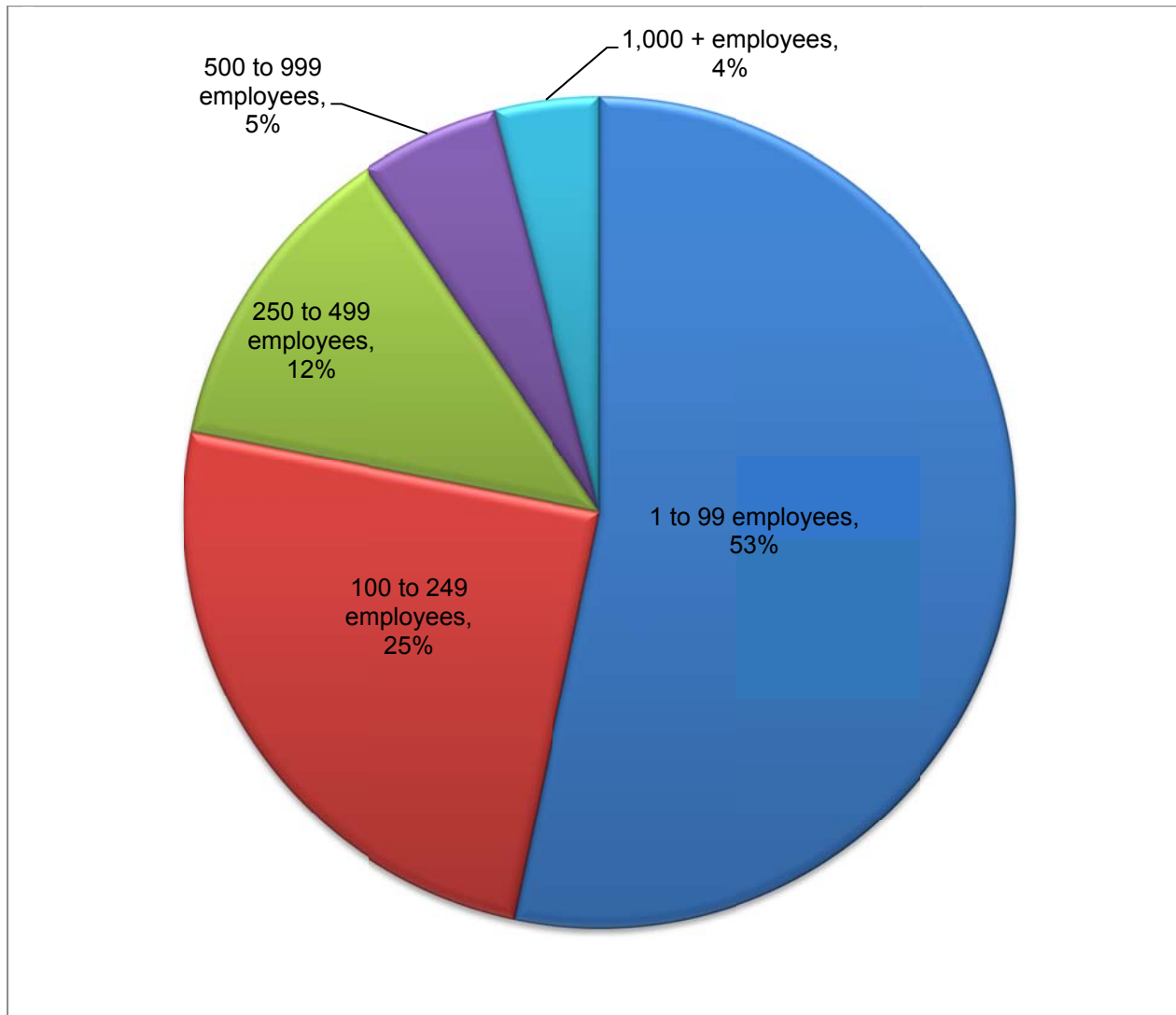
The 2014 National Business Trends Survey includes 1,740 distinct participating organizations with responses covering 3,625 locations spread out over all 50 states, and Washington D.C. Many survey participants indicated they have business operations in multiple states. Therefore, to avoid excess weight by some organizations, no organizations are represented more than once in the National, Regional, and State reports.

## Notes:

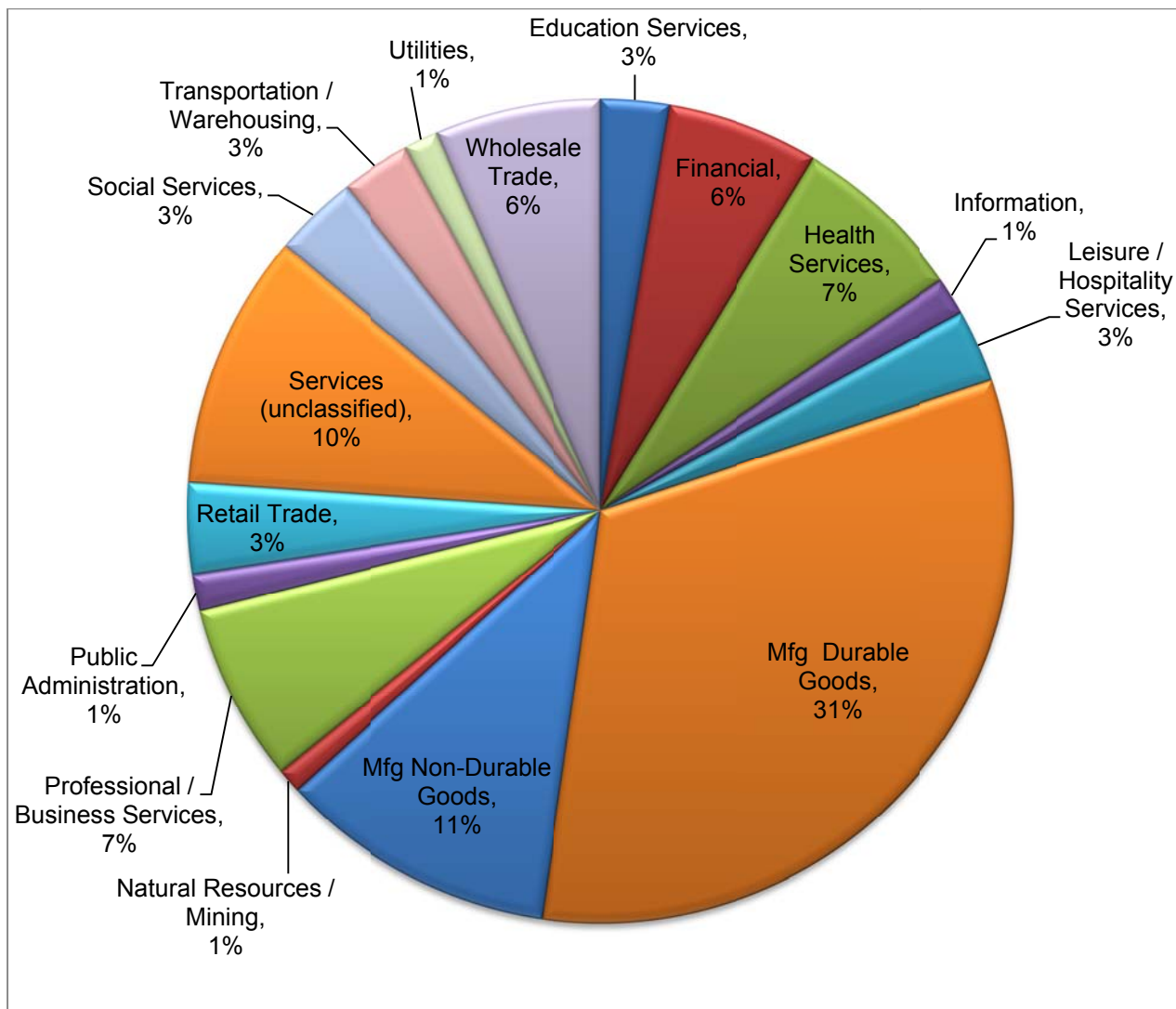
Participant responses may not total 100% in some instances due to rounding, the ability to select multiple responses, and/or due to participant omissions.

In states where there were less than 10 responses, State Reports have not been included because the number of responses is not sufficient to assure reasonably valid statistics. In addition, despite minimum response rates, the data in some instances is limited. Users should therefore view such responses with discretion. The data may not be representative of overall market trends.

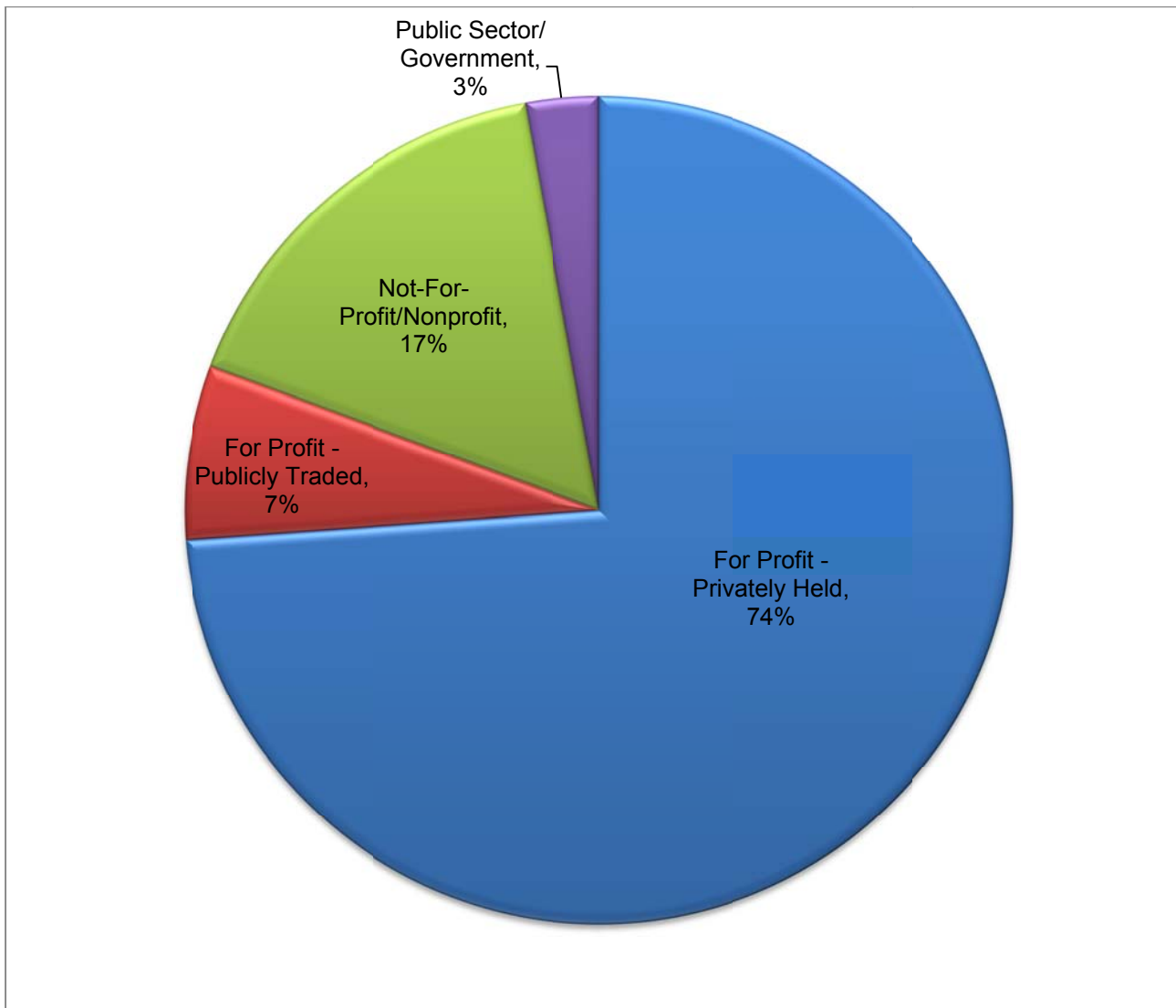
## National Participant Distribution by Company Size



## National Participant Distribution by Industry

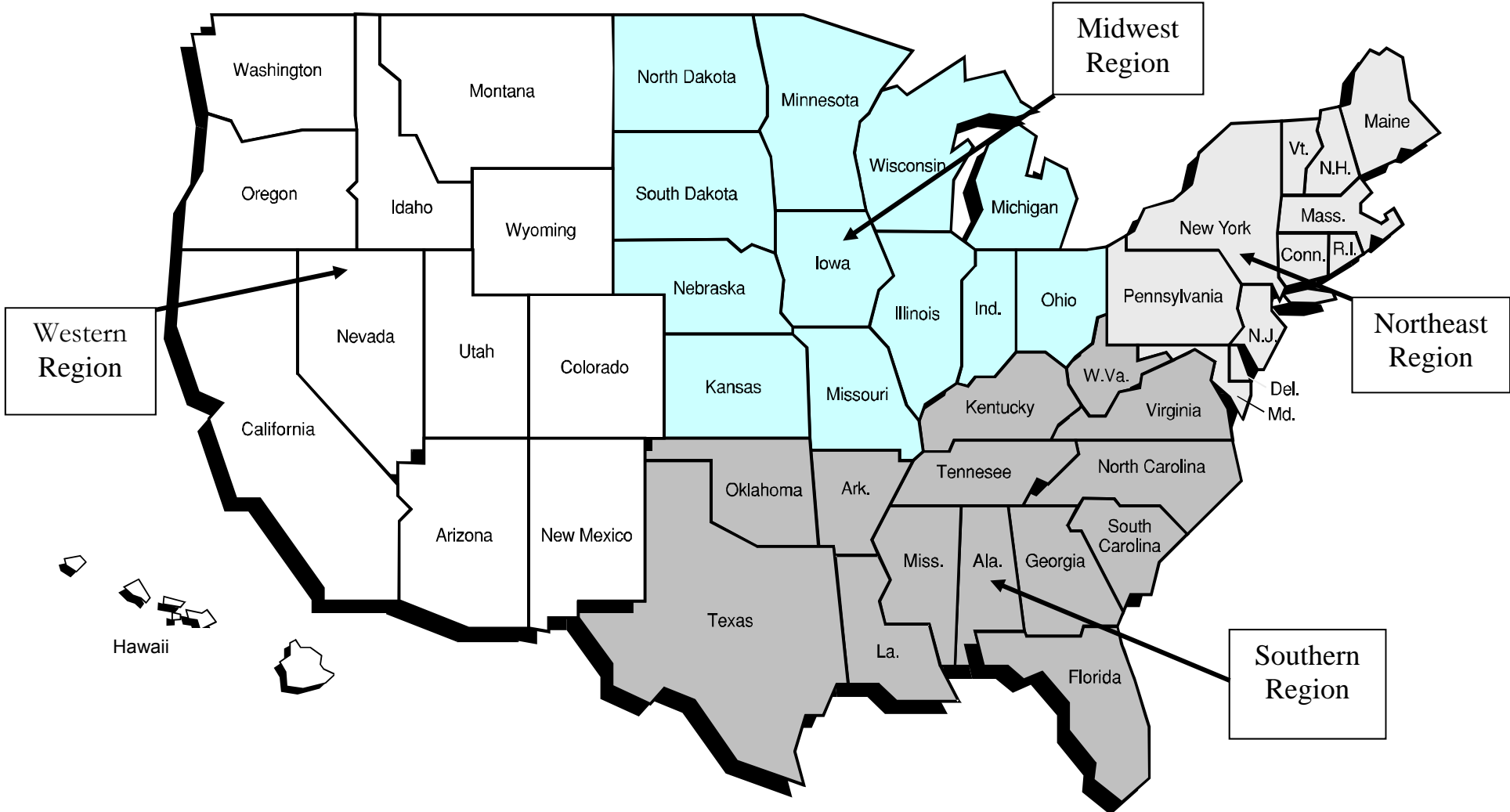


## National Participant Distribution by Profit Status

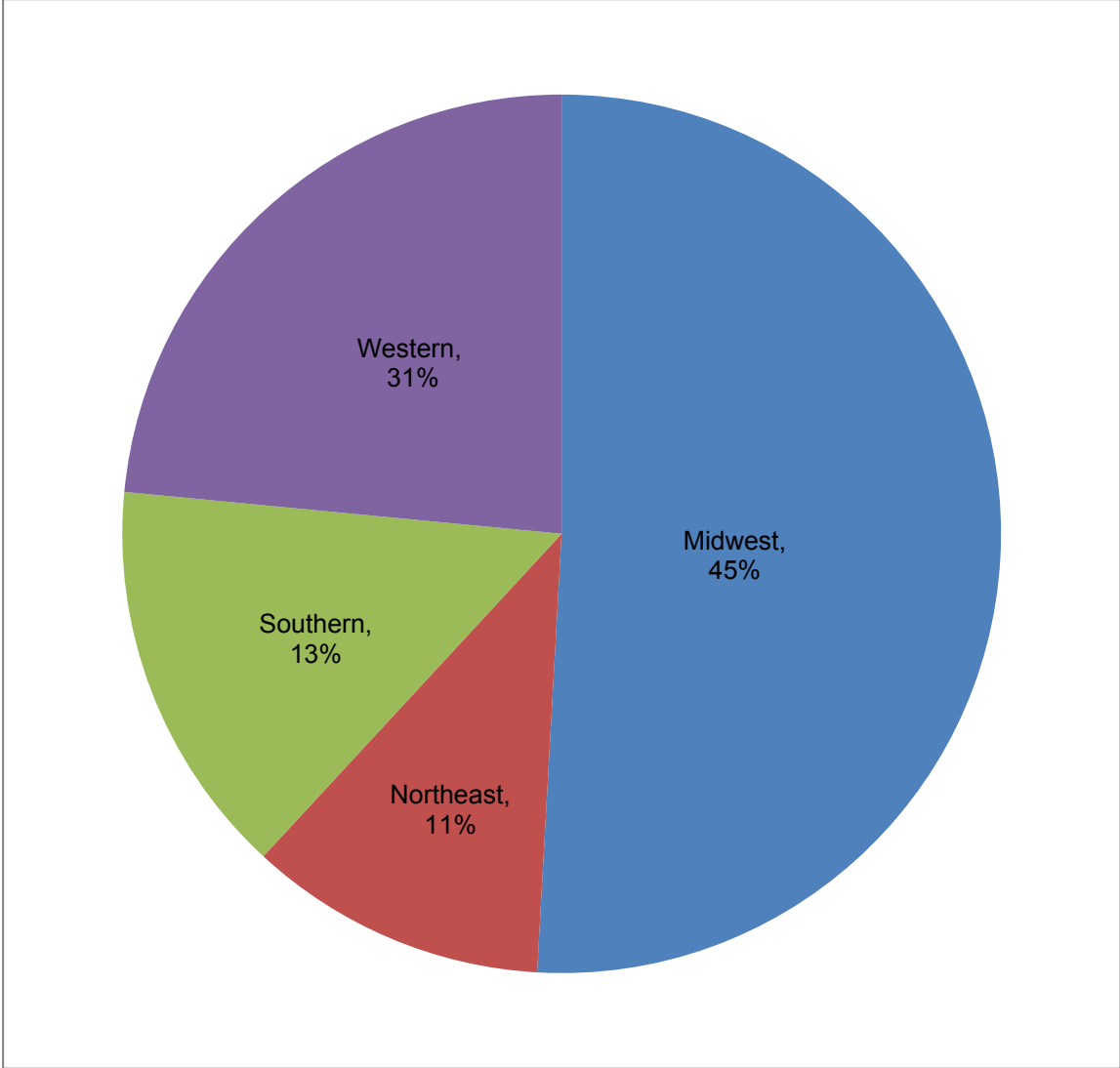




# Geographic Regions Surveyed



# National Participant Distribution by Region



## Participant Counts by State

The following demographic breakdowns represent all survey participants nationally.

Reporting States (in alphabetical order)	# of Responses	% of Responses
Alabama:	33	1.9%
Alaska:	13	0.8%
Arizona:	59	3.4%
Arkansas:	15	0.9%
California:	111	6.4%
Colorado:	52	3.0%
Connecticut:	36	2.1%
Delaware:	16	0.9%
Florida:	73	4.2%
Georgia:	68	3.9%
Hawaii:	168	9.7%
Idaho:	27	1.6%
Illinois:	320	18.4%
Indiana:	77	4.4%
Iowa:	48	2.8%
Kansas:	34	2.0%
Kentucky:	35	2.0%
Louisiana:	21	1.2%
Maine:	10	0.6%
Maryland:	25	1.4%
Massachusetts:	84	4.8%
Michigan:	260	15.0%
Minnesota:	146	8.4%
Mississippi:	20	1.2%
Missouri:	161	9.3%

*\* Insufficient Data - minimum of 10 responses required*

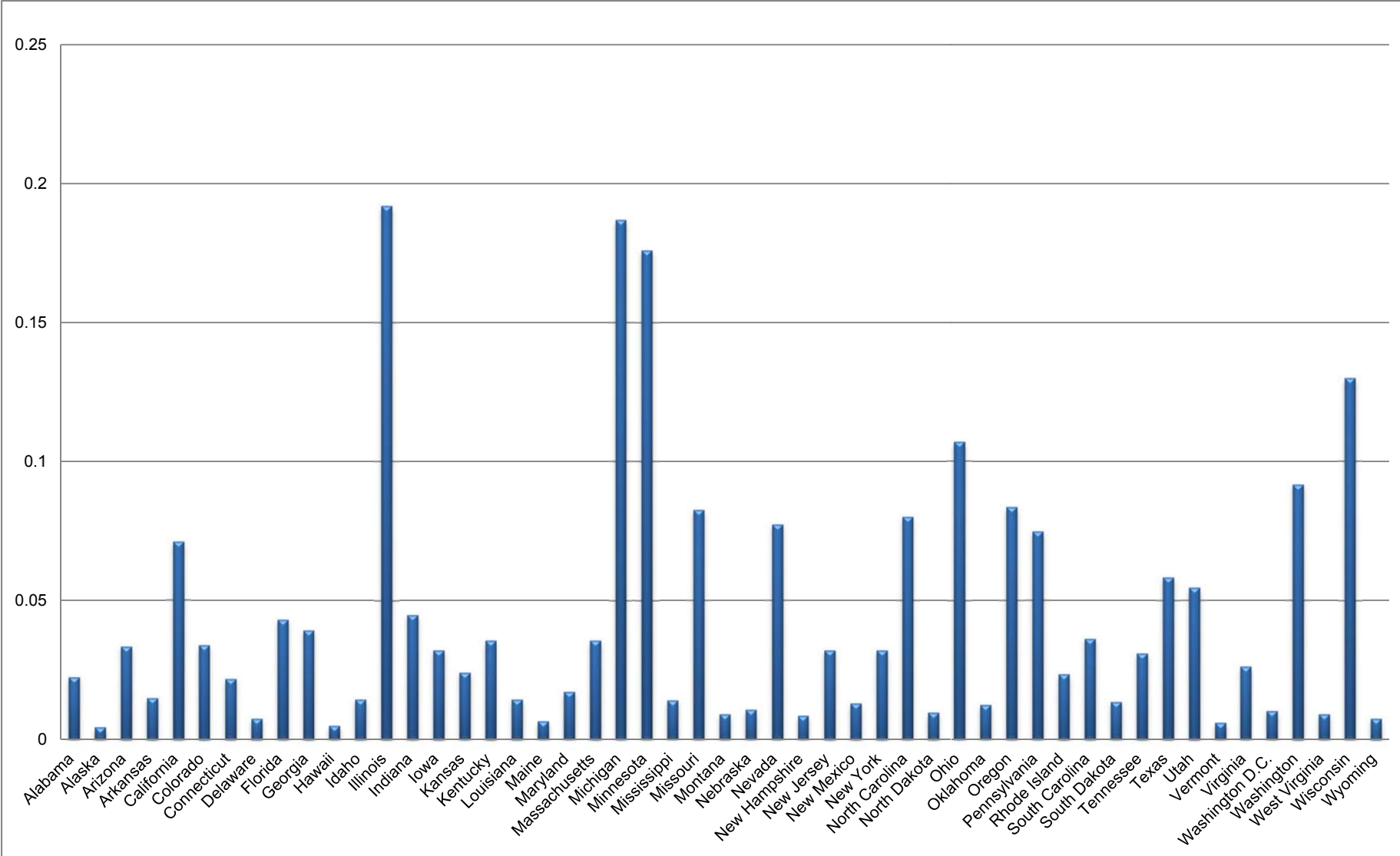
## Participant Counts by State

The following demographic breakdowns represent all survey participants nationally.

Reporting States (in alphabetical order) <i>continued</i>	# of Responses	% of Responses
Montana:	18	1.0%
Nebraska:	12	0.7%
Nevada:	118	6.8%
New Hampshire:	18	1.0%
New Jersey:	51	2.9%
New Mexico:	10	0.6%
New York:	50	2.9%
North Carolina:	143	8.2%
North Dakota:	11	0.6%
Ohio:	149	8.6%
Oklahoma:	16	0.9%
Oregon:	188	10.8%
Pennsylvania:	132	7.6%
Rhode Island:	17	1.0%
South Carolina:	66	3.8%
South Dakota:	14	0.8%
Tennessee:	42	2.4%
Texas:	90	5.2%
Utah:	99	5.7%
*Vermont:	*8	0.5%
Virginia:	38	2.2%
Washington D.C.:	15	0.9%
Washington:	147	8.5%
West Virginia:	16	0.9%
Wisconsin:	261	15.0%
Wyoming:	17	1.0%

\* Insufficient Data - minimum of 10 responses required

# National Participant Distribution by State



**SECTION ONE:**  
National Report

## Significant Trends Summary – National Report

The following highlights reflect the National Business Trends Survey responses of **1,740** organizations. While our summary may indicate a degree of “optimism” on the part of many business executives for 2014, you may arrive at different conclusions following your review of the detailed reports (beginning on page 13).

### Notes:

- a. *All of the following percentages have been rounded to the nearest 1%*
- b. *The largest industry group represented in this survey is manufacturing (42%)*
- c. *81% of the responding organizations are for profit and 74% are privately held*
- d. *78% of the survey participants operate with less than 250 employees*
- e. *57% of the responses are from the Midwest Region*

- 1) Executives expect the overall outlook for the 2014 economy to be about the same or better compared to 2013 and for 2013 to be about the same or better when compared to 2012. *{Survey Question #1 & 2}*
- 2) When describing their business outlook for 2014, 71% of the executives project slight to significant increases in sales/revenue. For 2013, 62% expect sales/revenue to be slightly or significantly better compared to 2012. *{Survey Question #3 & 4}*
- 3) Regarding new investments in people, facilities, and/or equipment in 2014, 57% of the executives say they will be making significant investments (56% in 2013); the remaining executives indicated no plans for significant new investments in 2014. *{Survey Question #5}*
- 4) When executives were asked what they believe the greatest barrier to business growth is in their industry, 37% said economic considerations and 24% said government regulations (17% in 2013). *{Survey Question #6}*
- 5) Whereas 47% of the executives surveyed plan to increase staff in 2014 (34% in 2013), 40% of the respondents said they plan to maintain 2013 staffing levels during 2014. *{Survey Question #8}*
- 6) 43% of executives report that professional staff (non-manager) positions are the most challenging positions when it comes to recruitment and retention. This is followed by skilled production workers with 39% of the executive responses. *{Survey Question #12}*
- 7) When asked which strategies executives are using to overcome recruitment and retention challenges, 58% are providing existing staff with additional training/development (48% in 2013), 50% are filling jobs with existing staff who lack job skills but have potential (41% last year), and 41% are focusing on existing staff retention where recruitment is difficult (34% in 2013). *{Survey Question #13}*
- 8) When asked what they believe is the greatest challenge to job creation in their industry, 45% of the executives said economic considerations (46% in 2013) and 17% indicated the biggest challenge is government regulations (12% in 2013). *{Survey Question #14}*

- 9) 74% of the executives responding to the survey reported plans to award wage/salary increases in 2014 (76% in 2013). {Survey Question #15 & 16}
- 10) 10% of the executives report plans to freeze or reduce wages/salaries in 2014. This indicates a declining trend compared to the 19% who either froze or reduced wages/salaries in 2013 and the 23% who froze or reduced wages/salaries in 2012. {Survey Question #15 & 16}
- 11) 40% of the executives responding to the survey reported plans to award variable/bonus awards during 2014 (38% in 2013). {Survey Question #15 & 16}
- 12) Executives identified the following “serious” challenges for their businesses (listed in order of the top 5 long-term responses): {Survey Question #10 }

**Note:** Short-term: within next year  
 Long-term: within next 5 years

	Short-term % of Responses	Long-term % of Responses
<b>Ability to pay for benefits</b>	26%	44%
<b>Competition in general</b>	31%	37%
<b>Cost of regulatory compliance</b>	26%	35%
<b>Skilled labor shortage</b>	22%	31%
<b>Ability to pay competitively</b>	17%	25%

- 13) Following are the top 5 measures that executives say they are planning to continue or implement in 2013 and 2014 in order to strengthen business results (listed in order of the top 2014 responses): {Survey Question #18}

	2013 % of Responses	2014 % of Responses
<b>Invest in technology</b>	50%	65%
<b>Invest in equipment</b>	46%	58%
<b>Lean/process improvement</b>	44%	52%
<b>Increase training budget</b>	21%	37%
<b>Increase recruiting emphasis</b>	23%	36%



## Participant Demographics - National Report

The following data breakdowns represent all 1,740 survey participants nationally.

Company Size	# of Responses	% of Responses
1 to 99 employees:	927	53.3%
100 to 249 employees:	432	24.8%
250 to 499 employees:	216	12.4%
500 to 999 employees:	94	5.4%
1,000 + employees:	71	4.1%

Industry	# of Responses	% of Responses
Construction:	62	3.6%
Education Services:	45	2.6%
Financial (Banking, Insurance, Real Estate):	100	5.8%
Health Services:	115	6.6%
Information (Communication/Broadcasting):	25	1.4%
Leisure / Hospitality Services:	48	2.8%
Manufacturing Durable Goods (useful life=3+ yrs):	544	31.3%
Manufacturing Non-Durable Goods (consumed in less than 3 yrs):	183	10.5%
Natural Resources / Mining:	16	0.9%
Professional / Business Services:	117	6.7%
Public Administration:	24	1.4%
Retail Trade:	60	3.5%
Services, not elsewhere classified:	168	9.7%
Social Services:	55	3.2%
Transportation / Warehousing:	47	2.7%
Utilities:	22	1.3%
Wholesale Trade:	109	6.3%

## Participant Demographics - National Report

Profit status	# of Responses	% of Responses
For Profit - Privately Held:	1285	73.9%
For Profit - Publicly Traded:	118	6.8%
Not-For-Profit/Nonprofit:	287	16.5%
Public Sector/Government:	50	2.9%

## National Detail Report

1. I feel the overall <u>2013</u> economy has been:	# of Responses	% of Responses
Better than 2012:	815	46.8%
About the same as 2012:	755	43.4%
Worse than 2012:	170	9.8%

2. I feel the overall <u>2014</u> economy will be:	# of Responses	% of Responses
Better than 2013:	623	35.8%
About the same as 2013:	935	53.7%
Worse than 2013:	182	10.5%

3. What phrase best describes your organization's <u>expected</u> business results for <u>2013</u> compared to 2012?	# of Responses	% of Responses
Significant increase in sales/revenue:	283	16.3%
Slight increase in sales/revenue:	800	46.0%
Flat sales/revenue:	291	16.7%
Slight decrease in sales/revenue:	222	12.8%
Significant decrease in sales/revenue:	82	4.7%
Not applicable:	62	3.6%

4. What phrase best describes your organization's <u>projected</u> business outlook for <u>2014</u> compared to 2013?	# of Responses	% of Responses
Significant increase in sales/revenue:	263	15.1%
Slight increase in sales/revenue:	973	55.9%
Flat sales/revenue:	316	18.2%
Slight decrease in sales/revenue:	96	5.5%
Significant decrease in sales/revenue:	30	1.7%
Not applicable:	62	3.6%

**Note:** Percentage based on 1,740 responses and may not total 100% in some instances due to rounding, the ability to select multiple responses, and/or due to participant omissions.

## National Detail Report

<b>5. Is your organization planning significant new investments in people, facilities, and/or equipment in 2014 to improve service, capacity and/or revenue?</b>	# of Responses	% of Responses
Yes, in our home office location:	781	44.9%
Yes, in other domestic locations:	300	17.3%
Yes, in our international locations:	78	4.5%
No, investments are either insignificant or non-existent:	756	43.5%

<b>6. In your industry, what do you believe is the greatest barrier to business growth?</b>	# of Responses	% of Responses
Government regulations:	423	24.3%
Corporate taxation:	72	4.1%
Consumer demand:	316	18.2%
Economic considerations:	651	37.4%
Not applicable:	106	6.1%
Other (See Appendix):	172	9.9%

<b>7. Has your organization been hiring in 2013 as originally planned?</b>	# of Responses	% of Responses
Significantly less than planned:	94	5.4%
Slightly less than planned:	240	13.8%
As planned:	972	55.9%
Slightly more than planned:	353	20.3%
Significantly more than planned:	81	4.7%

**Note:** Percentage based on 1,740 responses and may not total 100% in some instances due to rounding, the ability to select multiple responses, and/or due to participant omissions.

## National Detail Report

8. For staffing/hiring, what have you been doing in 2013 and what are your plans for 2014?				
	2013		2014	
	# of Responses	% of Responses	# of Responses	% of Responses
Have or will be increasing staff levels (includes recalling layoffs, hiring temps or contract workers, and/or hiring new employees)	849	48.8%	809	46.5%
Have or will be maintaining staff levels and not adding to current staffing levels	583	33.5%	687	39.5%
Have or will be reducing staff levels by attrition with limited or no hiring	216	12.4%	132	7.6%
N/A or No plans at this time	92	5.3%	112	6.4%

9. To what extent are your hiring practices/plans due to the following?	# of Responses	% of Responses
<b>Newly created jobs</b>		
All due to this:	202	11.6%
Some due to this:	937	53.9%
None due to this:	381	21.9%
<b>Recalling layoffs</b>		
All due to this:	11	0.6%
Some due to this:	126	7.2%
None due to this:	1019	58.6%
<b>Replacing due to voluntary turnover</b>		
All due to this:	144	8.3%
Some due to this:	1048	60.2%
None due to this:	275	15.8%

**Note:** Percentage based on 1,740 responses and may not total 100% in some instances due to rounding, the ability to select multiple responses, and/or due to participant omissions.

## National Detail Report

9. To what extent are your hiring practices/plans due to the following? <i>(continued)</i>	# of Responses	% of Responses
<b>Replacing due to retirement</b>		
All due to this:	41	2.4%
Some due to this:	661	38.0%
None due to this:	603	34.7%
<b>Not applicable or Other</b>		
All due to this:	78	4.5%
Some due to this:	143	8.2%
None due to this:	557	32.0%

10. In your opinion, how serious are the following challenges to your business?				
	SHORT TERM:		LONG TERM:	
	# of Responses	% of Responses	# of Responses	% of Responses
<b>International competition</b>				
None	1035	59.5%	873	50.2%
Mild	497	28.6%	569	32.7%
Serious	134	7.7%	225	12.9%
<b>Competition in general</b>				
None	129	7.4%	108	6.2%
Mild	1025	58.9%	926	53.2%
Serious	540	31.0%	651	37.4%
<b>Product obsolescence</b>				
None	1050	60.3%	927	53.3%
Mild	520	29.9%	550	31.6%
Serious	71	4.1%	165	9.5%

**Note:** Percentage based on 1,740 responses and may not total 100% in some instances due to rounding, the ability to select multiple responses, and/or due to participant omissions.

## National Detail Report

10. In your opinion, how serious are the following challenges to your business? <i>(continued)</i>				
	SHORT TERM:		LONG TERM:	
	# of Responses	% of Responses	# of Responses	% of Responses
<b>Changing customer preferences</b>				
None	457	26.3%	393	22.6%
Mild	1021	58.7%	965	55.5%
Serious	190	10.9%	306	17.6%
<b>Customer shortage</b>				
None	887	51.0%	823	47.3%
Mild	616	35.4%	636	36.6%
Serious	152	8.7%	191	11.0%
<b>Customer's ability to afford</b>				
None	490	28.2%	454	26.1%
Mild	874	50.2%	881	50.6%
Serious	313	18.0%	337	19.4%
<b>Unskilled labor shortage</b>				
None	1067	61.3%	1010	58.0%
Mild	463	26.6%	453	26.0%
Serious	126	7.2%	191	11.0%
<b>Skilled labor shortage</b>				
None	564	32.4%	503	28.9%
Mild	726	41.7%	622	35.7%
Serious	380	21.8%	538	30.9%
<b>Professional/Technical staff shortage</b>				
None	637	36.6%	554	31.8%
Mild	734	42.2%	701	40.3%
Serious	275	15.8%	387	22.2%

*Note: Percentage based on 1,740 responses and may not total 100% in some instances due to rounding, the ability to select multiple responses, and/or due to participant omissions.*

## National Detail Report

10. In your opinion, how serious are the following challenges to your business? <i>(continued)</i>				
	SHORT TERM:		LONG TERM:	
	# of Responses	% of Responses	# of Responses	% of Responses
<b>Professional/Non-technical staff shortage</b>				
None	897	51.6%	831	47.8%
Mild	655	37.6%	650	37.4%
Serious	94	5.4%	158	9.1%
<b>Ability to pay for benefits costs</b>				
None	386	22.2%	283	16.3%
Mild	837	48.1%	618	35.5%
Serious	448	25.7%	770	44.3%
<b>Ability to pay competitive wages/salaries</b>				
None	439	25.2%	351	20.2%
Mild	931	53.5%	881	50.6%
Serious	292	16.8%	426	24.5%
<b>Ability to maintain quality</b>				
None	811	46.6%	762	43.8%
Mild	696	40.0%	707	40.6%
Serious	146	8.4%	184	10.6%
<b>Cost of materials</b>				
None	501	28.8%	449	25.8%
Mild	885	50.9%	815	46.8%
Serious	267	15.3%	382	22.0%
<b>Cost of equipment</b>				
None	492	28.3%	417	24.0%
Mild	905	52.0%	884	50.8%
Serious	255	14.7%	350	20.1%

*Note: Percentage based on 1,740 responses and may not total 100% in some instances due to rounding, the ability to select multiple responses, and/or due to participant omissions.*



## National Detail Report

10. In your opinion, how serious are the following challenges to your business? <i>(continued)</i>				
	SHORT TERM:		LONG TERM:	
	# of Responses	% of Responses	# of Responses	% of Responses
<b>Property taxes</b>				
None	779	44.8%	731	42.0%
Mild	701	40.3%	699	40.2%
Serious	161	9.3%	207	11.9%
<b>Sales taxes</b>				
None	955	54.9%	904	52.0%
Mild	592	34.0%	600	34.5%
Serious	90	5.2%	127	7.3%
<b>Other taxes</b>				
None	637	36.6%	583	33.5%
Mild	751	43.2%	698	40.1%
Serious	259	14.9%	362	20.8%
<b>Cost of regulatory compliance</b>				
None	365	21.0%	324	18.6%
Mild	853	49.0%	725	41.7%
Serious	445	25.6%	615	35.3%
<b>Unknown challenges</b>				
None	391	22.5%	326	18.7%
Mild	1049	60.3%	1017	58.4%
Serious	168	9.7%	266	15.3%

**Note:** Percentage based on 1,740 responses and may not total 100% in some instances due to rounding, the ability to select multiple responses, and/or due to participant omissions.

## National Detail Report

11. What are your projections for when you plan to hire in 2014?	# of Responses	% of Responses
1st quarter:	752	43.3%
2nd quarter:	766	44.1%
3rd quarter:	562	32.4%
4th quarter:	350	20.2%
No plans to hire at this time:	551	31.7%

12. Which job groups are the most challenging to you with regards to recruitment and/or retention?	# of Responses	% of Responses
Senior management:	281	16.2%
High potential middle managers:	528	30.4%
Professional staff (non-managers):	754	43.4%
Skilled production workers:	683	39.3%
Entry-level workers:	374	21.5%
Experienced workers (25+ years of experience):	91	5.2%
Other (See Appendix):	189	10.9%
None, we have no recruiting or retention challenges:	132	7.6%

**Note:** Percentage based on 1,740 responses and may not total 100% in some instances due to rounding, the ability to select multiple responses, and/or due to participant omissions.

## National Detail Report

<b>13. Has your organization implemented any of the following strategies to overcome recruitment and/or retention challenges?</b>	# of Responses	% of Responses
Filling jobs with existing staff that lack job skills but have potential:	863	49.6%
Focus on existing staff retention in jobs where recruitment is difficult:	707	40.7%
Focus on providing existing staff additional training/development:	1004	57.7%
Increasing pay ranges:	649	37.3%
Broadening candidate search outside of local region:	571	32.8%
Increasing emphasis on employee referrals:	563	32.4%
Starting/increasing use of social media for recruiting:	607	34.9%
Increasing starting salaries:	552	31.8%
Increasing/enhancing benefits packages:	276	15.9%
Partnering with educational institutions to create a curriculum aligned with skill/talent needs:	433	24.9%
Other (See Appendix):	52	3.0%
No strategies are being implemented:	180	10.4%

<b>14. In your industry, what do you believe is the greatest challenge to job creation?</b>	# of Responses	% of Responses
Government regulations:	297	17.1%
Corporate taxation:	70	4.0%
Consumer demand:	267	15.4%
Economic considerations:	781	44.9%
Not applicable:	224	12.9%
Other (See Appendix):	101	5.8%

**Note:** Percentage based on 1,740 responses and may not total 100% in some instances due to rounding, the ability to select multiple responses, and/or due to participant omissions.

## National Detail Report

<b>15. Which statement(s) describes your organization's actual 2013 wage/salary strategy?</b>	<b># of Responses</b>	<b>% of Responses</b>
Increased wages/salaries (Merit, General, COLA):	1319	76.3%
Paid lump sum awards:	196	11.3%
Paid variable/bonus awards:	656	38.0%
Froze wages/salaries:	269	15.6%
Reduced wage/salaries and/or hours worked:	64	3.7%

<b>16. Which statement(s) describes your organization's projected 2014 wage/salary strategy?</b>	<b># of Responses</b>	<b>% of Responses</b>
Increasing wages/salaries (Merit, General, COLA):	1283	73.8%
Paying lump sum awards:	196	11.3%
Paying variable/bonus awards:	691	39.8%
Freezing wages/salaries:	136	7.8%
Reducing wages/salaries and/or hours worked:	34	2.0%
Delaying decision/uncertain at this time:	181	10.4%

<b>17. If wages/salaries were either FROZEN or REDUCED during 2013, do you plan to restore them before the end of 2014?</b>	<b># of Responses</b>	<b>% of Responses</b>
Yes, will completely restore for some employees:	51	2.9%
Yes, will partially restore for some employees:	72	4.1%
No, will remain at frozen or reduced levels for some employees:	98	5.6%
Did not freeze or reduce wages/salaries in 2013:	1099	63.2%
Uncertain at this time:	166	9.5%

**Note:** Percentage based on 1,740 responses and may not total 100% in some instances due to rounding, the ability to select multiple responses, and/or due to participant omissions.

## National Detail Report

18. Is your organization continuing or planning to implement any of the following measures?				
	2013		2014	
	# of Responses	% of Responses	# of Responses	% of Responses
Lean/Process Improvement	765	44.0%	901	51.8%
Shift all healthcare costs to employees	24	1.4%	54	3.1%
Shift a larger percentage of healthcare costs to employees	284	16.3%	599	34.4%
Increase company share of healthcare costs	156	9.0%	216	12.4%
Layoffs (reduction in force)	176	10.1%	85	4.9%
Reduction in paid-time-off (vacation, sick, PTO, holidays)	30	1.7%	50	2.9%
Addition of paid-time-off (vacation, sick, PTO, holidays)	74	4.3%	129	7.4%
Invest in technology	875	50.3%	1135	65.2%
Invest in equipment	793	45.6%	1012	58.2%
Outsource some operations	247	14.2%	344	19.8%
Return some previously outsourced operations	83	4.8%	126	7.2%
Reduction in retirement benefits (pension, 401(k))	60	3.4%	57	3.3%
Increase retirement benefits (pension, 401(k))	74	4.3%	139	8.0%
Decrease use of bonuses/profit sharing	101	5.8%	100	5.7%
Increase use of bonuses/profit sharing	190	10.9%	328	18.9%
Decrease training budget	86	4.9%	77	4.4%
Increase training budget	358	20.6%	649	37.3%
Decrease total rewards communication/education	23	1.3%	30	1.7%
Increase total rewards communication/education	191	11.0%	334	19.2%
Decrease recruiting emphasis	33	1.9%	35	2.0%
Increase recruiting emphasis	398	22.9%	617	35.5%
None of the above	89	5.1%	81	4.7%

**Note:** Percentage based on 1,740 responses and may not total 100% in some instances due to rounding, the ability to select multiple responses, and/or due to participant omissions.

**SECTION TWO:**  
Northeast Region Report

## Significant Trends Summary – Northeast Region

The following highlights reflect the National Business Trends Survey responses of **266** organizations reporting for the Northeast region. While our summary may indicate a degree of “optimism” on the part of many business executives for 2014, you may arrive at different conclusions following your review of the detailed reports (beginning on page 45).

### Notes:

- a. *All of the following percentages have been rounded to the nearest 1%*
- b. *The largest industry group represented in this survey region is manufacturing (44%)*
- c. *91% of the responding organizations are for profit and 80% are privately held*
- d. *73% of the survey participants operate with less than 250 employees*

- 1) 91% of the executives surveyed expect the overall outlook for the 2014 economy to be about the same or better compared to 2013. 91% of the executives expect 2013 to be about the same or better when compared to 2012. *{Survey Question #1 & 2}*
- 2) When describing their business outlook for 2014, 74% of the executives are projecting slight to significant increases in sales/revenue. For 2013, 66% of the executives expect sales/revenue to be slightly or significantly better compared to 2012. *{Survey Question #3 & 4}*
- 3) When it comes to new investments in people, facilities, and/or equipment in 2014, 62% say they will be making significant investments; the remaining executives say they will not be making significant new investments in 2014. *{Survey Question #5}*
- 4) When executives were asked what they believe the greatest barrier is to business growth in their industry, 39% said economic considerations. This is followed by 24% who indicate government regulations are the greatest barrier. *{Survey Question #6}*
- 5) Whereas 52% of the executives surveyed plan to increase staff in 2014 (mostly during the first half of the year), 33% of the respondents plan to maintain 2013 staffing levels during 2014. *{Survey Question #8}*
- 6) 47% of executives report that professional staff (non-manager) positions are the most challenging positions when it comes to recruitment and retention. This is closely followed by skilled production workers with 36% of the executive responses. *{Survey Question #12}*
- 7) When asked which strategies executives are using to overcome recruitment and retention challenges, 56% said they are providing existing staff with additional training/development, 47% are filling jobs with existing staff that lack the job skills but have the potential, and 40% are focusing on existing staff retention for jobs where recruitment is difficult. *{Survey Question #13}*
- 8) When asked what they believe is the greatest challenge to job creation in their industry, 44% of the executives said economic considerations and 18% indicated the biggest challenge is government regulations. *{Survey Question #14}*
- 9) 78% of the executives reported plans to award wage/salary increases in 2014 (77% in 2013). *{Survey Question #15 & 16}*

- 10) 6% of the executives surveyed reported plans to freeze or reduce wages/salaries in 2014 (17% in 2013). {Survey Question #15 & 16}
- 11) 41% are planning to award variable/bonus awards during 2014 (42% in 2013). {Survey Question #15 & 16}
- 12) Executives identified the following “serious” challenges for their businesses (listed in order of the top 5 long-term responses):  
{Survey Question #10}

**Note:** Short-term: within next year  
 Long-term: within next 5 years

	Short-term % of Responses	Long-term % of Responses
Ability to pay for benefits	27%	47%
Cost of regulatory compliance	29%	40%
Competition in general	34%	39%
Skilled labor shortage	21%	34%
Ability to pay competitive wages	18%	25%

- 13) Following are the top 5 measures that executives say they are planning to continue or implement in 2013 and 2014 in order to strengthen business results (listed in order of the top 2014 responses): {Survey Question #18}

	2013 % of Responses	2014 % of Responses
Invest in technology	53%	68%
Invest in equipment	43%	61%
Lean/process improvement	41%	49%
Increase recruiting emphasis	26%	41%
Increase training budget	22%	40%



## Participant Demographics - Northeast Region Report

The following demographic breakdowns represent all survey participants in the Northeast Region.

Company Size	# of Responses	% of Responses
1 to 99 employees:	134	50.4%
100 to 249 employees:	59	22.2%
250 to 499 employees:	35	13.2%
500 to 999 employees:	23	8.7%
1,000 + employees:	15	5.6%

Industry	# of Responses	% of Responses
Construction:	10	3.8%
Education Services:	5	1.9%
Financial (Banking, Insurance, Real Estate):	14	5.3%
Health Services:	11	4.1%
Information (Communication/Broadcasting):	5	1.9%
Leisure / Hospitality Services:	4	1.5%
Manufacturing Durable Goods (useful life=3+ yrs):	75	28.2%
Manufacturing Non-Durable Goods (consumed in less than 3 yrs):	43	16.2%
Natural Resources / Mining:	1	0.4%
Professional / Business Services:	26	9.8%
Public Administration:	1	0.4%
Retail Trade:	2	0.8%
Services, not elsewhere classified:	27	10.2%
Social Services:	4	1.5%
Transportation / Warehousing:	4	1.5%
Utilities:	3	1.1%
Wholesale Trade:	31	11.7%

## Participant Demographics - Northeast Region Report

The following demographic breakdowns represent all survey participants in the Northeast Region.

Profit status	# of Responses	% of Responses
For Profit - Privately Held:	213	80.1%
For Profit - Publicly Traded:	28	10.5%
Not-For-Profit/Nonprofit:	23	8.7%
Public Sector/Government:	2	0.8%

## Northeast Region Detail Report

1. I feel the overall <u>2013</u> economy has been:	# of Responses	% of Responses
Better than 2012:	108	40.6%
About the same as 2012:	133	50.0%
Worse than 2012:	25	9.4%

2. I feel the overall <u>2014</u> economy will be:	# of Responses	% of Responses
Better than 2013:	93	35.0%
About the same as 2013:	149	56.0%
Worse than 2013:	24	9.0%

3. What phrase best describes your organization's <u>expected</u> business results for <u>2013</u> compared to 2012?	# of Responses	% of Responses
Significant increase in sales/revenue:	51	19.2%
Slight increase in sales/revenue:	123	46.3%
Flat sales/revenue:	40	15.0%
Slight decrease in sales/revenue:	38	14.3%
Significant decrease in sales/revenue:	11	4.1%
Not applicable:	3	1.1%

4. What phrase best describes your organization's <u>projected</u> business outlook for <u>2014</u> compared to 2013?	# of Responses	% of Responses
Significant increase in sales/revenue:	56	21.1%
Slight increase in sales/revenue:	141	53.0%
Flat sales/revenue:	53	19.9%
Slight decrease in sales/revenue:	10	3.8%
Significant decrease in sales/revenue:	3	1.1%
Not applicable:	3	1.1%

**Note:** Percentage based on 266 responses and may not total 100% in some instances due to rounding, the ability to select multiple responses, and/or due to participant omissions.

## Northeast Region Detail Report

<b>5. Is your organization planning significant new investments in people, facilities, and/or equipment in 2014 to improve service, capacity and/or revenue?</b>	# of Responses	% of Responses
Yes, in our home office location:	126	47.4%
Yes, in other domestic locations:	65	24.4%
Yes, in our international locations:	16	6.0%
No, investments are either insignificant or non-existent:	101	38.0%

<b>6. In your industry, what do you believe is the greatest barrier to business growth?</b>	# of Responses	% of Responses
Government regulations:	65	24.4%
Corporate taxation:	15	5.6%
Consumer demand:	42	15.8%
Economic considerations:	104	39.1%
Not applicable:	18	6.8%
Other:	22	8.3%

<b>7. Has your organization been hiring in 2013 as originally planned?</b>	# of Responses	% of Responses
Significantly less than planned:	8	3.0%
Slightly less than planned:	47	17.7%
As planned:	151	56.8%
Slightly more than planned:	48	18.1%
Significantly more than planned:	12	4.5%

**Note:** Percentage based on 266 responses and may not total 100% in some instances due to rounding, the ability to select multiple responses, and/or due to participant omissions.

## Northeast Region Detail Report

8. For staffing/hiring, what have you been doing in 2013 and what are your plans for 2014?				
	2013		2014	
	# of Responses	% of Responses	# of Responses	% of Responses
Have or will be increasing staff levels (includes recalling layoffs, hiring temps or contract workers, and/or hiring new employees)	137	51.5%	139	52.3%
Have or will be maintaining staff levels and not adding to current staffing levels	81	30.5%	88	33.1%
Have or will be reducing staff levels by attrition with limited or no hiring	34	12.8%	19	7.1%
N/A or No plans at this time	14	5.3%	20	7.5%

9. To what extent are your hiring practices/plans due to the following?	# of Responses	% of Responses
<b>Newly created jobs</b>		
All due to this:	38	14.3%
Some due to this:	143	53.8%
None due to this:	50	18.8%
<b>Recalling layoffs</b>		
All due to this:	3	1.1%
Some due to this:	19	7.1%
None due to this:	159	59.8%
<b>Replacing due to voluntary turnover</b>		
All due to this:	21	7.9%
Some due to this:	161	60.5%
None due to this:	44	16.5%

**Note:** Percentage based on 266 responses and may not total 100% in some instances due to rounding, the ability to select multiple responses, and/or due to participant omissions.

## Northeast Region Detail Report

9. To what extent are your hiring practices/plans due to the following? <i>(continued)</i>	# of Responses	% of Responses
<b>Replacing due to retirement</b>		
All due to this:	11	4.1%
Some due to this:	104	39.1%
None due to this:	85	32.0%
<b>Not applicable or Other</b>		
All due to this:	13	4.9%
Some due to this:	22	8.3%
None due to this:	84	31.6%

10. In your opinion, how serious are the following challenges to your business?				
	SHORT TERM:		LONG TERM:	
	# of Responses	% of Responses	# of Responses	% of Responses
<b>International competition</b>				
None	145	54.5%	113	42.5%
Mild	83	31.2%	92	34.6%
Serious	28	10.5%	49	18.4%
<b>Competition in general</b>				
None	10	3.8%	8	3.0%
Mild	163	61.3%	146	54.9%
Serious	89	33.5%	104	39.1%
<b>Product obsolescence</b>				
None	144	54.1%	126	47.4%
Mild	93	35.0%	97	36.5%
Serious	9	3.4%	24	9.0%

**Note:** Percentage based on 266 responses and may not total 100% in some instances due to rounding, the ability to select multiple responses, and/or due to participant omissions.

## Northeast Region Detail Report

10. In your opinion, how serious are the following challenges to your business? <i>(continued)</i>				
	SHORT TERM:		LONG TERM:	
	# of Responses	% of Responses	# of Responses	% of Responses
<b>Changing customer preferences</b>				
None	69	25.9%	55	20.7%
Mild	149	56.0%	146	54.9%
Serious	30	11.3%	49	18.4%
<b>Customer shortage</b>				
None	128	48.1%	122	45.9%
Mild	97	36.5%	93	35.0%
Serious	27	10.2%	36	13.5%
<b>Customer's ability to afford</b>				
None	77	28.9%	72	27.1%
Mild	133	50.0%	130	48.9%
Serious	48	18.0%	53	19.9%
<b>Unskilled labor shortage</b>				
None	169	63.5%	163	61.3%
Mild	66	24.8%	59	22.2%
Serious	18	6.8%	30	11.3%
<b>Skilled labor shortage</b>				
None	89	33.5%	81	30.5%
Mild	108	40.6%	80	30.1%
Serious	57	21.4%	91	34.2%
<b>Professional/Technical staff shortage</b>				
None	85	32.0%	69	25.9%
Mild	122	45.9%	116	43.6%
Serious	46	17.3%	65	24.4%

**Note:** Percentage based on 266 responses and may not total 100% in some instances due to rounding, the ability to select multiple responses, and/or due to participant omissions.

## Northeast Region Detail Report

10. In your opinion, how serious are the following challenges to your business? <i>(continued)</i>				
	SHORT TERM:		LONG TERM:	
	# of Responses	% of Responses	# of Responses	% of Responses
<b>Professional/Non-technical staff shortage</b>				
None	142	53.4%	123	46.2%
Mild	94	35.3%	96	36.1%
Serious	14	5.3%	30	11.3%
<b>Ability to pay for benefits costs</b>				
None	68	25.6%	46	17.3%
Mild	114	42.9%	82	30.8%
Serious	73	27.4%	126	47.4%
<b>Ability to pay competitive wages/salaries</b>				
None	80	30.1%	65	24.4%
Mild	127	47.7%	120	45.1%
Serious	47	17.7%	66	24.8%
<b>Ability to maintain quality</b>				
None	128	48.1%	120	45.1%
Mild	101	38.0%	101	38.0%
Serious	23	8.6%	30	11.3%
<b>Cost of materials</b>				
None	75	28.2%	70	26.3%
Mild	135	50.8%	117	44.0%
Serious	43	16.2%	65	24.4%
<b>Cost of equipment</b>				
None	90	33.8%	72	27.1%
Mild	127	47.7%	126	47.4%
Serious	37	13.9%	54	20.3%

**Note:** Percentage based on 266 responses and may not total 100% in some instances due to rounding, the ability to select multiple responses, and/or due to participant omissions.



## Northeast Region Detail Report

10. In your opinion, how serious are the following challenges to your business? <i>(continued)</i>				
	SHORT TERM:		LONG TERM:	
	# of Responses	% of Responses	# of Responses	% of Responses
<b>Property taxes</b>				
None	119	44.7%	111	41.7%
Mild	108	40.6%	107	40.2%
Serious	21	7.9%	29	10.9%
<b>Sales taxes</b>				
None	138	51.9%	131	49.2%
Mild	95	35.7%	95	35.7%
Serious	15	5.6%	20	7.5%
<b>Other taxes</b>				
None	94	35.3%	86	32.3%
Mild	112	42.1%	93	35.0%
Serious	41	15.4%	66	24.8%
<b>Cost of regulatory compliance</b>				
None	43	16.2%	36	13.5%
Mild	139	52.3%	116	43.6%
Serious	76	28.6%	105	39.5%
<b>Unknown challenges</b>				
None	66	24.8%	52	19.5%
Mild	152	57.1%	151	56.8%
Serious	26	9.8%	39	14.7%

**Note:** Percentage based on 266 responses and may not total 100% in some instances due to rounding, the ability to select multiple responses, and/or due to participant omissions.

## Northeast Region Detail Report

11. What are your projections for when you plan to hire in 2014?	# of Responses	% of Responses
1st quarter:	136	51.3%
2nd quarter:	122	46.0%
3rd quarter:	97	36.6%
4th quarter:	54	20.4%
No plans to hire at this time:	64	24.2%

12. Which job groups are the most challenging to you with regards to recruitment and/or retention?	# of Responses	% of Responses
Senior management:	44	16.6%
High potential middle managers:	87	32.7%
Professional staff (non-managers):	126	47.4%
Skilled production workers:	96	36.1%
Entry-level workers:	52	19.6%
Experienced workers (25+ years of experience):	7	2.6%
Other:	36	13.5%
None, we have no recruiting or retention challenges:	15	5.6%

**Note:** Percentage based on 266 responses and may not total 100% in some instances due to rounding, the ability to select multiple responses, and/or due to participant omissions.

## Northeast Region Detail Report

<b>13. Has your organization implemented any of the following strategies to overcome recruitment and/or retention challenges?</b>	# of Responses	% of Responses
Filling jobs with existing staff that lack job skills but have potential:	126	47.4%
Focus on existing staff retention in jobs where recruitment is difficult:	107	40.2%
Focus on providing existing staff additional training/development:	148	55.6%
Increasing pay ranges:	92	34.6%
Broadening candidate search outside of local region:	102	38.4%
Increasing emphasis on employee referrals:	81	30.5%
Starting/increasing use of social media for recruiting:	98	36.9%
Increasing starting salaries:	80	30.1%
Increasing/enhancing benefits packages:	40	15.0%
Partnering with educational institutions to create a curriculum aligned with skill/talent needs:	63	23.7%
Other:	10	3.8%
No strategies are being implemented:	29	10.9%

<b>14. In your industry, what do you believe is the greatest challenge to job creation?</b>	# of Responses	% of Responses
Government regulations:	47	17.7%
Corporate taxation:	13	4.9%
Consumer demand:	36	13.5%
Economic considerations:	118	44.4%
Not applicable:	36	13.5%
Other:	16	6.0%

**Note:** Percentage based on 266 responses and may not total 100% in some instances due to rounding, the ability to select multiple responses, and/or due to participant omissions.

## Northeast Region Detail Report

<b>15. Which statement(s) describes your organization's actual 2013 wage/salary strategy?</b>	<b># of Responses</b>	<b>% of Responses</b>
Increased wages/salaries (Merit, General, COLA):	201	77.0%
Paid lump sum awards:	36	13.8%
Paid variable/bonus awards:	110	42.2%
Froze wages/salaries:	35	13.4%
Reduced wage/salaries and/or hours worked:	9	3.5%

<b>16. Which statement(s) describes your organization's projected 2014 wage/salary strategy?</b>	<b># of Responses</b>	<b>% of Responses</b>
Increasing wages/salaries (Merit, General, COLA):	206	77.5%
Paying lump sum awards:	34	12.8%
Paying variable/bonus awards:	109	41.0%
Freezing wages/salaries:	10	3.8%
Reducing wages/salaries and/or hours worked:	5	1.9%
Delaying decision/uncertain at this time:	30	11.3%

<b>17. If wages/salaries were either FROZEN or REDUCED during 2013, do you plan to restore them before the end of 2014?</b>	<b># of Responses</b>	<b>% of Responses</b>
Yes, will completely restore for some employees:	6	2.6%
Yes, will partially restore for some employees:	12	5.3%
No, will remain at frozen or reduced levels for some employees:	7	3.1%
Did not freeze or reduce wages/salaries in 2013:	177	77.6%
Uncertain at this time:	27	11.9%

**Note:** Percentage based on 266 responses and may not total 100% in some instances due to rounding, the ability to select multiple responses, and/or due to participant omissions.

## Northeast Region Detail Report

18. Is your organization continuing or planning to implement any of the following measures?				
	2013		2014	
	# of Responses	% of Responses	# of Responses	% of Responses
Lean/Process Improvement	109	41.0%	129	48.5%
Shift all healthcare costs to employees	5	1.9%	7	2.6%
Shift a larger percentage of healthcare costs to employees	53	19.9%	100	37.6%
Increase company share of healthcare costs	24	9.0%	31	11.7%
Layoffs (reduction in force)	34	12.8%	14	5.3%
Reduction in paid-time-off (vacation, sick, PTO, holidays)	6	2.3%	13	4.9%
Addition of paid-time-off (vacation, sick, PTO, holidays)	6	2.3%	12	4.5%
Invest in technology	140	52.6%	181	68.0%
Invest in equipment	113	42.5%	161	60.5%
Outsource some operations	43	16.2%	55	20.7%
Return some previously outsourced operations	12	4.5%	17	6.4%
Reduction in retirement benefits (pension, 401(k))	10	3.8%	11	4.1%
Increase retirement benefits (pension, 401(k))	13	4.9%	25	9.4%
Decrease use of bonuses/profit sharing	20	7.5%	22	8.3%
Increase use of bonuses/profit sharing	28	10.5%	45	16.9%
Decrease training budget	15	5.6%	13	4.9%
Increase training budget	58	21.8%	105	39.5%
Decrease total rewards communication/education	3	1.1%	4	1.5%
Increase total rewards communication/education	25	9.4%	49	18.4%
Decrease recruiting emphasis	4	1.5%	5	1.9%
Increase recruiting emphasis	69	25.9%	108	40.6%
None of the above	15	5.6%	37	13.9%

**Note:** Percentage based on 266 responses and may not total 100% in some instances due to rounding, the ability to select multiple responses, and/or due to participant omissions.

# APPENDIX

## National Detail Report - "Other" Responses

6. In your industry what do you believe is the greatest barrier to business growth?	# of Responses	% of Responses
<b>"Other" Specified:</b>		
Availability of skilled workers (bi-lingual + skills)	23	1.3%
Economic and Political	16	0.9%
Fewer people doing more / longer hours / working with less pay	10	0.6%
Funding / Grant / Donation Decline	23	1.3%
Health Care Reform (Obama Care)	19	1.1%
Miscellaneous	81	4.7%

12. Which job groups are the most challenging to you with regards to recruitment and/or retention?	# of Responses	% of Responses
<b>"Other" Specified:</b>		
Drivers	19	1.1%
Engineering / Technical	48	2.8%
Information Technology	14	0.8%
Medical	11	0.6%
Sales/Marketing	48	2.8%
Miscellaneous	49	2.8%

13. Has your organization implemented any of the following strategies to overcome recruitment and/or retention challenges?	# of Responses	% of Responses
<b>"Other" Specified:</b>		
Employment Agencies	13	0.7%
Miscellaneous	39	2.3%

## National Detail Report - "Other" Responses

14. In your industry what do you believe is the greatest challenge to job creation?	# of Responses	% of Responses
<b>"Other" Specified:</b>		
Economic and Political	10	0.6%
Funding / Grant / Donation Decline	10	0.6%
Health Care Reform (Obama Care)	11	0.6%
Lack of skilled workers / Qualified candidates (Drivers)	21	1.2%
Miscellaneous	49	2.8%