

Small businesses find life in Colorado good, not great

March 2, 2005

By JIM BAINBRIDGE THE GAZETTE

A new survey of small-business conditions in Colorado presents an economy that is stable, rising slowly and that yields lots of reason for optimism.

Lest anyone get too excited, the results also show the Centennial State is running well behind neighboring Arizona.

The quarterly National Federation of Independent Business (NFIB) study says 41 percent of Colorado's 350 respondents rated business conditions as "good," compared with 59 percent in Arizona.

Sixty-eight percent of Colorado business people surveyed had a positive outlook for their business in the next three months, 11 points lower than Arizona.

The percentages shown in the survey are "net percentages" — numbers researchers arrived at after subtracting the negative responses from the positive ones.

Even when compared with Oregon and Missouri, included because they are of similar size and are west of the Mississippi River, the numbers show a business climate that is holding its own, but not by much.

"While it's encouraging to see our business conditions are positive, we remain cautious because there are many issues before the General Assembly that could greatly impact these numbers," said Vickie Agler, NFIB/Colorado state director. "Colorado should be leading the way as a business-friendly state. This study shows some of our neighbors could end up with jobs and economic growth that should be in Colorado."

Andy Gipe, president of the Pikes Peak Independent Business Alliance, is most concerned about the section of the report that showed a strong rise in the cost of doing business.

Half of Colorado's respondents said they had experienced an increase in costs — the other three states were even higher — while only 15 percent raised their price for goods or services to their customers.

"The downward pressure on margins is really dangerous for small businesses," Gipe said. "It cuts into people's living wage, their ability to take care of their employees and make capital expenditures.

"With all the increased competition from chains and bigbox stores, the independent business has to keep prices down in order to compete. They really feel the squeeze. A lot of stores don't make it."

The survey put big-business competition in second place among "most important business problems," tied with weak sales and taxes, but they all trailed the cost of insurance, at 19 percent.

Small-business man Rich Voelker, president of Voelker Research in Colorado Springs, understands. "Health benefits and insurance," he said, "should be No. 1 on the list. With liability insurance and then factoring in benefits to employees, it's huge, just huge."

One thing that Colorado business owners have working in their favor: a business environment that seems to have more support from government officials, bankers and others than the other three states.

Thirty-five percent of those surveyed in Colorado indicated a substantial level of support, with Arizona closest, at 32 percent.

CONTACT THE WRITER: 636-0126 or
bainbird@gazette.com

SMALL BUSINESS PROBLEMS

Colorado proprietors were asked to identify the most important problem facing their businesses:

Problem Pct.

Insurance 18.6 Taxes 12.3 Big business 12.0 Weak sales 11.7 Red tape 10.0

Problem Pct.

Inflation 9.1 Salaries 8.0 Credit 6.0 Other 5.7 Don't know 5.7

Net percentage* of respondents who felt their state was supportive of small business.

Co.	Az.	Mo.	Ore.
35	32	30	29

Net percentage who felt business conditions in their market area were "good."

Co.	Az.	Mo.	Ore.
41	59	43	39

Net percentage who rated their profits for the last quarter "good."

Co.	Az.	Mo.	Ore.
29	37	23	28

Net percentage who felt the outlook for their business over next three months was "good."

Co.	Az.	Mo.	Ore.
68	79	70	66

Net percentage of businesses with at least one job opening.

Co.	Az.	Mo.	Ore.
16	26	17	15

Net percentage of businesses that have seen an increase in the average price of goods and services over past three months.

Co.	Az.	Mo.	Ore.
50	55	54	54

Net percentage of businesses that have increased their selling prices over past three months.

Co.	Az.	Mo.	Ore.
15	24	21	22

*Net percentage refers to the number left after subtracting the negative responses from the positive ones.

SMALL BUSINESS CONDITIONS

This chart shows the results of a National Federation of Independent Business survey comparing Colorado with selected states of similar size west of the Mississippi River (Arizona, Missouri and Oregon).