Survey of Upstate New York Business Leaders

Dr. Don Levy

January 26, 2018
“Despite a strong national economy, survey respondents know that upstate is in many ways being left behind. Increased state-level mandates and regulations are clearly having an impact on employers’ outlook and their ability to create jobs, and this survey demonstrates that changes are needed before upstate New York employers will be willing to expand their workforce.”
SCRI conducted the eleventh annual Upstate New York Business Leader Survey from October 2017 – December 2017.

SCRI mailed surveys to all private, for-profit businesses with yearly sales approaching $2.5 million up to $200 million according to publicly available records. The surveys could also be completed online.

The survey broke down the businesses into the following industry categories:

- Service: 37%
- Engineering and Construction: 23%
- Manufacturing: 16%
- Wholesale and Distribution: 3%
- Retail: 10%
- Food and Beverage: 1%
- Financial: 10%

SCRI interviewed 462 CEO’s of private, for profit companies in Buffalo (143), the Capital Region (145), Rochester (106) and Syracuse (68).
How would you describe the current business or economic conditions in New York State as compared with six months ago?

- Better
- Same
- Worse

Current Industry

Thinking specifically about your industry, how would you describe the current business or economic conditions in New York State compared with six months ago?

- Better
- Same
- Worse

Future Industry

And looking forward from today through the next year, how would you describe your expectations for your industry here in New York?

- Better
- Same
- Worse

Looking forward from today through next year, that is, the entire 2018 year, how would you describe your expectations for the economy in New York State?

- Better
- Same
- Worse
How the Index is Compiled: Albany

Current
- Better: 51%
- Same: 32%
- Worse: 16%

Future
- Better: 41%
- Same: 35%
- Worse: 23%

Current Industry
- Better: 46%
- Same: 25%
- Worse: 29%

Future Industry
- Better: 37%
- Same: 34%
- Worse: 28%
Optimistic
Business leaders in the optimistic group describe an economy in which they see improved conditions and expect better days ahead.

Albany: 35% of CEO’s are in the optimistic cluster.

Treading Water (Middle)
Business leaders in the middle group are treading water. They tend to feel as though the economy is stable but do not anticipate improving conditions.

Albany: 47% of CEO’s are in the middle cluster.

Pessimistic
Business leaders in the pessimistic group feel as though conditions have worsened recently and expect further decline.

Albany: 18% of CEO’s are in the pessimistic cluster.
Albany Business Leader Plans for Enhancing Profitability

KEY: ▲ Up from last year  ▼ Down from last year

- Market/demand growth ▼ 52%
- Cost reduction ▼ 17%
- Price increase ▲ 10%
- New technology ▼ 9%
Albany Business Leader Expectations

KEY: ▲ Up from last year  ▼ Down from last year

Revenue
- 54% Grow
- 38% Stay same
- 9% Decrease
- 5% Not sure

Profitability
- 43% Grow
- 38% Stay same
- 19% Decrease
- 1% Not sure

Fixed Assets
- 58% Yes
- 29% No
- 13% Not sure

Workforce Size
- 55% Same
- 4% Decrease
- 1% Not sure
46% of CEOs rate the suitable workforce of their local area as “excellent or good.”

- Their work ethic: 74%
- Realistic salary expectations: 69%
- Verbal and writing ability: 71%
- Drug & alcohol abuse: 58%
- Technical skills: 70%
Would you say the [Federal/State/Local] government is doing an excellent, good, fair or poor job of creating a business climate in which companies like yours will succeed?

<table>
<thead>
<tr>
<th>Government</th>
<th>Excellent</th>
<th>Good</th>
<th>Fair</th>
<th>Poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal</td>
<td>90%</td>
<td>72%</td>
<td>61%</td>
<td>38%</td>
</tr>
<tr>
<td>State</td>
<td>90%</td>
<td>90%</td>
<td>82%</td>
<td>63%</td>
</tr>
<tr>
<td>Local</td>
<td>63%</td>
<td>63%</td>
<td>61%</td>
<td>63%</td>
</tr>
</tbody>
</table>

*Federal government described as good/excellent jumped from 9% to 23%.

*Confidence (very/somewhat) in Federal government went up from 36% to 38%.

Change in Federal Government Rating Between 2016 and 2017

*Local business question asks: “local government support for business.*
What would you like to see the Governor and Legislature of New York focus on?

- **61%** Business Income Tax Reform
- **59%** Infrastructure Development
- **55%** Personal Income Tax Reform
- **48%** Ethics Reform
- **41%** Spending Cuts
- **31%** Estate Tax Reform
- **30%** Business Development Incentives
- **23%** Energy Infrastructure
- **21%** Sales Tax Reform
For each national issue, indicate whether over the last year you think the country has been on the right track, moved in the wrong direction or neither.

<table>
<thead>
<tr>
<th>Issue</th>
<th>Wrong Direction</th>
<th>Right Track</th>
</tr>
</thead>
<tbody>
<tr>
<td>The health of our economy</td>
<td>30%</td>
<td>44%</td>
</tr>
<tr>
<td>The taxes businesses pay</td>
<td>33%</td>
<td>39%</td>
</tr>
<tr>
<td>Our immigration system</td>
<td>48%</td>
<td>32%</td>
</tr>
<tr>
<td>Safeguarding the environment</td>
<td>42%</td>
<td>16%</td>
</tr>
<tr>
<td>The federal budget deficit</td>
<td>57%</td>
<td>12%</td>
</tr>
<tr>
<td>The cost of health care</td>
<td>62%</td>
<td>10%</td>
</tr>
</tbody>
</table>
For each New York State issue, indicate whether over the last year you think the state has been on the right track, moved in the wrong direction or neither.

<table>
<thead>
<tr>
<th>Issue</th>
<th>Wrong Direction</th>
<th>Right Track</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure development</td>
<td>36%</td>
<td>23%</td>
</tr>
<tr>
<td>Energy Costs</td>
<td>38%</td>
<td>14%</td>
</tr>
<tr>
<td>Workers compensation reform</td>
<td>55%</td>
<td>13%</td>
</tr>
<tr>
<td>State spending</td>
<td>63%</td>
<td>12%</td>
</tr>
<tr>
<td>Ethics reform</td>
<td>63%</td>
<td>9%</td>
</tr>
<tr>
<td>Regulatory environment</td>
<td>63%</td>
<td>9%</td>
</tr>
</tbody>
</table>
Albany Business Leaders on Local Area

Business leader ratings of “Excellent” or “Good” for their area

- **Ride sharing services**: 66%
- **Consumer confidence**: 64%
- **Place consumers want to live**: 63%
- **Airline services**: 51%
- **Area businesses can succeed**: 44%
- **Transportation infrastructure**: 43%
- **Local government business support**: 34%
- **Taxi/car service**: 29%

Industry sectors that will have the greatest positive impact on the economic vitality of geographic area in the next 3-5 years:

- **Technology**: 41%
- **Education**: 16%
Which state-funded ideas do you support in order to recruit and retain businesses that use disruptive technologies in Upstate New York?

- Tax incentives
- Providing financial support including loans and grants
- Offering operational support for entrepreneurs
- Funding Industry & University Partnerships

Do you tend to see these disruptive technologies more as an **opportunity** for your business or as a threat to your business?

- Opportunity: 73%
- Threat: 27%

How familiar are you with this conversation about Disruptive Technologies?

- Familiar (very / somewhat): 51%
- Not Familiar (not very / not at all): 44%
How innovative would you say your company is in each of the following areas?

- Use of Mobile Internet: 30%
- Client Services: 30%
- Physical Space Utilization: 21%
- Employee Benefits: 20%
- Information Processing: 19%
- Marketing: 18%
- Production: 14%
- Employment Arrangements: 14%

Which disruptive technologies do you currently use or might use in the future?

- Internet: 93%
- Renewable energy: 19%
- The cloud: 74%
- Knowledge automation: 12%
- Cyber security: 63%
- 3-D Printing: 8%
- Digital analytics: 34%
- Advanced robotics: 7%
- Internet of things: 28%
- Autonomous vehicles: 1%
CEO confidence is strong in the Capital Region. Top in Upstate. Confidence is above 100 for the fifth year in a row.

CEOs applaud ride sharing, consumer confidence, and quality of life. For the first time a majority, 52%, would choose to locate their business in NY if given the choice.

There is a growing faith in federal and local government. Poor marks continue for state government. Look for regulatory relief, spending cuts and an answer to healthcare costs.

Technology, Technology but CEO’s concerned about workforce suitability, work ethic and skills. Overall, project growth in Capital Region in 2018.