

HAS THERE BEEN EXPLOSIVE GROWTH IN ENTREPRENEURSHIP IN THE PANDEMIC?

NABE Policy Conference 2022

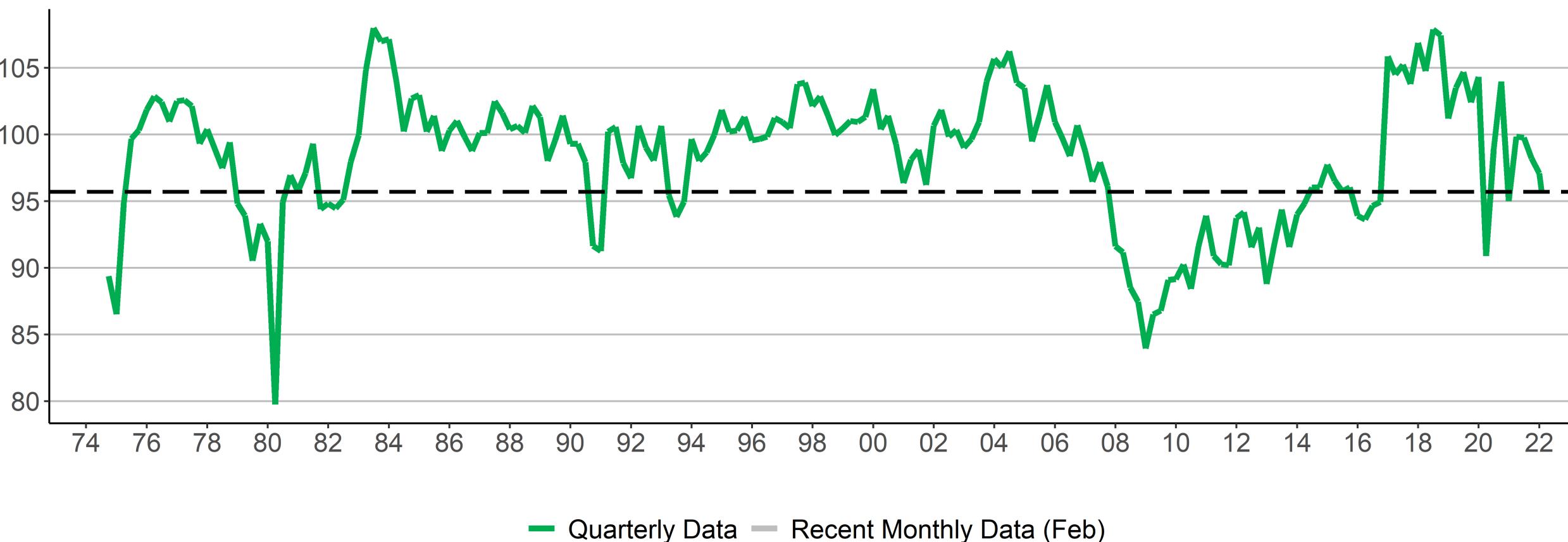


Holly Wade
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February's Optimism Index 95.7, the 48-year average is 98.

Small Business Optimism Index

Based on Ten Survey Indicators
(Seasonally Adjusted, 1986 = 100)



Outlook for general business conditions landed at -35% in February, 3 points above the record low reading of net -38% most recently reached in Nov. 2021.

Outlook for General Business Conditions

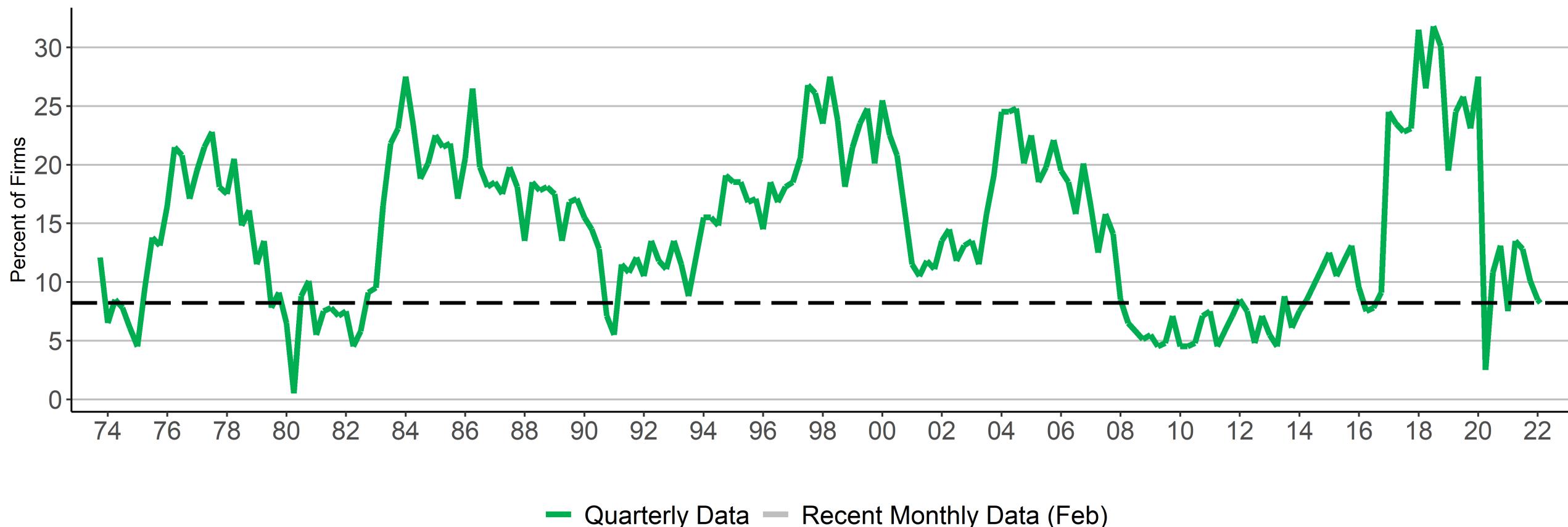
Net Percent ("Better" Minus "Worse") Six Months From Now
(Seasonally Adjusted)



Economic conditions is the main reason owners cite for not a good time to expand.

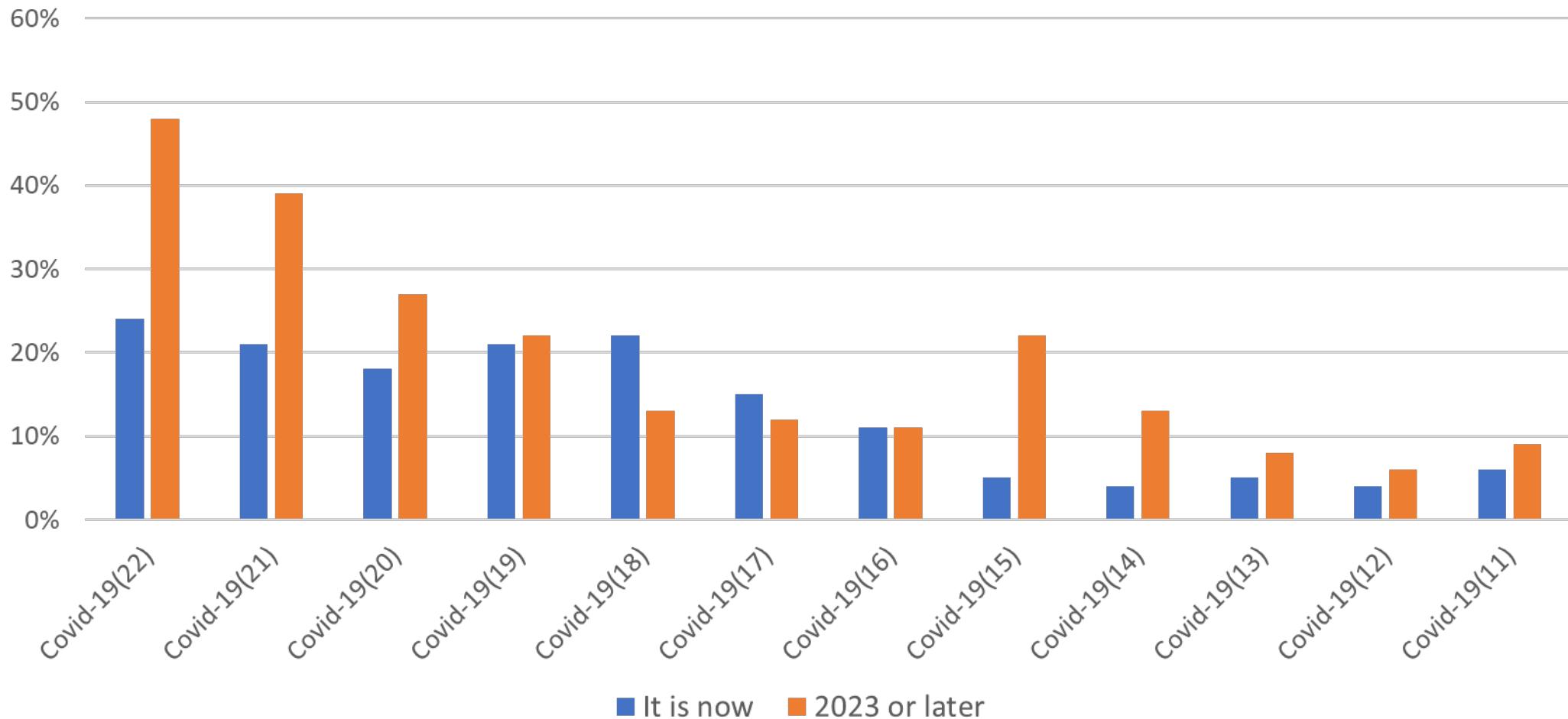
Good Time to Expand

Percent Next Three Months "Good Time to Expand"
(Seasonally Adjusted)

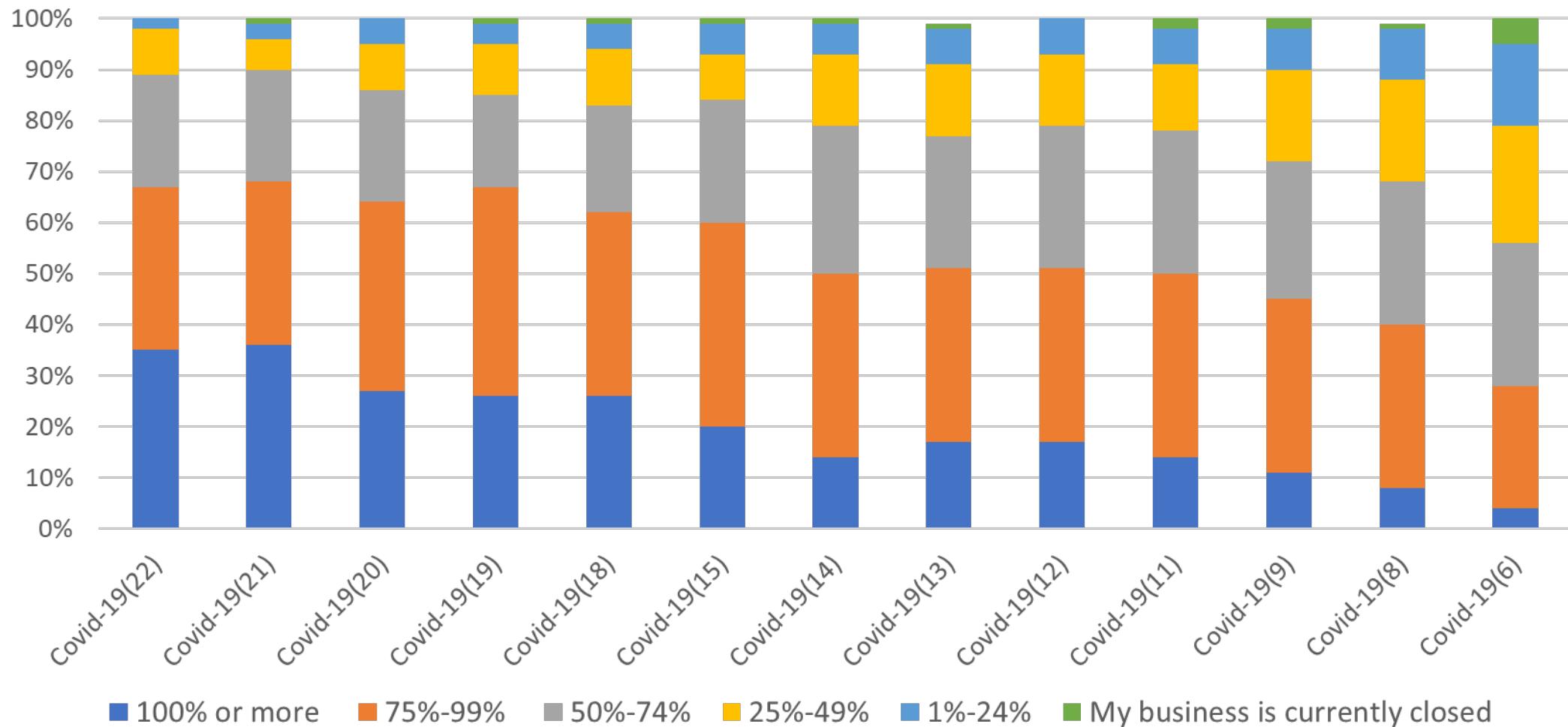


— Quarterly Data — Recent Monthly Data (Feb)

How long do you think it will take before your local community is back to a pre-crisis level of economic activity?



How does your current sales revenue compare to pre-crisis levels?

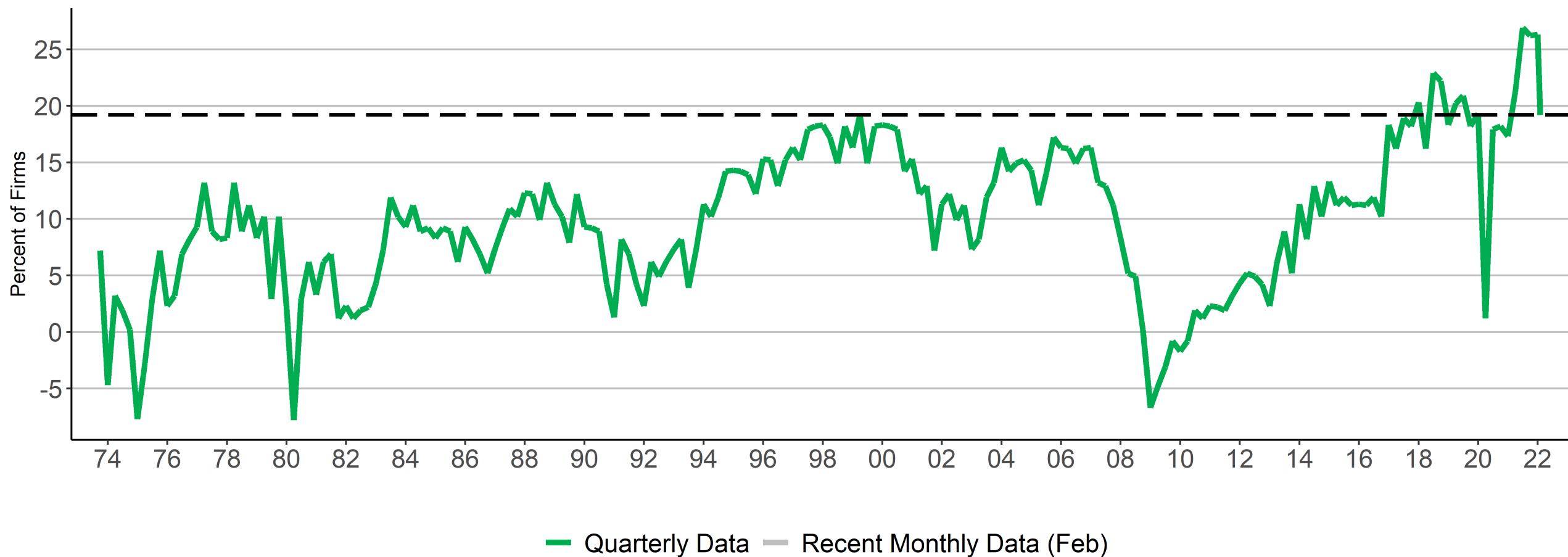


■ 100% or more ■ 75%-99% ■ 50%-74% ■ 25%-49% ■ 1%-24% ■ My business is currently closed

Owners' plans to fill open positions remain elevated but easing, with a seasonally adjusted net 19 percent planning to create new jobs in the next three months, down 7 points from January.

Job Creation Plans

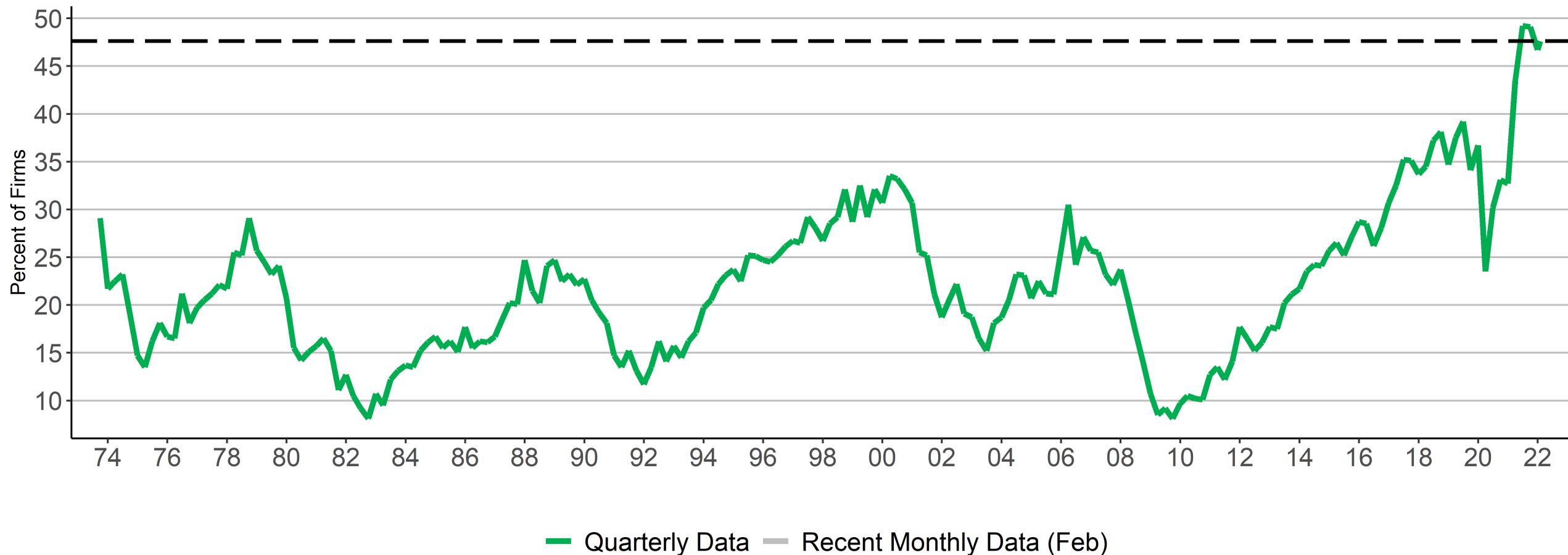
Net Percent ("Increase" minus "Decrease") in Next Three Months



Forty-eight percent of owners reported job openings that could not be filled, the 48-year historical average is 23 percent.

Unfilled Job Openings

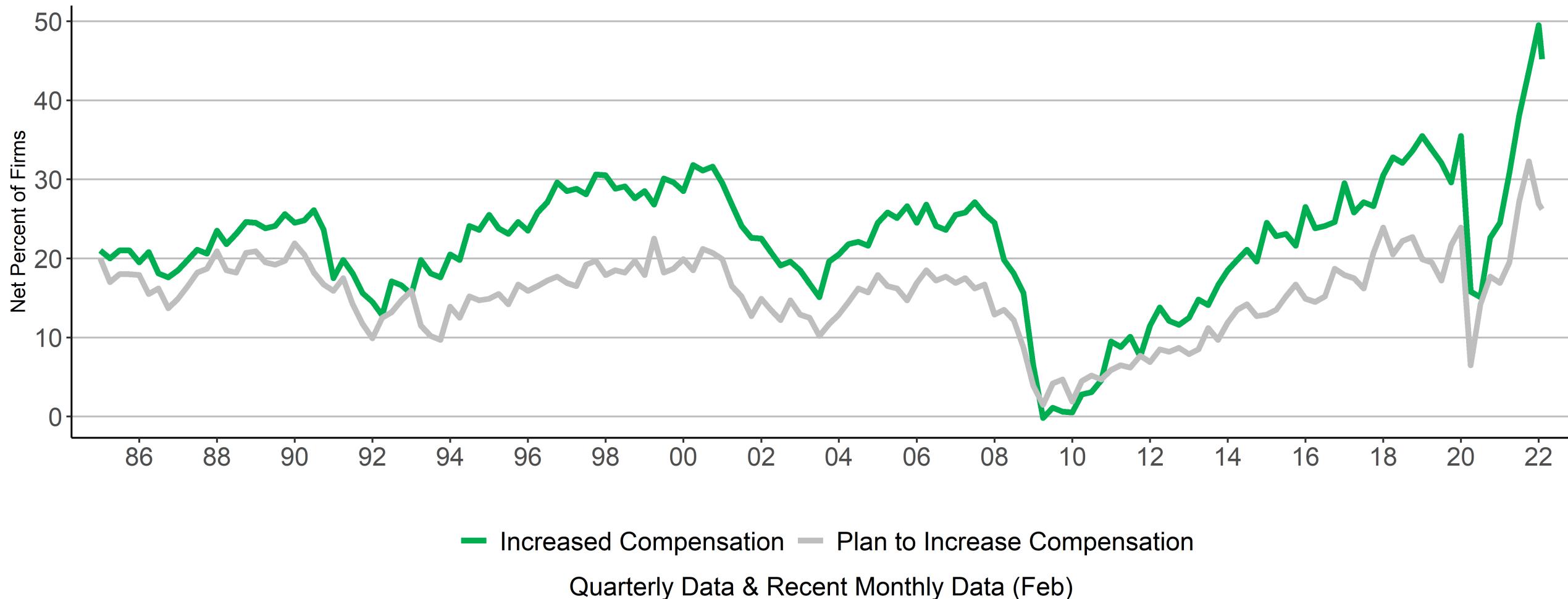
Percent with at Least One Unfilled Opening



— Quarterly Data — Recent Monthly Data (Feb)

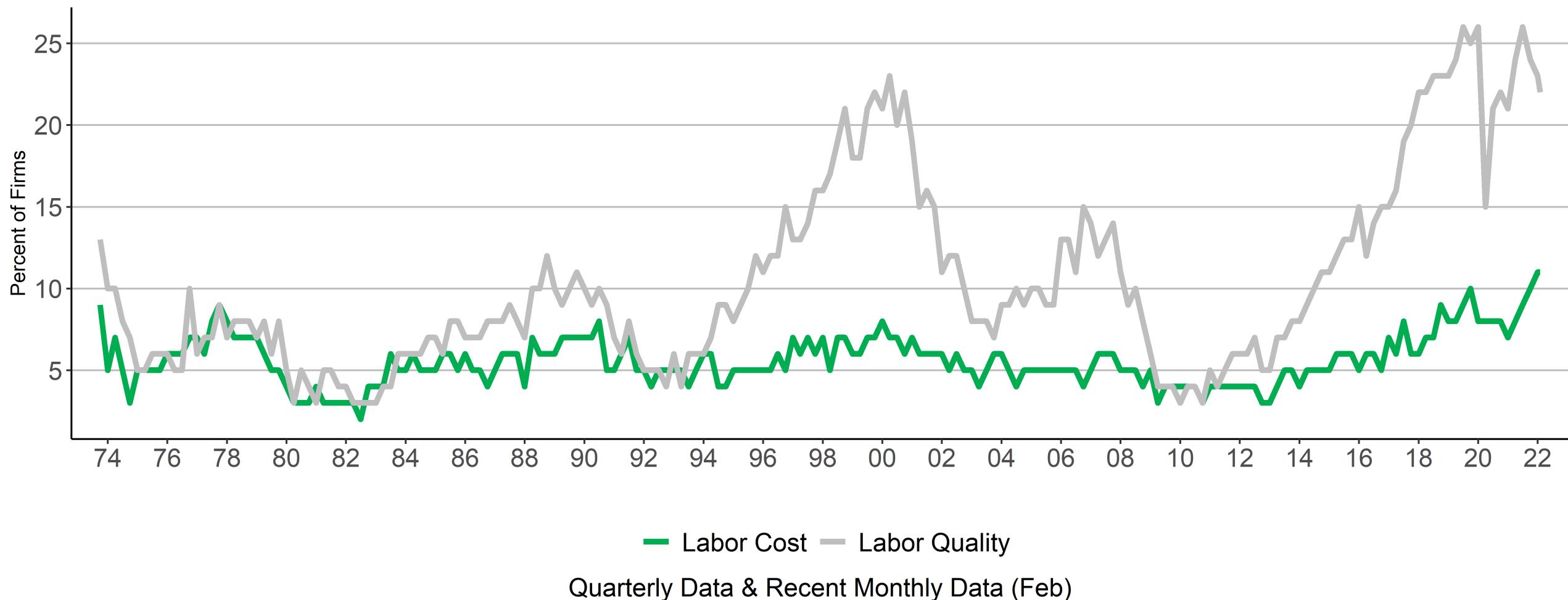
A net 45% (seasonally adjusted) of owners reported raising compensation, down five points from January's 48-year record high reading. A net 26% plan to raise compensation in the next three months, down one point from January.

Planned and Actual Labor Compensation Changes



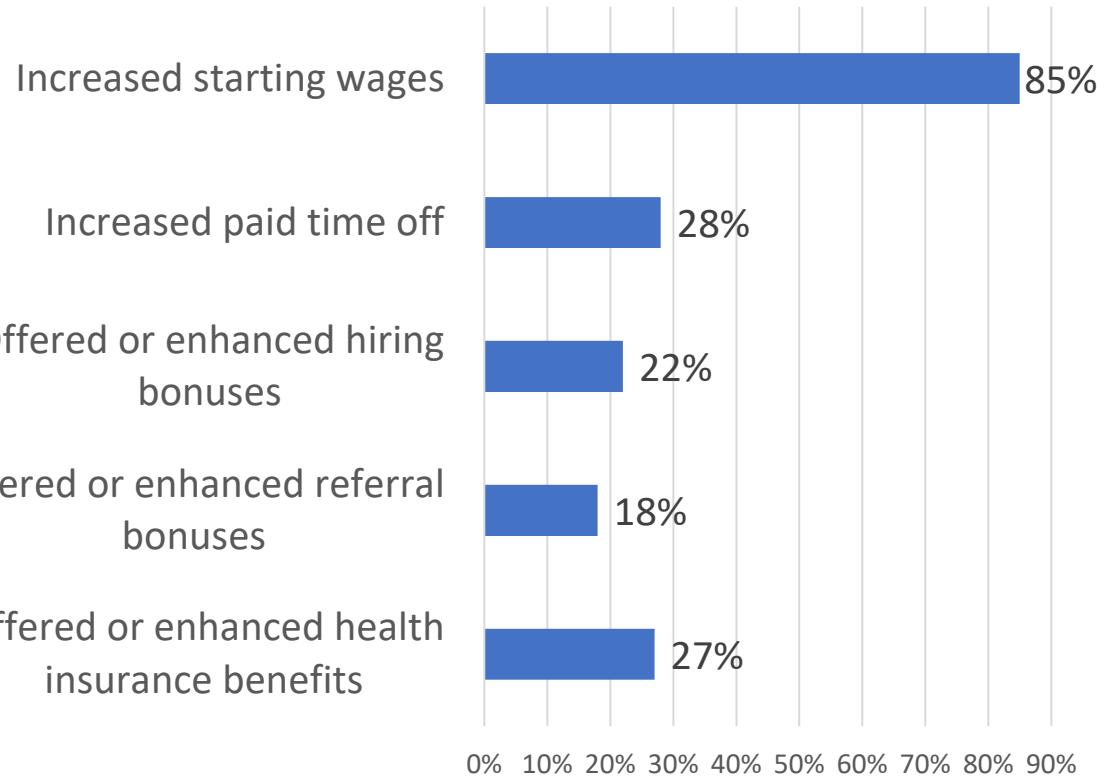
Eleven percent reported labor costs as their single most important business problem, down from the 48-year record high of 13% two months ago. The percent was 14% for firms in agriculture and 13% for professional services.

Single Most Important Problem

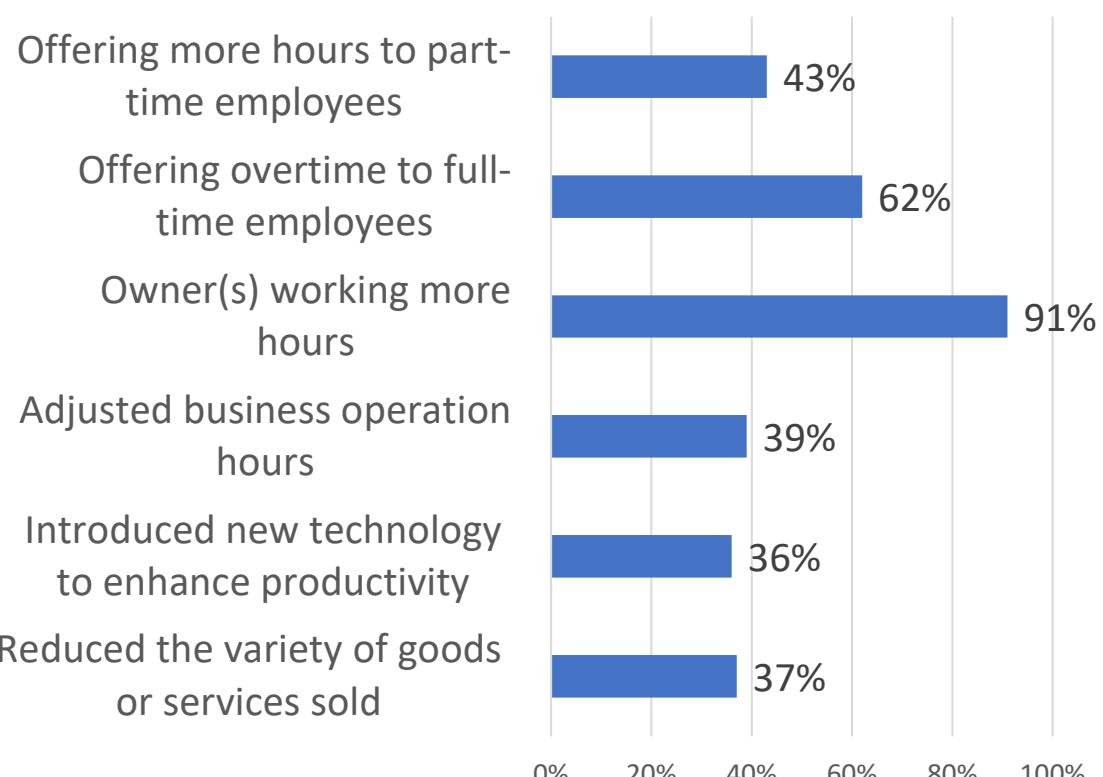


Of those reporting a staffing shortage...

What adjustments (beyond normal hiring practices) have you made to attract applicants for open positions?



What adjustments have you made in business operations to compensate for the staffing shortage?



Source: NFIB Covid-19 Small Business Survey (22)

Is your staffing shortage causing lost sales opportunities?

- 23%** 1. Significant lost sales opportunities
- 22%** 2. Moderate lost sales opportunities
- 32%** 3. Mild sales lost sales opportunities
- 16%** 4. No lost sales opportunities
- 8%** 5. Does not apply

Is your current staffing shortage better, worse, or about the same as it was one months ago?

- 6%** 1. Better
- 27%** 2. Worse
- 66%** 3. About the same
- 2%** 4. I didn't have a staffing shortage one month ago.

Source: NFIB Covid-19 Small Business Survey (22)

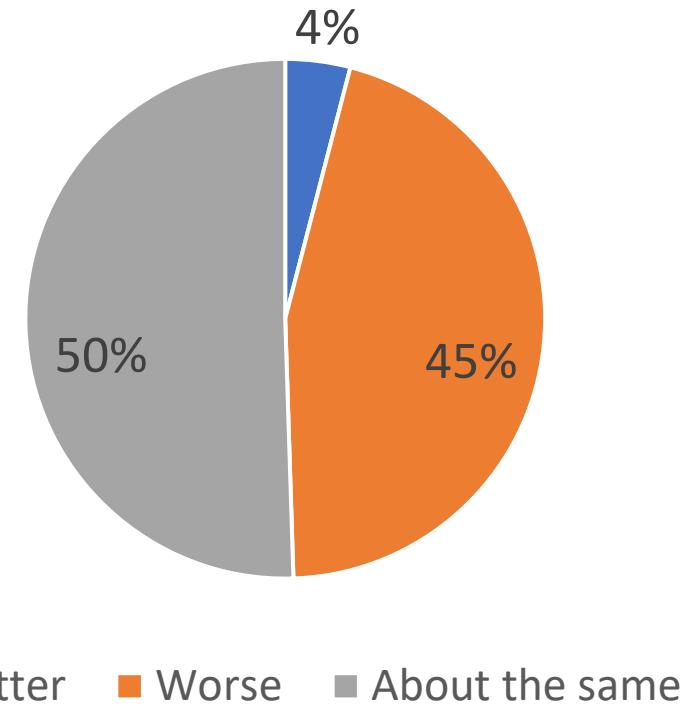
Small Business Supply Chain Disruptions

Small Business Covid-19 Survey series

Are supply chain disruptions impacting your

2021-2022	Significant impact	Moderate impact	Mild impact	No impact
Mar. 10-11	51%	30%	14%	5%
Dec. 30-Jan. 4	47%	27%	18%	8%
Oct. 25-27	48%	34%	12%	6%
Sept. 1-6	50%	27%	13%	10%
June 26-30	32%	33%	21%	13%

Is the supply chain disruption impacting your business better, worse, or about the same as it was three months ago?



Source: NFIB Covid-19 Small Business Survey (22)

Small Business Supply Chain Disruptions

Is the supply chain disruption impacting your business causing lost sales opportunities?

- 21%** 1. Significant lost sales opportunities
- 30%** 2. Moderate lost sales opportunities
- 29%** 3. Mild sales lost sales opportunities
- 15%** 4. No lost sales opportunities
- 5%** 5. Does not apply

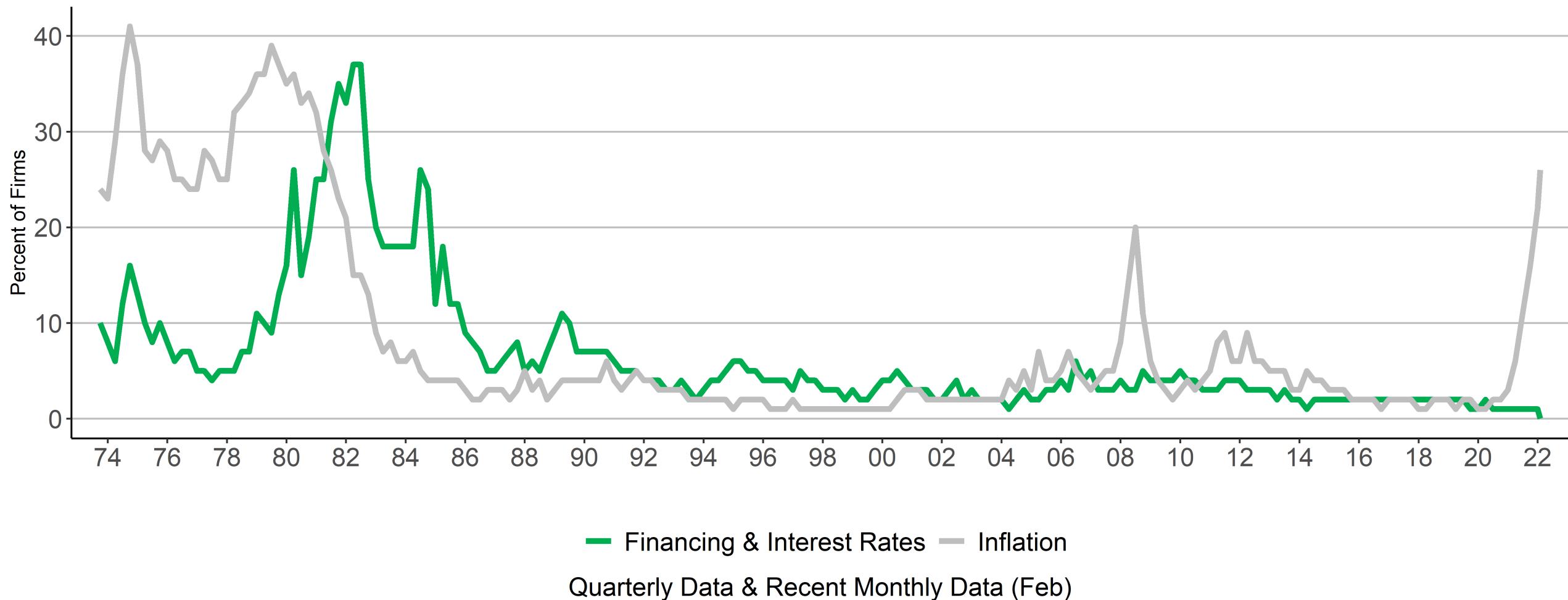
How long do you anticipate the supply chain disruption that is impacting your business to continue?

- 1%** 1. Less than 1 month
- 1%** 2. 1-2 months
- 7%** 3. 3-4 months
- 10%** 4. 5-6 months
- 79%** 5. More than 6 months
- 3%** 6. Does not apply

Source: NFIB Covid-19 Small Business Survey (22)

Twenty-six percent of owners reported that inflation was their single most important problem in operating their business, highest reading since the third quarter of 1981.

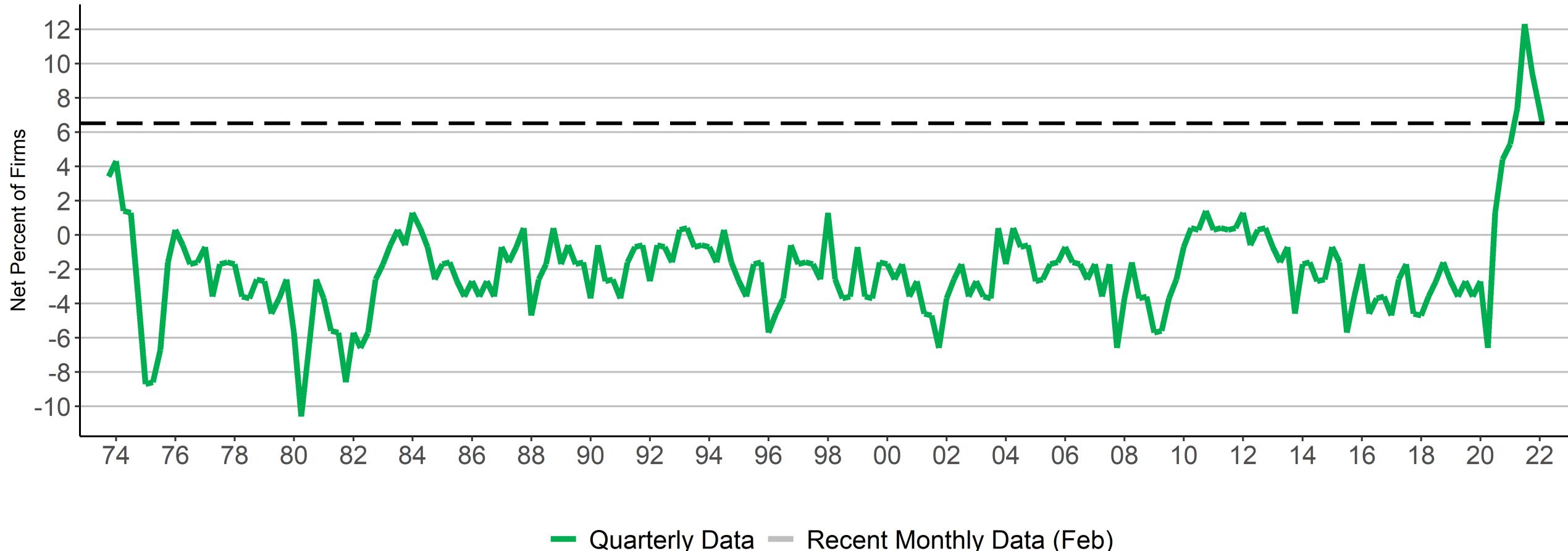
Single Most Important Problem



A net 7 percent of owners viewed current inventory stocks as “too low” in February, down from a 48-year record high reading of net 15% set in Nov. 2021.

Inventory Satisfaction

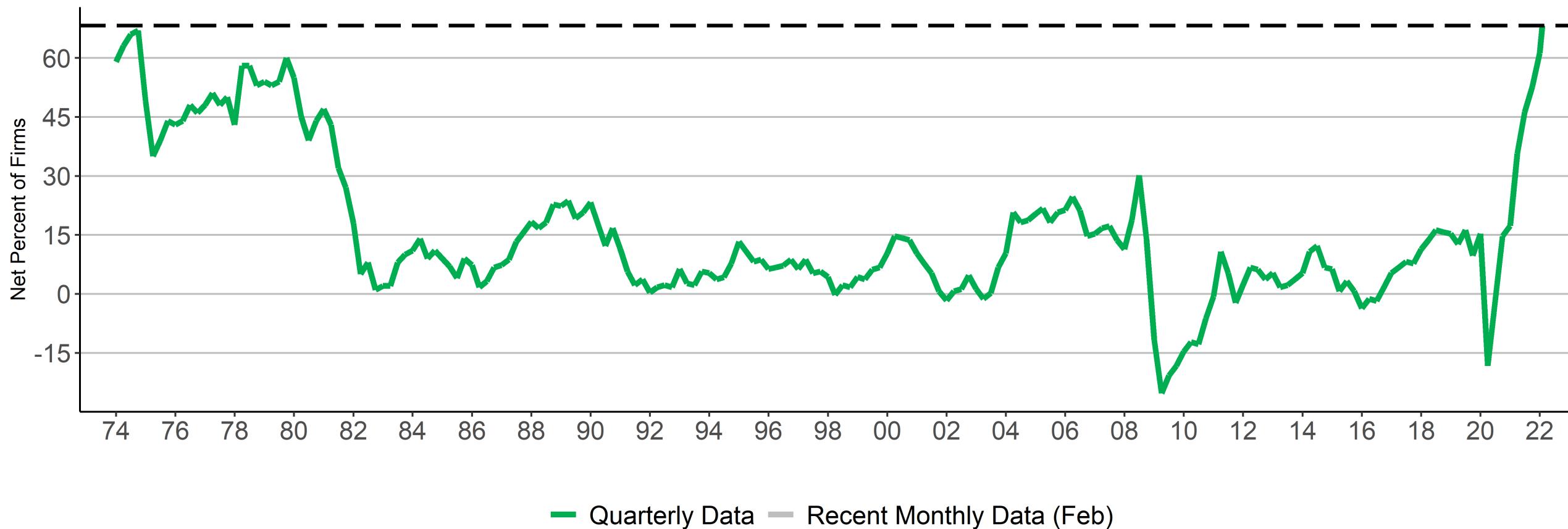
Net Percent (“too low” minus “too large”) During the Last Three Months



The net percent of owners raising average selling prices increased seven points to a net 68% (seasonally adjusted), a 48-year record high reading.

Actual Price Increases

Net Percent ("Higher" minus "Lower")
Compared to Three Months Ago (Seasonally Adjusted)

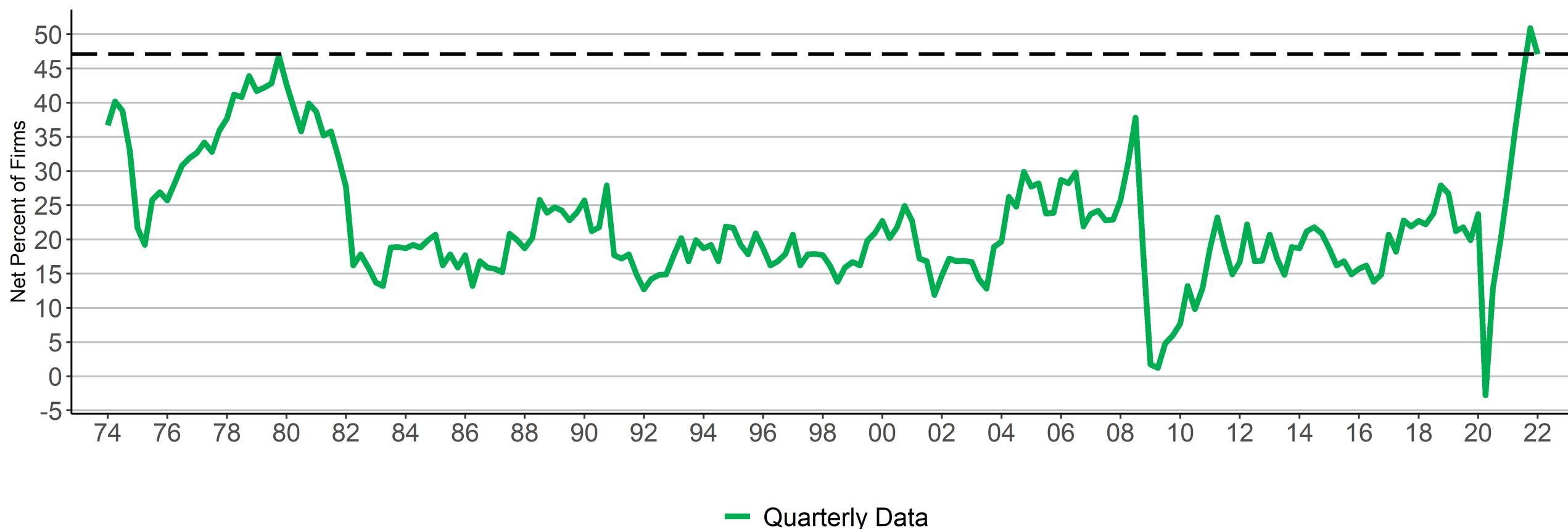


— Quarterly Data — Recent Monthly Data (Feb)

Seasonally adjusted, a net 46% plan price hikes. The 48-year record high reading is 54% reached in November 2021.

Planned Price Increases

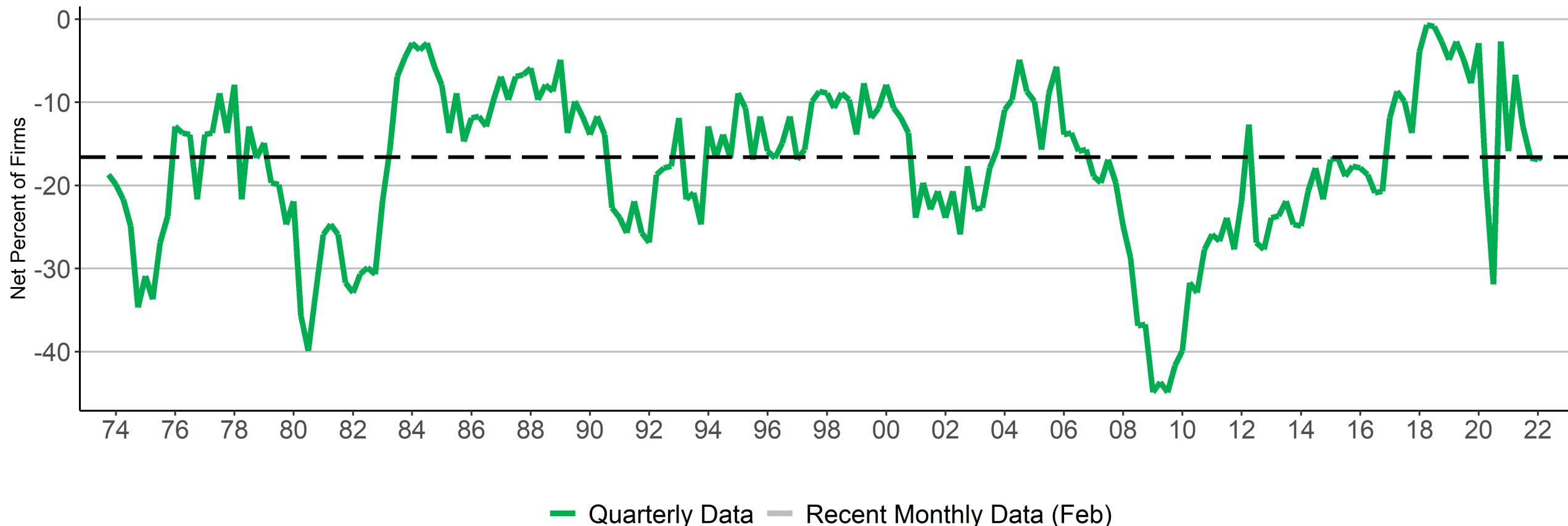
Net Percent ("Higher" minus "Lower")
in Next Three Months (Seasonally Adjusted)



Increased costs is the main reason most owners cite for lower earnings.

Actual Earnings Changes

Net Percent ("Higher" minus "Lower") the Last
Three Months Compared to the Prior Three Months

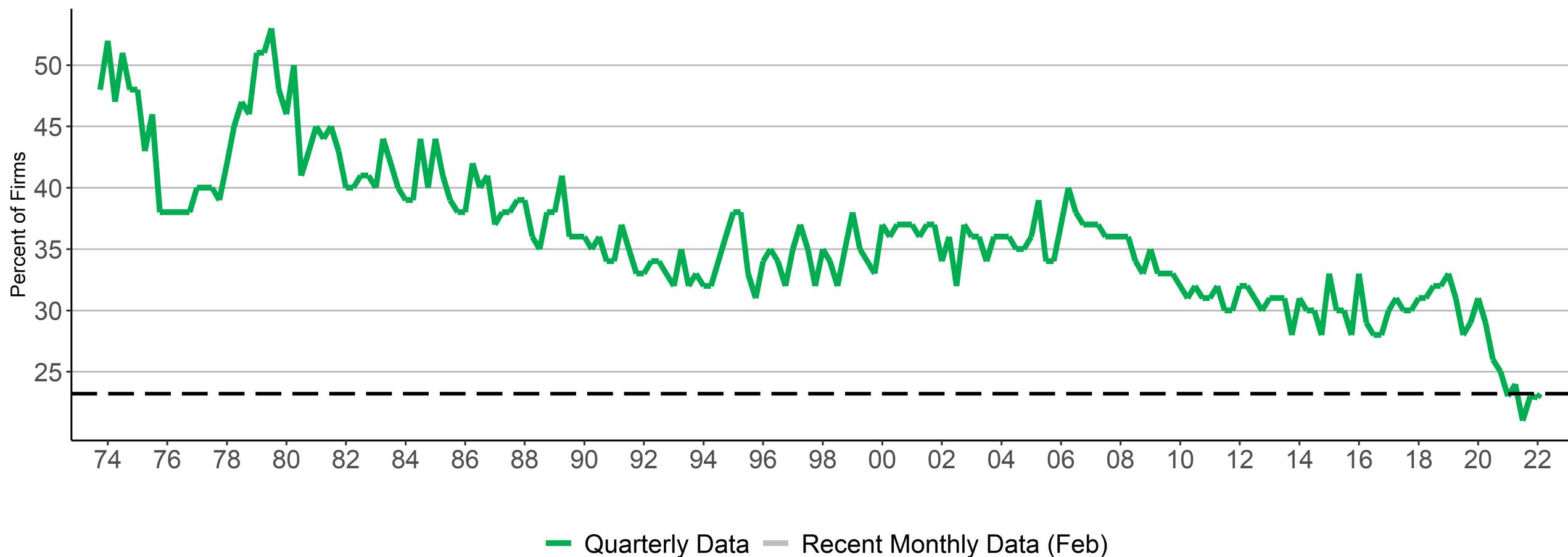


— Quarterly Data — Recent Monthly Data (Feb)

Borrowing remains low as many owners accessed the PPP, EIDL, and ERTC programs.

Regular Borrowers

Percent Borrowing at Least Once Every Three Months



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