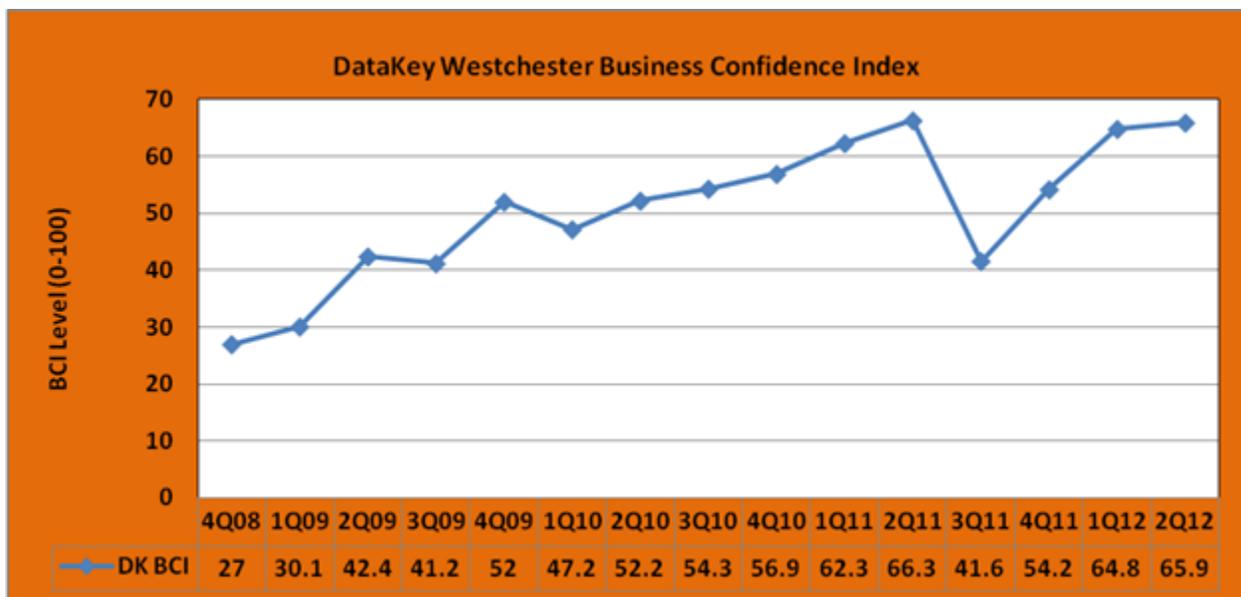


# DataKey Westchester Business Confidence Index

The DataKey Business Confidence Index is sponsored by the Business Council of Westchester and designed/conducted by DataKey Consulting. The Index focuses on key business metrics, such as trends in staffing levels, top line revenues, bottom line profits, capital spending budgets, and other industry performance data. Critical data was captured and analyzed against comparison points of one quarter and one year ago.



(Note: a score of 50 means an equal number of businesses are optimistic about the future as are pessimistic)

The 2Q-2012 DataKey Business Confidence Index reading of 65.9 (on a scale of 1 to 100) indicates a cautiously optimistic outlook continued from the previous quarter (64.8). This quarter’s reading of 65.9 is only a fraction of a point (0.4 points) lower than the highest recorded Business Confidence Index in 2Q-2011.

**Key takeaway/s** – Westchester Business confidence this quarter has maintained the level reached last quarter and is nearing the high water mark of second quarter 2011. This relatively high level of confidence is being driven by improved hiring rates compared to last quarter, as well as steady optimistic revenue and profit outlooks. 34% of Westchester companies have more job openings compared to a quarter ago (with just 7% of companies having fewer openings). According to the Bureau of Labor Statistics, Westchester is running below the national (8.2%, per Bloomberg) and state (8.5%, per NYS Department of Labor) unemployment rates at only 6.7% unemployment reported in April.

### Q10. Is the number of new job openings (not counting replacements) at your company less, the same or more compared to last quarter?

- 34% of companies responding to the survey have more job openings compared to last quarter
  - An improvement over 1Q 2012 (22%)
- 53% of companies have the same number of job openings
  - A decrease compared to 1Q 2012 (68%)
  - 7% have fewer job openings than last quarter
    - Static compared to 1Q 2012 (7%)

**Key takeaway/s** – There was a major shift this quarter towards more hiring, with a 50% jump in the number of companies reporting new openings. This resulted in a decrease in the number of companies with the same number of openings (53% compared to 68% last quarter) and a static result in the number of companies with decreased openings (steady at 7%).

### Q11. Is your capital spending budget for the next 6 months lower, the same, or higher compared to 3 months ago and 1 year ago?

- 79% of responding companies plan to lower, or keep their capital spending budget the same, compared to 3 months ago
  - Static result since 2Q 2011
  - 16% plan to increase their capital spending budget, compared to 3 months ago
    - 5 percentage point decrease compared to 1Q 2012
- 56% say they plan to lower, or keep their capital spending budget the same, compared to 1 year ago
  - Static result compared to 1Q 2012
  - 39% plan to increase spending compared to 1 year ago
    - 8 percentage point jump compared to 1Q 2012

**Key takeaway/s** – Reported capital spending budgets are static compared to last quarter, but up compared to one year ago.

### Q12. What is your expected percent change in revenue for your company over the next 6 months compared to 3 months ago and 1 year ago?

- 88% of company respondents anticipate static or increasing revenue over the next 6 months compared to 3 months ago

- 3 percentage point increase over 1Q 2012
- 59% expect increasing revenue compared to 3 months ago
  - Static result compared to last quarter
- 79% expect increasing revenue compared to 1 year ago
  - 20 percentage point increase since last quarter

**Key takeaway/s** – Positive revenue projections from last quarter held strong this quarter, with a large jump (from 59% to 79%) in the number of companies expecting increased revenue compared to one year ago.

One Sole Proprietor explained his incredibly positive numbers:

*“I am in a growth industry that is expected to grow at about three times the national GDP - hence, my numbers are up - also, I just opened business so growth rates a very significant (coming from zero)”*

### **Q13. What is your expected change in profit over the next 6 months compared to the projections 1 quarter ago?**

- 87% of companies respondents anticipate the same, or more, profit over the next 6 months compared to 3 months ago
  - Static result compared to 1Q 2012
  - 61% expect increasing profit, 26% expect static profit
    - 14 percentage point increase in those respondents that expect increasing profit

**Key takeaway/s** – In alignment with optimistic revenue projections, the majority of respondents indicated high expectations about profit numbers, with a 14% increase in the number of companies who expect to report higher profit than three months ago.

### **Q14. What is your expected change in the performance of your industry over the next 6 months compared to 3 months ago?**

- 82% of companies say they expect the performance of their industry to remain the same, or increase, over the next 6 months compared to 3 months ago
  - Static result since last quarter
- 5% of respondents expect their industry’s performance to fall compared to 3 months ago
  - Static result since last quarter

**Key takeaway/s** – Confidence in industry performance this quarter maintained last quarter’s positive outlook, with 82% of companies reporting that they expect their industry to perform the same or better compared to 3 months ago and only 5% of companies reporting negative expectations for industry performance.

### **Q15. Has your confidence in your business declined, stayed the same or improved compared to 3 months ago and 1 year ago?**

- 44% report increased confidence in their business compared to 3 months ago, and 63% report increased confidence compared to 1 year ago
  - A static result compared to last quarter’s responses (43% and 60%, respectively, in 1Q 2012)
  - 3% report decreased confidence compared to 3 months ago
    - 6 percentage point decrease compared to 1Q 2012 results

**Key takeaway/s** – Confidence held this quarter, with the majority of respondents (63%) reporting increased confidence compared to 1 year ago and 44% reporting an increase in confidence since last quarter. There was also an over 60% decrease in the number of companies reporting decreased confidence (3% instead of 9% last quarter).

The Owner of one Professional Service firm explained his/her sunny outlook:

*“I’ve always felt confident as to my business, despite Westchester’s abysmal, indeed embarrassing, record on high taxes and cost of living.”*

### **Q16. How do you expect Westchester County’s economic condition to fare relative to other NY, NJ and CT state counties over the next 6 months compared to 3 months ago and 1 year ago?**

- 44% of all respondents feel that there will be no change to Westchester’s economic condition relative to the rest of the tri-state area over the next 6 months compared to 3 months ago.
- 7% of respondent companies anticipate a decline when *compared to 3 months ago*, versus 34% who expect a better economic condition
  - 5% expected a decline, and 44% expected a better economic condition when surveyed in 1Q 2012; meanwhile 39% expected no change
  - 10 percentage point decrease in the number of respondents that anticipate a better economic condition compared to 3 months ago

- 7% anticipate a decline when *compared to 1 year ago*, versus 40% who expect a better economic condition
  - 7% expected a decline, and 51% expected a better economic condition when surveyed in 1Q 2012

**Key takeaway/s** – Expectations for Westchester County’s outlook leveled out this month, with the majority of respondents expecting no change to Westchester’s overall economic condition.

## Closing Commentary

Economic confidence in Westchester held steady this quarter, with businesses across the spectrum reporting a positive outlook for the coming months in all indicator areas – hiring, revenue, profits, and general sentiment. Encouragingly, companies continue to generate ideas on how to keep the progress flowing:

As the Owner of one Social Media Marketing Firm remarked,

*“I believe we need to focus more on funding technology companies in the area to attract young talent. Incubators, and creative real estate situations where numerous small companies (one, two, three people) companies can congregate, share ideas and innovate will be paramount to Westchester’s success. Innovation will happen here, not at large corporations.”*

The Owner of one Professional Services may have summed up this summer’s outlook best:

*“Things are really heating up!”*

**About DataKey.** DataKey Consulting, LLC is one of the fastest growing management consulting firms in Westchester County, NY, with satellite offices in California. Founded by Ted Miller in 2004, DataKey vowed to form a different kind of consulting firm, where experienced consultants formulate recommendations and *follow through* on implementations that “stick.” DataKey has successfully completed hundreds of projects across more than 30 different industries for companies from mid-market to Fortune 500. As a measure of client satisfaction, over 90% of DataKey clients engage in more than one project with the DataKey team. To learn more, please visit [www.datakeyconsulting.com](http://www.datakeyconsulting.com).