



CBIA's 2011 Fairfield County Business Survey

Introduction

The Connecticut Business and Industry Association (CBIA) and the Stamford Chamber of Commerce are pleased to partner with BlumShapiro and TD Bank to produce the fourth biennial Fairfield County Business Survey. This report examines the workforce, energy, and transportation challenges for companies in Fairfield County and the economic, financial, and regulatory climates in which they operate.

Since we last conducted this survey, in the fall of 2009, the economic recovery has been rocky. This year, our questionnaire entered the field during market troubles in September, and key indicators point to an economy that is still fragile.

Results from the 2011 Fairfield County Business Survey reveal a mildly optimistic economic outlook, at best, for 2012. Fifty-nine percent of respondents claim their businesses have changed substantially as a result of the recession, and while a slight majority expect to be profitable this year, they also anticipate considerable challenges.

While area business leaders believe government often makes it more difficult for them to succeed and are not convinced that their state tax dollars are used effectively, they also believe that there are opportunities for the public sector to help the region

be more competitive. For example, they believe policies that reduce business costs, increase the availability of skilled workers, and result in transportation improvements and better access to capital would greatly benefit businesses in the region.

Key Findings

Several key findings emerge from this year's survey:

- ▶ Business profitability was clobbered by the recession and saw only modest improvement over the last two years.

“Despite all the challenges noted in this year's survey, a significant number of Fairfield County businesses believe the future will provide opportunities for growth and profitability. This is evident in the combination of recent expansions and plans to expand, reported by 44% of businesses.”



John Zinno
Partner, BlumShapiro

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respondents consider the region's skilled/educated workforce or opportunities for personal income growth to be its greatest assets.

- ▶ Nearly half of all respondents (48%) report that skilled workers are not readily—or at all—available in Fairfield County. This is a sharp increase over 2009, when 22% said skilled workers were not readily or at all available.

Current Economic Conditions


The majority of businesses surveyed (60%) recorded a profit in 2010. Fewer (53%) expect that to be the case in 2011.

If business confidence is weak, companies' performance since the last survey provides some context: A greater percentage of Fairfield County businesses recorded a net loss

in 2010 than had expected to in 2009, when we last surveyed them. Most respondents (59%) acknowledge that their businesses have changed substantially because of the recession.

Businesses are slightly more optimistic about conditions for their own firms in 2012: 38% see conditions improving, and 40% believe they will remain stable. They are less confident about the economic outlook for Fairfield County as a whole: Only 18% expect any improvement at all; 44% expect conditions to get worse.

“All things considered, Stamford has been able to hold its own in these difficult economic times. We were hopeful that 2011 was going to be the year of growth. The first half was encouraging, but the third quarter took the wind out of the sails.”



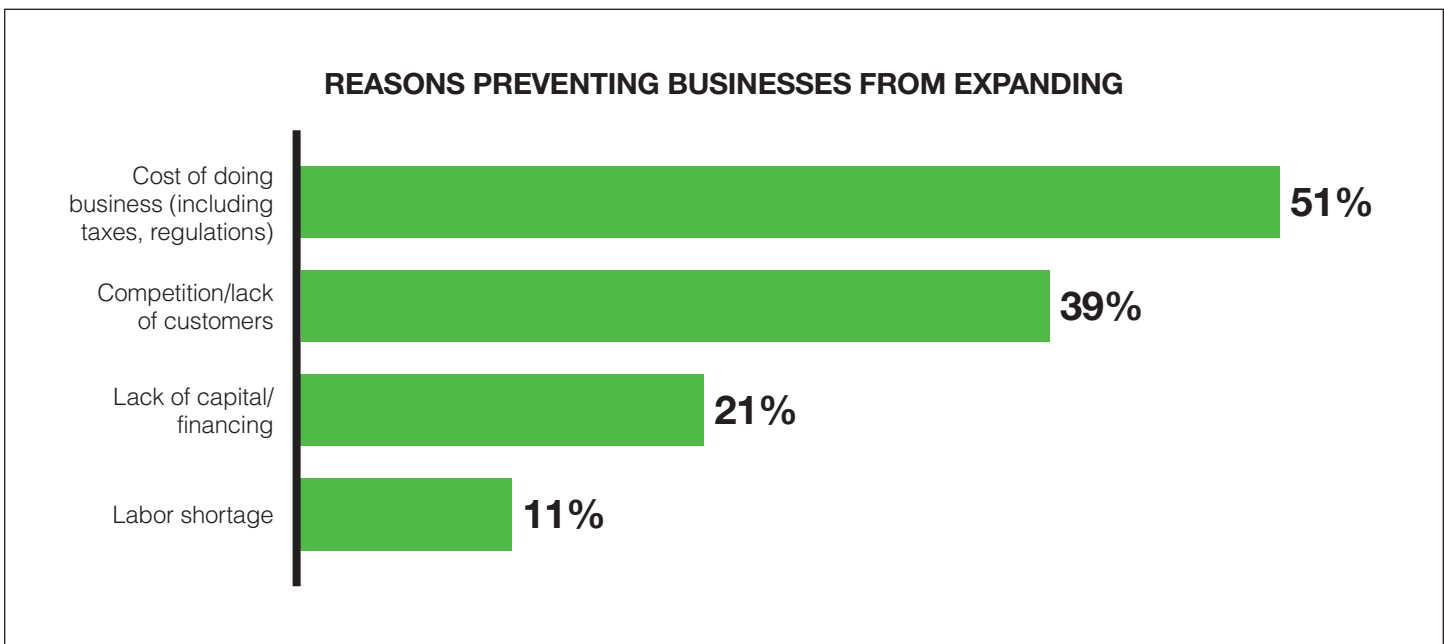
Jack Condlin
President & CEO, Stamford Chamber of Commerce

“What’s encouraging is that even though the majority of businesses surveyed are increasingly concerned about the economy, many of them expect to be on better footing in 2012. The fact that nearly one-third have plans to expand their business in the next five years is especially welcome news, because growing businesses have greater potential to create local jobs.

It’s a testament to the strength of the business community that even in the face of considerable economic challenges, they remain optimistic and are determined to succeed. Now’s the time to give them the support they need to do just that.”



Michael LaBella
CT Market President, TD Bank



(74%) today believe another federal stimulus effort would not help businesses in Fairfield County.

Half of all businesses acknowledge little or no understanding of the impact on business that could result from expanding the roles of state and federal government in healthcare. Although just under half (48%) plan to take no action in response to healthcare reform, slightly more than half (52%) are considering dropping employee healthcare coverage and paying the federal penalty.

Transportation and Energy Issues

When asked in 2009 to predict the single greatest challenge to operating a business in Fairfield County over the next five years, nearly 20% of businesses surveyed identified problems with the region's transportation infrastructure. Forty-three percent of respondents then—and now—said the most effective action state government could take to address the issues would be improving I-95 and expanding highway capacity by adding lanes. Expanding the rail system was also a top choice.

As far as funding sources for transportation enhancements, businesses were least willing to support tax hikes and most likely to favor fast-lane tolls (such as E-ZPass) at the state borders and on major highways.

At the time of our last survey of Fairfield County businesses, the region's energy picture—like its transportation infrastructure—was marred by gridlock. In the intervening years,

investments in transmission lines and upgrades to generating capacity have improved the region's energy supply and reliability. Today, 57% of businesses surveyed rate the quality and reliability of energy at or above average. Cost, however, continues to be a problem: 79% of businesses rate it poor or fair.

Incentives for energy conservation and alternative sources, including the development of electric vehicle (EV) charging stations in Fairfield County, were both poorly rated and poorly understood. Significant uncertainty also exists about companies' own plans for renewable or alternative energy use. Only 13% of respondents intend to use renewable/alternative energy over the next two years, while 31% are unsure.

Among those who use renewable/alternative sources or plan to, solar power is by far the leading choice (65%). Wind power is a distant second (24%), followed by geothermal energy (15%) and fuel cells (12%).

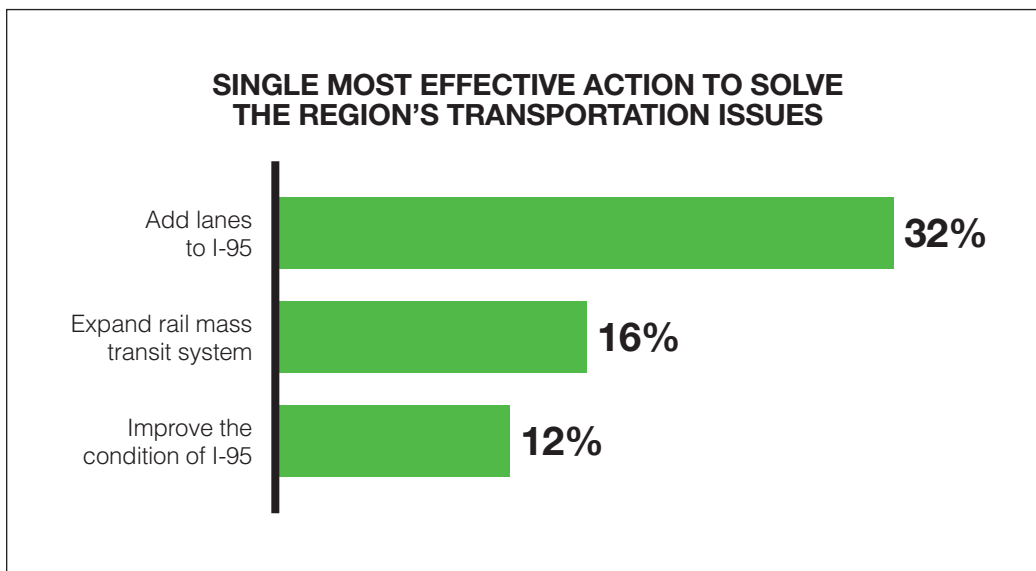
Workforce

Despite a statewide unemployment rate hovering around 9%, only 39% of respondents say Fairfield County has a sufficient number of skilled/educated workers. In fact, more than one in ten businesses surveyed said a labor shortage is preventing them from expanding.

Businesses do most of their hiring from within Fairfield County—both professional, salaried employees (73% of firms) and hourly workers (81%). Of those that hire most of their employees outside of Fairfield County, the majority hire from elsewhere in Connecticut. Approximately 5% recruit from neighboring New York or New Jersey.

Most respondents rate Fairfield County's colleges and universities as good or excellent in terms of their ability to provide employers with qualified workers.

Opinions of community/technical colleges and comprehensive high schools are somewhat less



- Require the Department of Transportation to develop a plan that coordinates all proposed and approved projects aimed at modernizing the I-95 and I-91 corridors.

With the governor's special legislative session on jobs less than two weeks away and the General Assembly reconvening for the regular 2012 session in less than four months, our elected officials have a golden opportunity to address all of these areas and more. It's critical that they take advantage of this opportunity and show that they recognize private-sector investment as the key to job creation and sustained economic growth.

Methodology

The 2011 Survey of Fairfield County Businesses was emailed to nearly 3,000 executives; 195 completed the survey, for a return rate 6.5% and a margin of error +/-7.1 %. All figures are rounded to the nearest whole number and may not total 100%.

Demographics

The greatest share of survey respondents were professional services companies (23%), followed by manufacturing (18%), finance, insurance, and real estate (11%), retail (10%), construction (4%), healthcare (4%), hospitality and tourism (4%), technology (4%), wholesale distribution (4%), and nonprofit/social services (3%). Sixteen percent identified their business category as "other."

Twenty-eight percent have direct ties to the financial services sector, and 9% to hedge funds.

The average number of years in business for responding companies was 32.6 years.

