



# Lee County Business Climate Survey Report

## First Quarter, 2012

**Prepared by:**

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## Introduction

This is the first Executive Business Climate Survey to be completed by a new partnership between The Horizon Council and Florida Gulf Coast University. It owes its existence to the previous groundbreaking business climate survey work that was championed by Steve Pontius and Harris Segel of Waterman Broadcasting on behalf of the Horizon Council.

The survey will provide not only valuable insight into our Lee County economy but also future trends and expectations for growth in our region. The survey is a tool that can provide information about key concerns and issues facing our businesses and our region. One of the new features of this survey is the calculation of an Executive Business Climate Index (EBCI). It will provide a summary number each quarter allowing one to quickly gauge whether the business climate in Lee County is improving or declining. In the future, we hope to expand the survey into a regional resource by including executives in Charlotte, Collier, Hendry and Glades counties.

This survey would not have been possible without the assistance of Jim Moore and Sue Noe of the Lee County Economic Development Office and Hudson Rogers, Dean of the Lutgert College of Business at FGCU. Russell Schropp of the Horizon Council provided editing and suggested questions for the survey. Dr. Arthur Rubens, the Associate Director for the Regional Economic Research Institute (RERI) at FGCU helped manage the project and the survey process. In addition, Kristopher Jones and Denice Copeland provided valuable assistance as FGCU student interns.

The first quarter 2012 survey results are very encouraging showing that overall business executives feel that the economy is improving but there remains considerable uncertainty in the timing and speed of the recovery. The survey provided rankings on important business climate issues such as transportation systems, education, taxes, healthcare, workforce, and financing issues.

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## Executive Summary

The Executive Business Climate Survey provides a view of the local economy and is based on responses from senior executives of companies from a broad range of industries across the county. An invitation to complete the internet survey was sent to 540 executives in Lee County. Eighty executives completed the survey from January 17 to January 27, 2012. Two reminders were sent during the survey period.

The survey provides a new economic indicator for Lee County, the *Executive Business Climate Index*. The first quarter 2012 value for Lee County is 66, which indicates expected improvement in the local economy. An index number of 50 would be neutral or an expectation of no change in economic activity. Therefore, this quarter's index says that economic activity in Lee County is expected to improve but at a less than moderate growth pace. This *index value* will be computed each quarter and released to the public as a way to provide an established economic indicator on the state of the local economy. The index is computed using the two questions concerning the current and future economic conditions and a third question concerning the expected industry economic conditions. The index is an average of the responses with substantially better equal to 100, moderately better equal to 75, same equal to 50, moderately worse equal to 25 and substantially worse equal to zero. The index value can range from 0 to 100.

The key findings of the Executive Climate Survey for the first quarter of 2012 are:

- The Lee County Business Climate Index for first quarter 2012 is 66;
- 54 percent of executives stated that the current economic conditions have improved over last year;
- 70 percent of the executives expect the economy to improve over next year;
- 44 percent of the executives stated that the current economic conditions for their industry have improved over last year and 49 percent stated that economic conditions remained approximately the same;
- 64 percent of executives expect economic conditions for their industry to improve over the next year;
- 45 percent of executives had increased employment over the last year and 10 percent had reduced employment;
- 44 percent of executives expect to increase employment at their companies during the next year and only five percent expect to reduce employment;
- 49 percent of companies expect to increase investment next year and only nine percent expect to reduce their investment levels;

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- The executives indicated that when they hire they will need employees in customer service, skilled craftsmen, engineers, account and sales representatives, information technology, computer programming and support, marketing, and healthcare;
- The employee characteristics identified included a good work ethic, well groomed, articulate, critical thinkers, communication and people skills, teamwork, honesty, and reliability;
- The geographic client market had 28 percent of firms serving international markets and 43 percent serving the U.S. market;
- The business climate issues are:

<b>Business Climate Measures</b>	<b>Satisfied</b>	<b>Dissatisfied</b>	<b>No Opinion/ Not Applicable</b>
Financing	40%	53%	8%
Government Support and Services	57%	36%	8%
Healthcare Costs	12%	81%	4%
Inflation	57%	39%	4%
Information Technology and Communications Systems	81%	26%	4%
Labor Costs	82%	16%	3%
Primary and Secondary Education	57%	37%	7%
Road Transportation	68%	30%	1%
Workforce Skill Levels	55%	42%	2%

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## I. Current Economic Conditions

### **How are the Current Lee County economic conditions compared to one year ago?**

Only three percent of the executives indicated that there was substantial improvement in the overall economic conditions, while 53 percent of executives reported that they experienced moderately better economic conditions. However, a large percentage of the executives (41 percent) indicated that conditions were unchanged from a year ago. Only four percent of the executives indicated that economic conditions were moderately worse, and none of the executives indicated that the economic conditions were substantially worse, as shown in Figure 1 and Table 1.

Figure 1: Current Economic Conditions

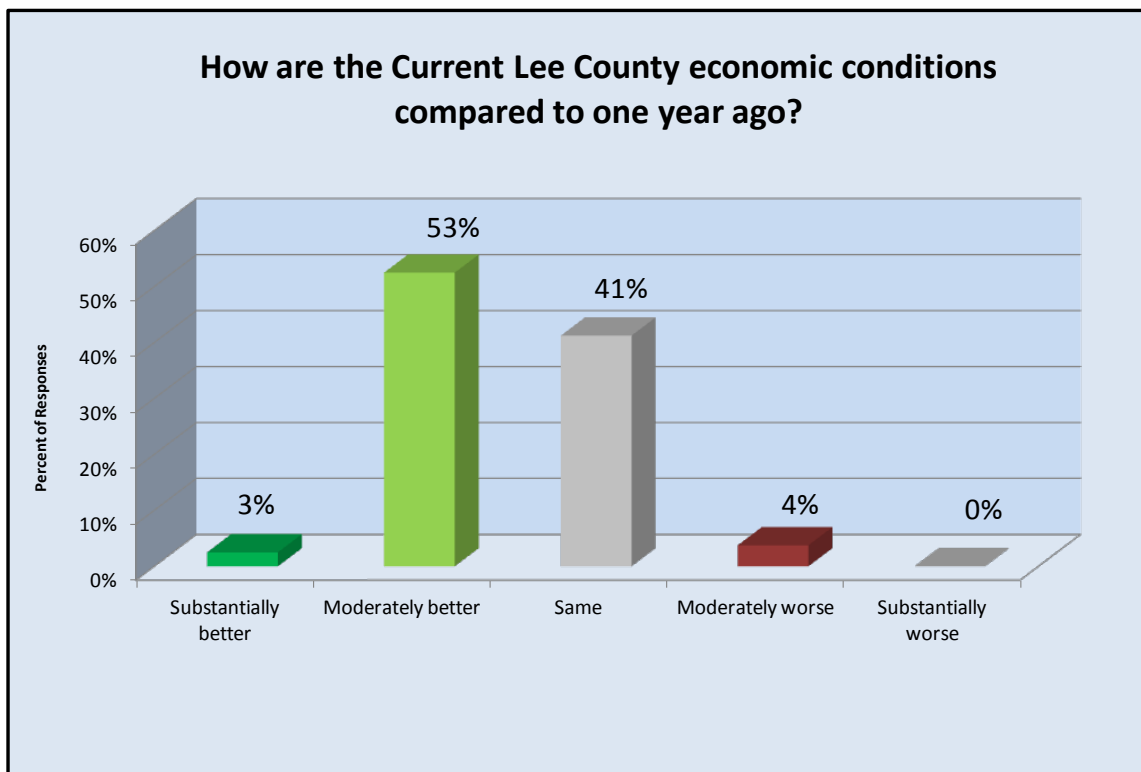


Table 1: Current Economic Conditions

Current Economic Conditions	Number of Responses	Percent
Substantially better	2	3%
Moderately better	42	53%
Same	33	41%
Moderately worse	3	4%
Substantially worse	0	0%
<b>Total</b>	<b>80</b>	<b>100%</b>

## II. Future Economic Conditions

### What are your expectations for the Lee County economy one year ahead?

Only four percent of the surveyed executives indicated that they expect substantial improvement, while a majority (66 percent) of executives expect moderately better economic conditions. Twenty-eight percent of the executives expect economic conditions to remain unchanged and only three percent of the executives indicated that they expect economic conditions to be moderately worse. None of the executives indicated that the economic conditions are expected to be substantially worse, as shown in Figure 2 and Table 2.

Figure 2: Future Economic Conditions

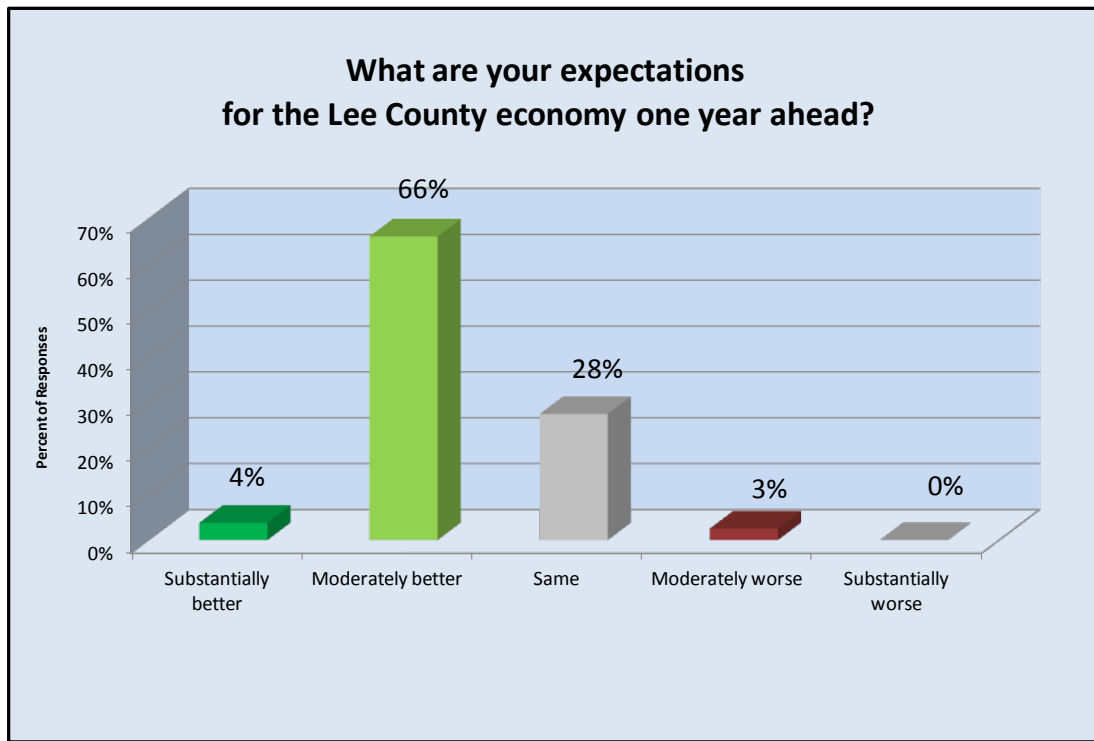


Table 2: Future Economic Conditions

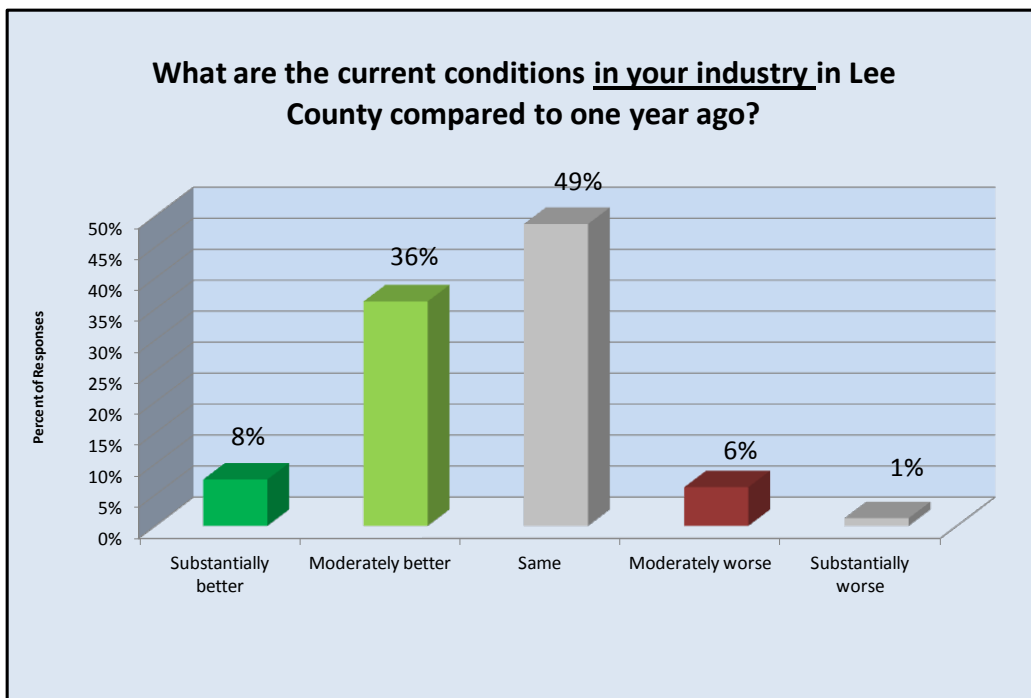
Next Year Economic Conditions	Number of Responses	Percent
Substantially better	3	4%
Moderately better	53	66%
Same	22	28%
Moderately worse	2	3%
Substantially worse	0	0%
Total	80	100%

### III. Current Industry Economic Conditions

**What are your current conditions in your industry in Lee County compared to one year ago?**

Eight percent of the executives indicated that conditions are substantially better and 36 percent felt their industry is moderately better. Approximately one-half of the executives felt that current economic conditions were the same as last year, while only six percent of the executives felt that current economic conditions are moderately worse. One percent of the executives felt that current conditions are substantially worse than one year ago. This information is presented in Figure 3 and Table 3.

**Figure 3: Current Industry Economic Conditions**



**Table 3: Current Industry Economic Conditions**

Current Industry Economic Conditions	Number of Responses	Percent
Substantially better	6	8%
Moderately better	29	36%
Same	39	49%
Moderately worse	5	6%
Substantially worse	1	1%
Total	80	100%



#### IV. Future Industry Economic Conditions

**What are your expectations for your own industry in Lee County one year ahead?**

Nine percent of the executives indicated that conditions are expected to be substantially better and 55 percent of the executives felt that their industry economic conditions would be moderately better next year. Thirty-one percent of the executives felt that economic conditions next year would be approximately the same as this year, while only five percent of the executives felt that future economic conditions would be moderately worse. This information is presented in Figure 4 and Table 4.

Figure 4: Future Industry Economic Conditions

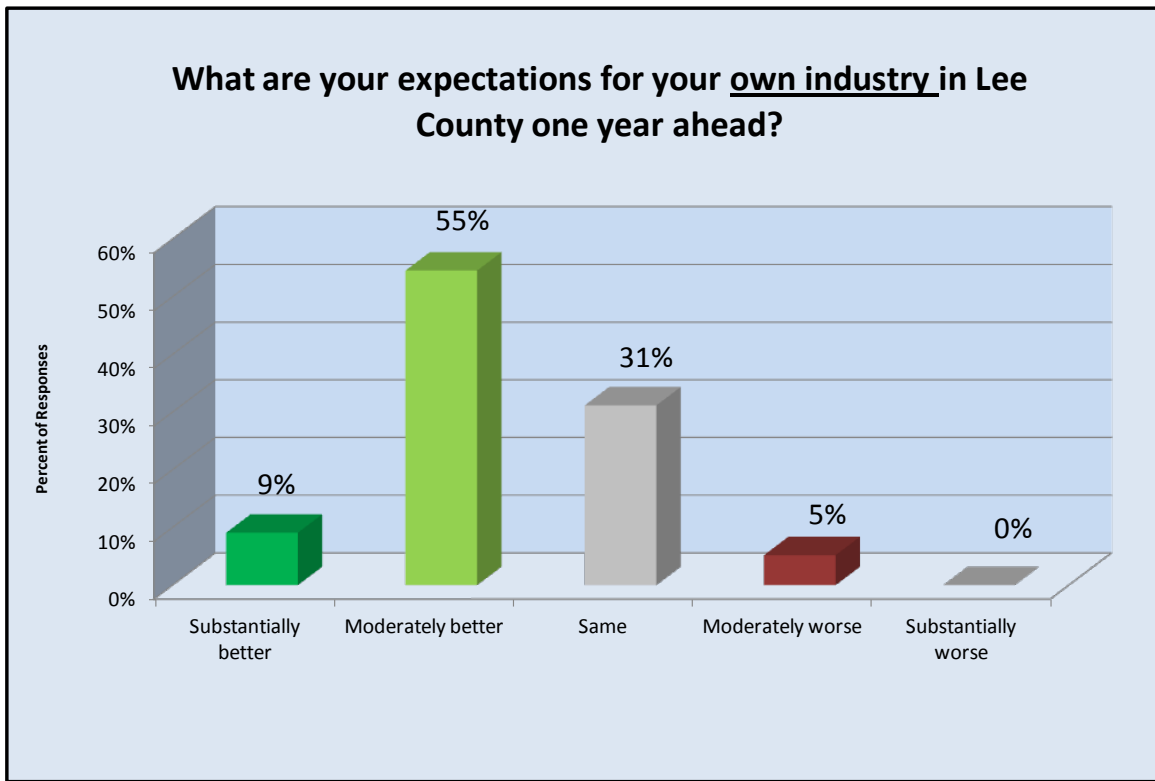


Table 4: Future Industry Economic Conditions

Next Year Industry Economic Conditions	Number	
	of Responses	Percent
Substantially better	7	9%
Moderately better	42	55%
Same	24	31%
Moderately worse	4	5%
Substantially worse	0	0%
Total	77	100%

## V. Hiring Over Last Year

### What has been your hiring trend over the last year?

Ten percent of the executives indicated that their companies substantially increased employment, 35 percent of the companies moderately increased employment, and 45 percent of the companies had little or no change in employment. Ten percent of executives' companies had moderately reduced employment and there were no companies indicating substantially reduced employment. The survey results for hiring over the last year are shown in Figure 5 and Table 5.

Figure 5: Employment Changes Over Last Year

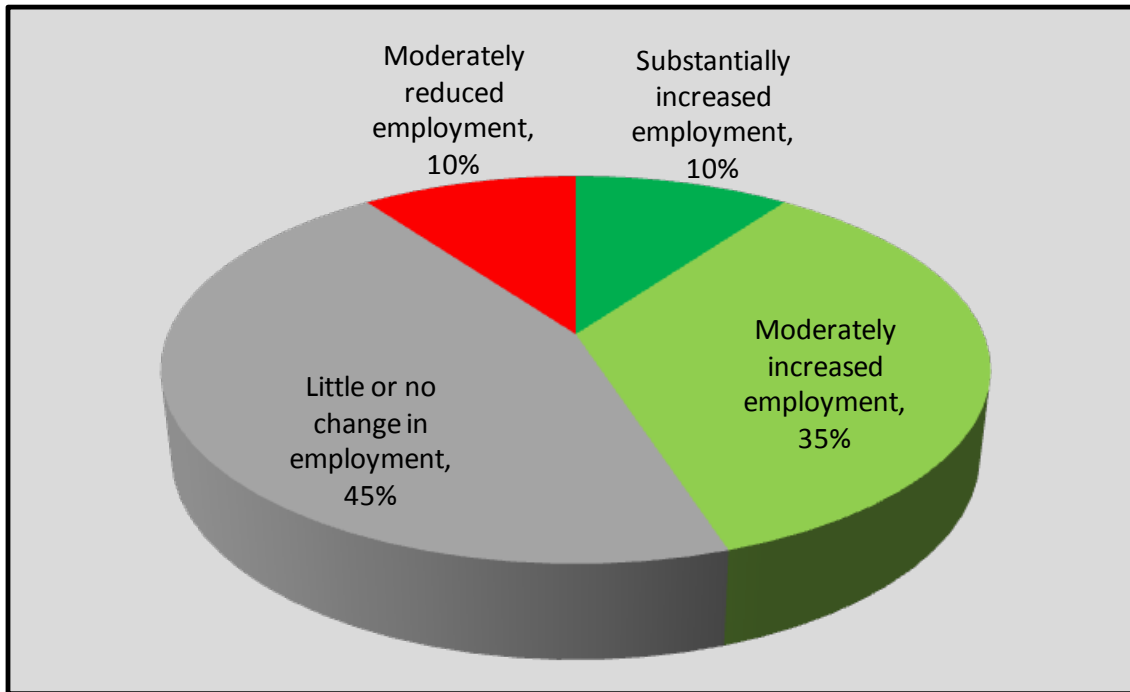


Table 5: Employment Changes Over Last Year

Employment Changes Last Year	Number of Responses	Percent
Substantially increased employment	8	10%
Moderately increased employment	28	35%
Little or no change in employment	36	45%
Moderately reduced employment	8	10%
Substantially reduced employment	0	0%
Total	80	100%

## VI. Hiring Over Next Year

### What hiring trends do you see for your business over the next year?

Three percent of the companies expect to substantially increase employment over the next year. Forty-one percent of the companies expect to moderately increase employment and 54 percent of the companies expect little or no change in employment. Five percent of companies expect to moderately reduce employment and there were no companies expecting to substantially reduce employment. The survey results for hiring over the next year are shown in Figure 6 and Table 6.

Figure 6: Employment Changes Over Next Year

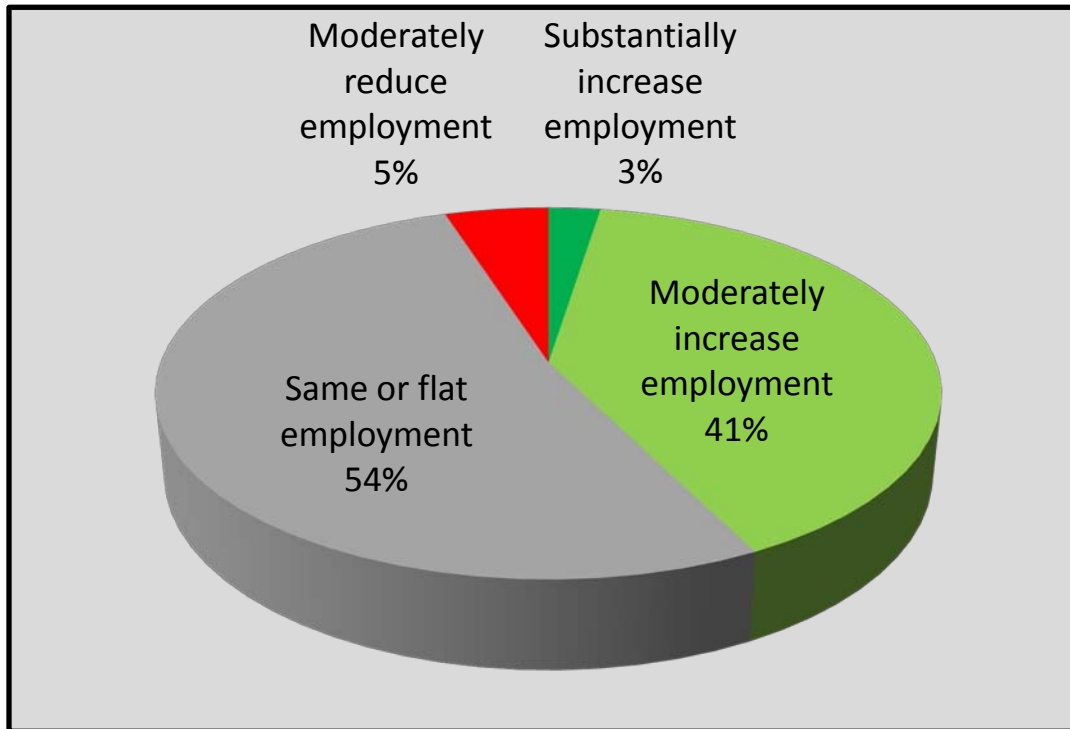


Table 6: Employment Changes Over Next Year

Hiring Over Next Year	Number of Responses	Percent
Substantially increase employment	2	3%
Moderately increase employment	32	41%
Same or flat employment	42	54%
Moderately reduce employment	4	5%
Substantially reduced employment	0	0%
Total	80	100%

## VII. Investment Levels Expected Next Year

### *Do you plan to increase investment in our business during the next year?*

Eighteen percent of the executives indicated that their companies expected to substantially increase investment next year, 31 percent of the companies are planning to moderately increase investment, and 43 percent expect to keep investment levels the same or flat. Nine percent of the companies are expecting to moderately reduce investment. The information collected by the survey on expected investment is shown in Figure 7 and Table 7.

Figure 7: Expected Investment Changes Over Next Year

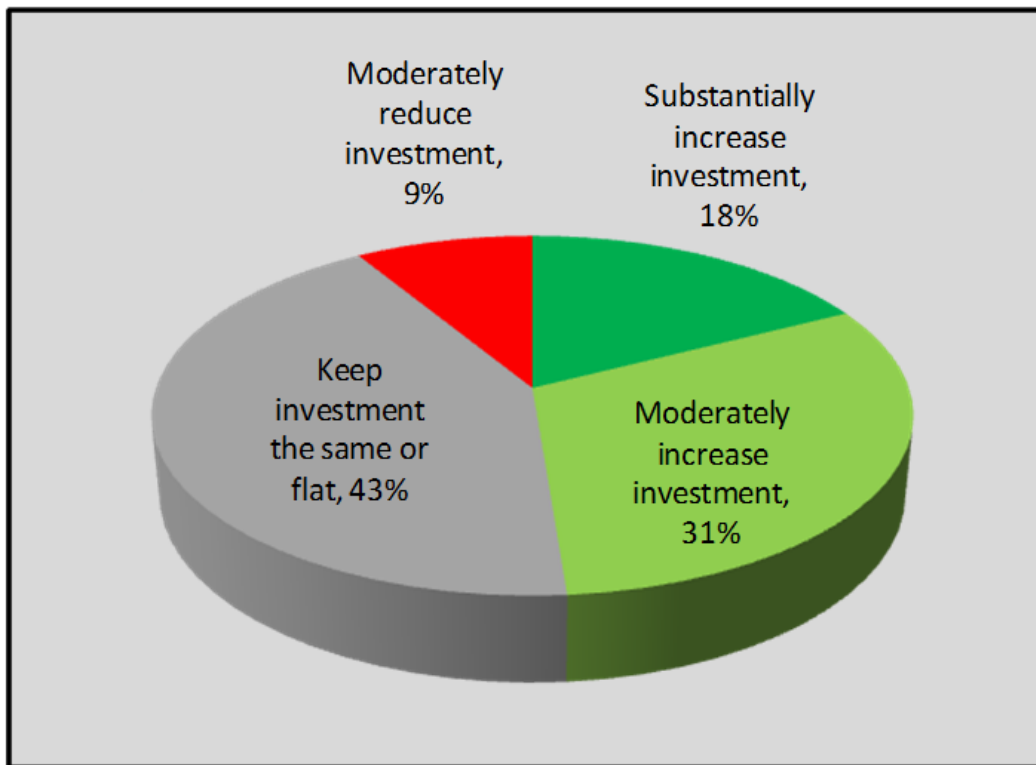


Table 7: Expected Investment Changes Over Next Year

Investment Expenditures During Next Year	Number of Responses	Percent
Substantially increase investment	14	18%
Moderately increase investment	25	31%
Keep investment the same or flat	34	43%
Moderately reduce investment	7	9%
Substantially reduce investment	0	0%
Total	80	100%

## **VIII. Skills and Employee Characteristics Desired**

***What skills and/or employee characteristics will your company be looking for when it expands?***

The executives' responses to this question fell into seven major areas:

- Customer service
- Skilled craftsmen
- Engineers
- Account and sales representatives
- IT professionals, computer support, programming, and web design
- Marketing
- Nursing and health care assistance

In addition to the desired skills, the following eight employee characteristics were identified:

- Good work ethic
- Well groomed
- Articulate
- Critical thinkers
- Communication and people skills
- Teamwork
- Honesty
- Reliability

The following list includes specific responses from the executives for this question:

1. Excellent customer service, good work ethic, well-groomed and articulate with moderate to vast experience in the food industry. I find great pleasure of establishing a career path for those who want to excel.
2. Service associates; housekeeping, food service. Find that the local market is "not willing" to perform these tasks even at 9+% unemployment.
3. Drivers (Class A or Class B); Customer Service Reps (order entry and telephone skills).
4. Entry level / customer service skills
5. Experience in the travel and hospitality field. Good people and communication skills. Flexible hours.
6. Skilled construction labor, college educated sales and management.
7. Minimum 5 years performing service work on various types of fire alarm systems, minimum 5 years in service and inspections of fire sprinkler systems, NICET II , certified , FASA/BASA trained
8. Craftsmen skills for the cabinetry industry.

9. Mostly construction trade skills or willingness to learn and work in construction.  
Possible addition of sales staff
10. Machinists, welders, assemblers, quality inspectors. Candidates should possess an understanding of formal quality systems whether they work in an office or factory environment. Interesting to see so many candidates that have never worked to written procedures, control plans, etc.
11. Surgical instrument process technical food processing technical Instrument repair technical Truck Drivers
12. Critical thinkers, communications and presentation skills, the ability to work in teams.
13. Knowledge workers, PhDs in all areas of business.
14. Engineering and design CNC, accounting, manufacturing labor
15. Engineering (mechanical, electronic, software), electronic assemblers, machinist, product management, and R&D management
16. Technology Experience, soft skills, good work ethic
17. Engineering designers
18. STEM - science and engineering
19. College/votech skills engineering-related fields cad/drafting possible engineer
20. Civil engineering design and construction
21. Technicians who know AutoCAD and/or GIS software.
22. Engineering, critical thinking, and entrepreneurial tendencies
23. Steam turbine understanding and experience
24. Other than technical or analytic skills relevant to the position, we look for reliability, teamwork, honesty
25. Account service representatives and web designers.
26. Sales experience
27. Real estate sales
28. Professional sales people, professional real estate administration with legal assistant experience.
29. Sales professionals, Class A CDL drivers, warehouse associates, Managers/Supervisors
30. Brokers, sales people, IT professionals, marketing and social networking professionals
31. Professional sales people, skilled manufacturing, IT staff.
32. International sales people outside the US
33. Sales, administrative, construction and club operations/ hospitality
34. Selling or support in agri-business and accounting/finance
35. Computer sales, support and programming (real programmers not web designers)
36. Analytical / data analysis programming / computer design back office / clerical
37. Information technology, nursing, health care/customer service related clerical
38. People skills, computer Skills
39. Marketing and software engineering skills.
40. Experience in information technology such as networking, computer repair, website design, programming. We are yet to find someone proficient with Microsoft Exchange Server which we need.

41. IT skills - building-repairing-maintaining computers and networks of all sizes on all platforms.
42. Looking for technically competent people. Those who understand networking - switching and routing. Also, people with sales experience in telecommunications.
43. Commercial lending background
44. Licensed sales agents with a 215 license and property and casualty licensed agents with a 440 license.
45. Financial sales professionals
46. Registered nurses, customer service representatives

**IX. Business Climate Issue: Financing?**

**How satisfied are you with the following local business climate Issues? Financing**

Four percent of the executives indicated that they were very satisfied with their ability to get financing, while 36 percent were satisfied and 37 percent were dissatisfied. Sixteen percent of the executives were very dissatisfied and eight percent of the executives did not offer an opinion. The responses to the business climate issue, financing, are shown in Figure 8 and Table 8.

Figure 8: Financing?

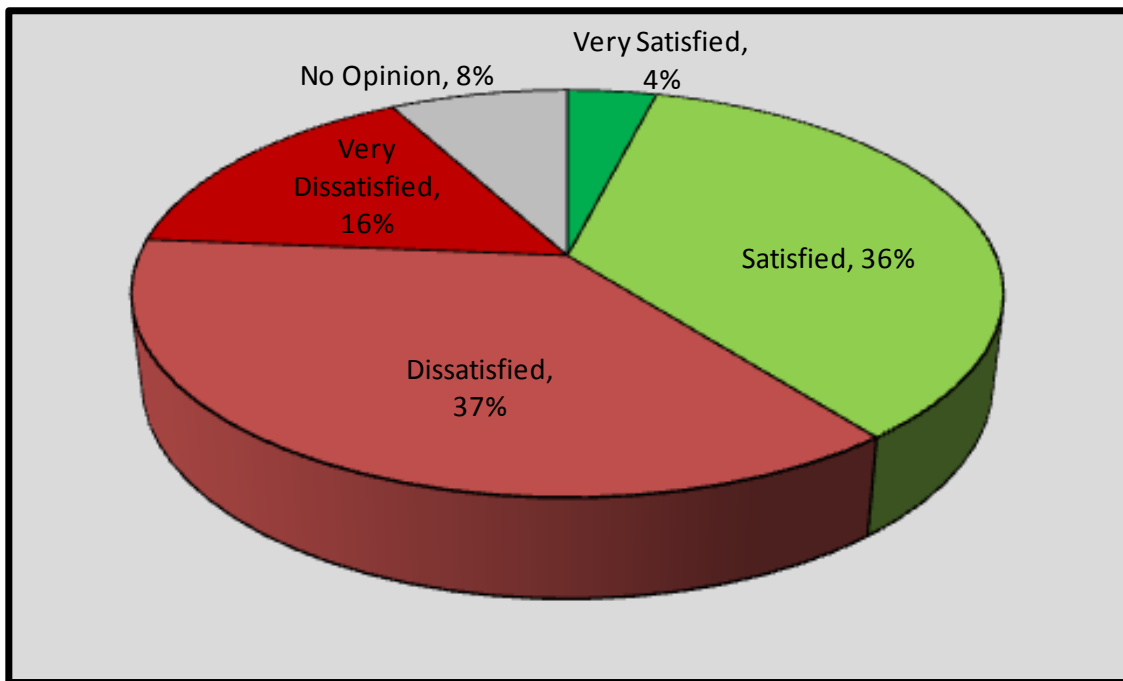


Figure 8: Financing?

Financing	Number of Responses	Percent
Very Satisfied	3	4%
Satisfied	27	36%
Dissatisfied	28	37%
Very Dissatisfied	12	16%
No Opinion	6	8%
Total	76	100%



**X. Business Climate Issue: Government Support and Services?**

**How satisfied are you with the following local business climate Issues?  
Government Support and Services**

Four percent of the executives indicated that they were very satisfied with government support and services, 53 percent were satisfied, and 25 percent were dissatisfied. Eleven percent of the executives were very dissatisfied, seven percent of the executives did not offer an opinion, and one percent of the responses indicated that the issue was not applicable to their business. The responses to the business climate issue, government support and services, are shown in Figure 9 and Table 9.

Figure 9: Government Support and Services?

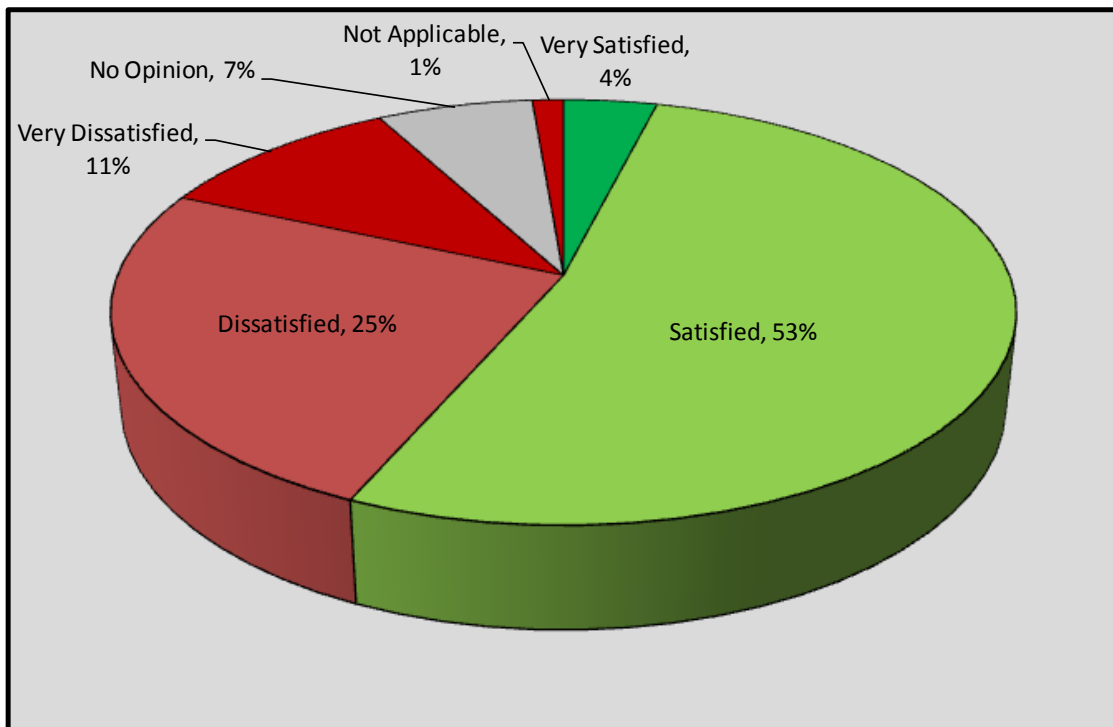


Figure 9: Government Support and Services?

Government Support and Services	Number of Responses	Percent
Very Satisfied	3	4%
Satisfied	40	53%
Dissatisfied	19	25%
Very Dissatisfied	8	11%
No Opinion	5	7%
Not Applicable	1	1%
Total	76	100%

**XI. Business Climate Issue: Healthcare Costs?**

**How satisfied are you with the following local business climate Issues?  
Healthcare Costs**

One percent of the executives indicated that they were very satisfied with healthcare costs, 13 percent were satisfied, and 51 percent were dissatisfied. Thirty percent of the executives were very dissatisfied and four percent of the executives indicated that the question was not applicable. The responses to the business climate issue, healthcare costs, are shown in Figure 10 and Table 10.

Figure 10: healthcare Costs?

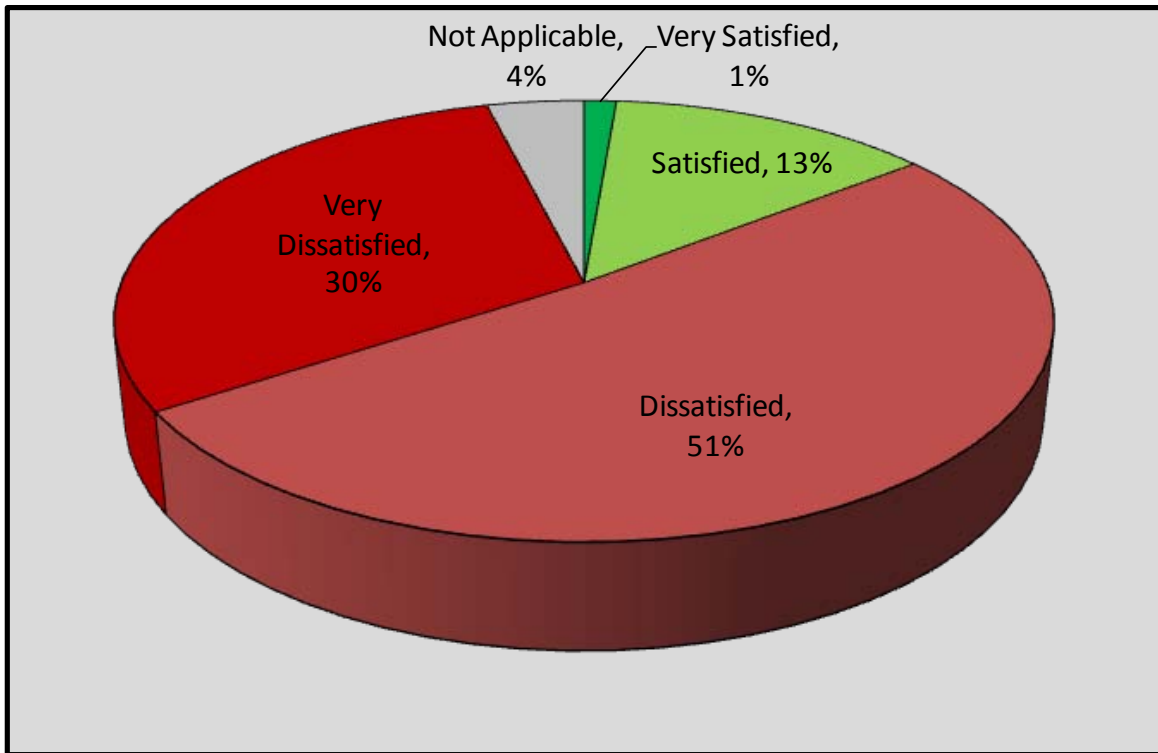


Figure 10: healthcare costs?

Healthcare Costs	Number of Responses	Percent
Very Satisfied	1	1%
Satisfied	10	13%
Dissatisfied	39	51%
Very Dissatisfied	23	30%
Not Applicable	3	4%
Total	76	100%

## XII. Business Climate Issue: Inflation?

### How satisfied are you with the following local business climate Issues? Inflation

Three percent of the executives indicated that they were very satisfied with the rate of inflation, 54 percent were satisfied, and 32 percent were dissatisfied. Seven percent of the executives were very dissatisfied, three percent of the executives did not offer an opinion, and one percent of the respondents said the issue was not applicable to their business. The responses to the business climate issue, inflation, are shown in Figure 11 and Table 11.

Figure 11: Inflation?

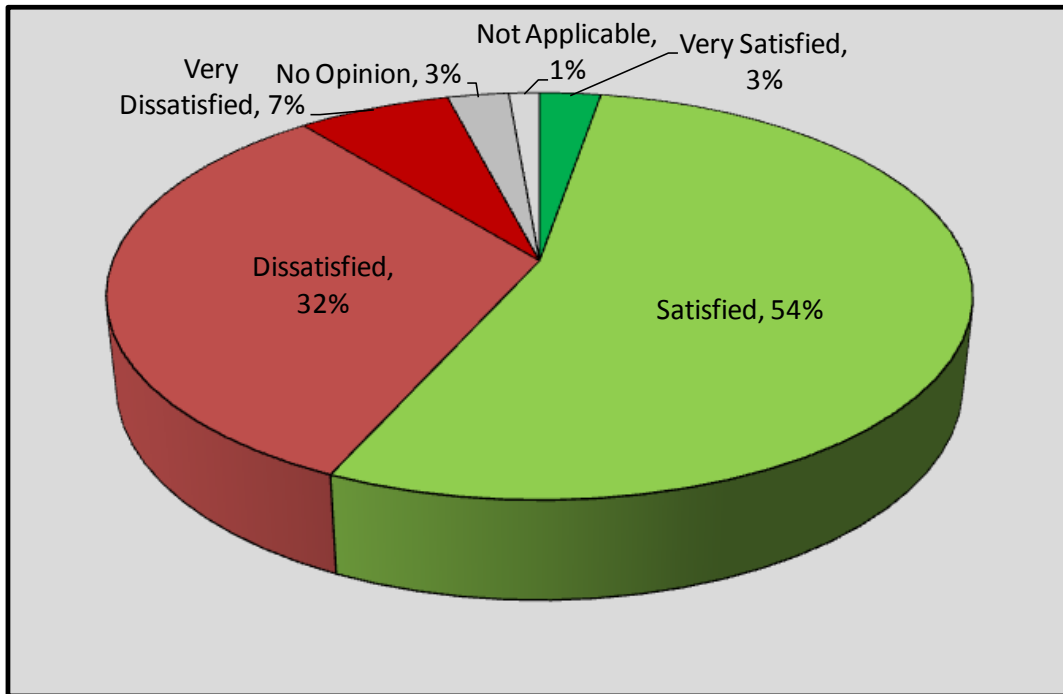


Figure 11: Inflation?

Inflation	Number of Responses	Percent
Very Satisfied	2	3%
Satisfied	40	54%
Dissatisfied	24	32%
Very Dissatisfied	5	7%
No Opinion	2	3%
Not Applicable	1	1%
Total	74	100%

### XIII. Business Climate Issue: Information Technology and Communications Systems?

**How satisfied are you with the following local business climate Issues? IT and Communications Systems**

Seven percent of the executives indicated that they were very satisfied with Information Technology and Communications Systems, 74 percent were satisfied, and 13 percent were dissatisfied. Three percent of the executives were very dissatisfied, three percent of the executives did not offer an opinion, and one percent of the responses said the issue was not applicable to their business. The responses to the business climate issue, Information Technology and Communications Systems are shown in Figure 12 and Table 12.

Figure 12: Information Technology and Communications Systems?

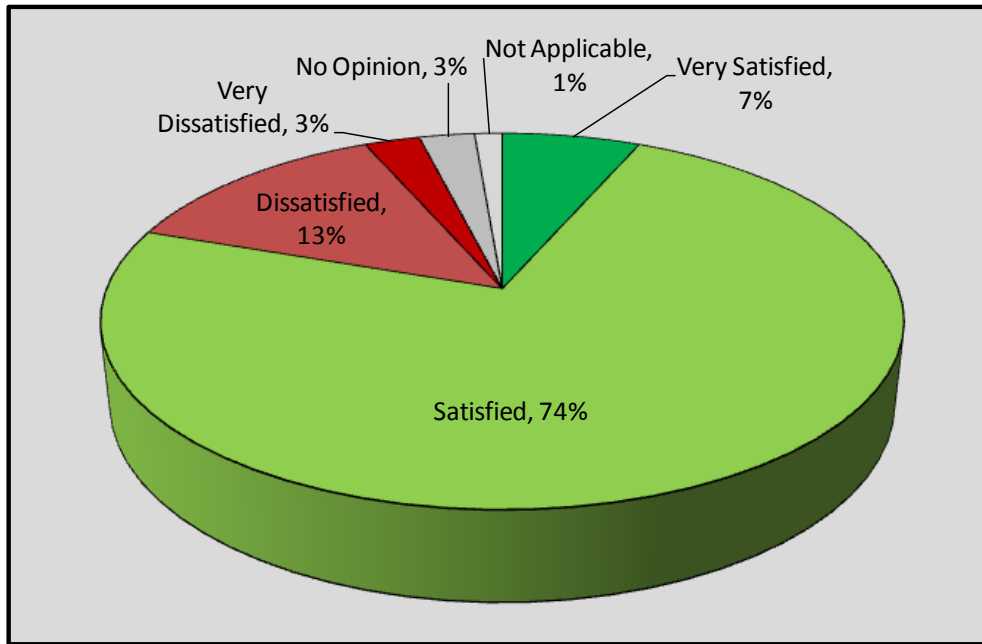


Figure 12: Information Technology and Communications Systems?

Information Technology and Communications Systems	Number of Responses	Percent
Very Satisfied	5	7%
Satisfied	56	74%
Dissatisfied	10	13%
Very Dissatisfied	2	3%
No Opinion	2	3%
Not Applicable	1	1%
Total	76	100%

**XIV. Business Climate Issue: Labor Costs?**

**How satisfied are you with the following local business climate Issues? Labor Costs**

Four percent of the executives indicated that they were very satisfied with Labor Costs, 78 percent were satisfied, and 11 percent were dissatisfied. Five percent of the executives were very dissatisfied and three percent of the executives did not offer an opinion. The responses to the business climate issue, labor costs, are shown in Figure 13 and Table 13.

Figure 13: Labor Costs?

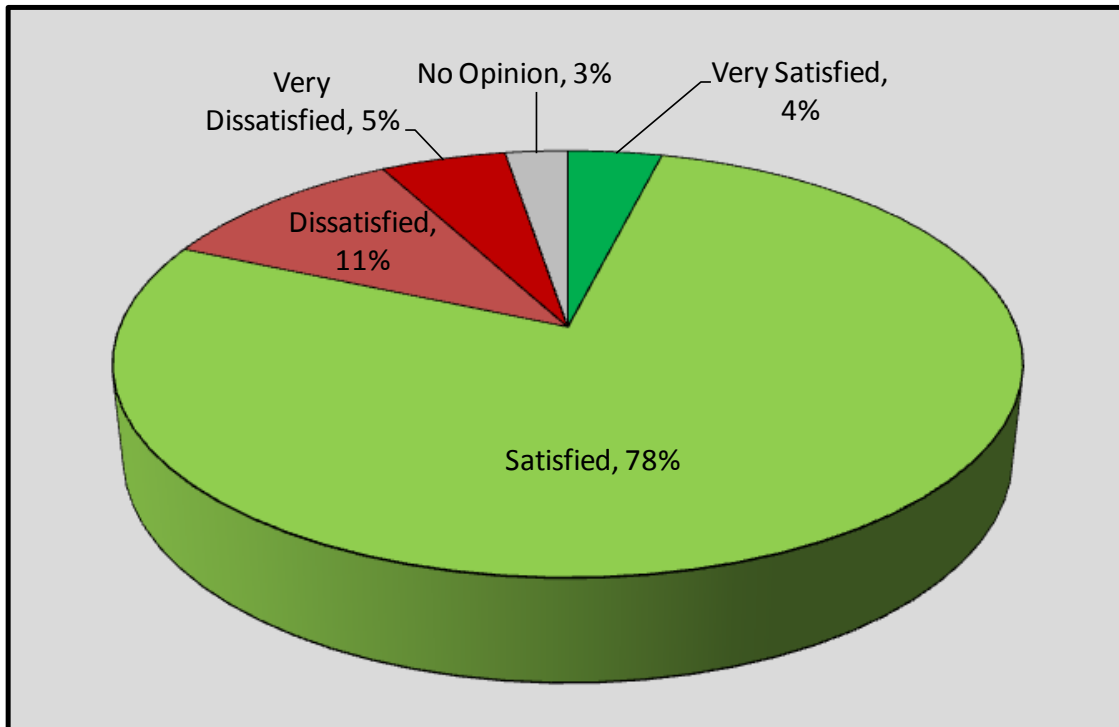


Figure 13: Labor Costs?

Labor Costs	Number of Responses	Percent
Very Satisfied	3	4%
Satisfied	59	78%
Dissatisfied	8	11%
Very Dissatisfied	4	5%
No Opinion	2	3%
Total	76	100%

**XV. Business Climate Issue: Primary and Secondary Education?**

**How satisfied are you with the following local business climate Issues? Primary and Secondary Education**

Three percent of the executives indicated that they were very satisfied with Primary and Secondary Education, 44 percent were satisfied, and 30 percent were dissatisfied. Seven percent of the executives were very dissatisfied, three percent of the executives did not offer an opinion, and four percent of the responses stated that the issue was not applicable to their business. The responses to the business climate issue, Primary and Secondary Education, are shown in Figure 14 and Table 14.

Figure 14: Primary and Secondary Education?

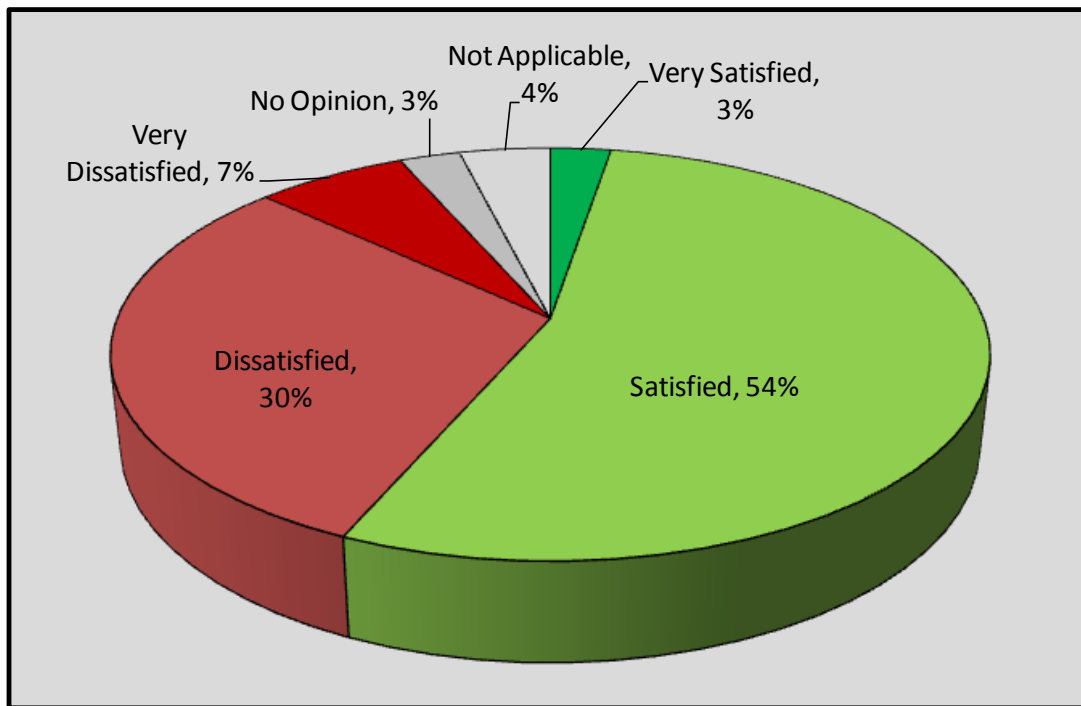


Figure 14: Primary and Secondary Education?

Primary and Secondary Education	Number of Responses	Percent
Very Satisfied	2	3%
Satisfied	41	54%
Dissatisfied	23	30%
Very Dissatisfied	5	7%
No Opinion	2	3%
Not Applicable	3	4%
Total	76	100%

**XVI. Business Climate Issue: Road Transportation?**

**How satisfied are you with the following local business climate Issues? Road Transportation**

Five percent of the executives indicated that they were very satisfied with Road Transportation, 63 percent were satisfied, and 25 percent were dissatisfied. Five percent of the executives were very dissatisfied and one percent of the responses stated that issue was not applicable to their business. The responses to the business climate issue, Road Transportation, are shown in Figure 15 and Table 15.

Figure 15: Road Transportation?

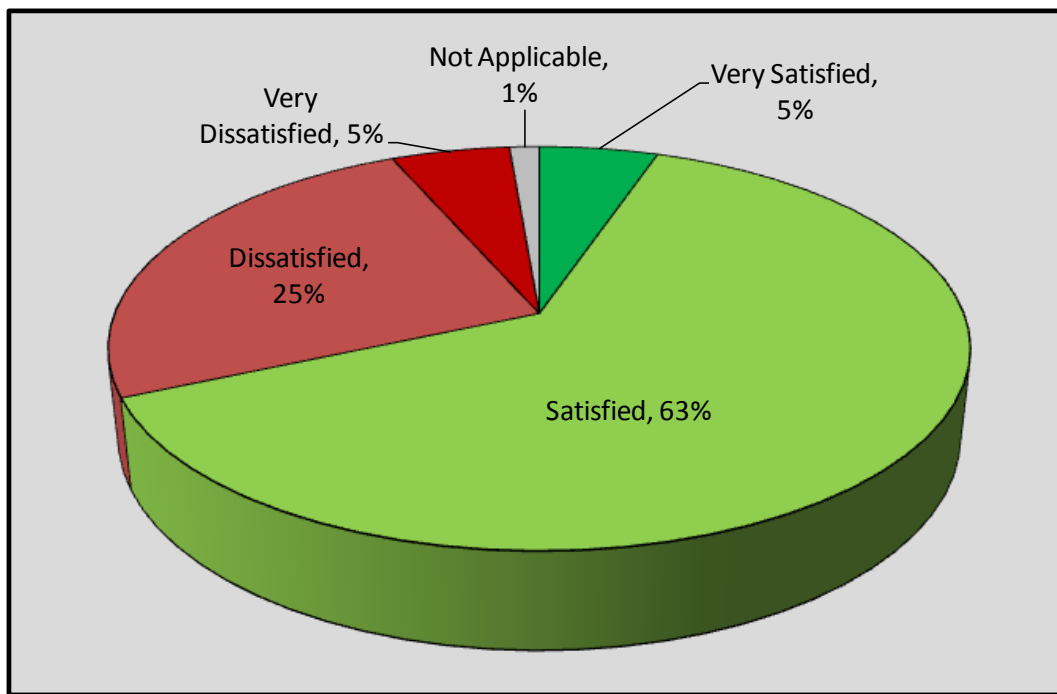


Figure 15: Road Transportation?

Road Transportation	Number of Responses	Percent
Very Satisfied	4	5%
Satisfied	48	63%
Dissatisfied	19	25%
Very Dissatisfied	4	5%
Not Applicable	1	1%
Total	76	100%

**XVII. Business Climate Issue: Workforce Skill Levels?**

**How satisfied are you with the following local business climate Issues?  
Workforce Skill Levels**

Three percent of the executives indicated that they were very satisfied with Workforce Skill Levels, 52 percent were satisfied, and 33 percent were dissatisfied. Nine percent of the executives were very dissatisfied, one percent of the executives did not offer an opinion, and one percent of the respondents stated that this issue is not applicable to their business. The responses to the business climate issue, Workforce Skill Levels, are shown in Figure 16 and Table 16.

Figure 16: Workforce Skill Levels?

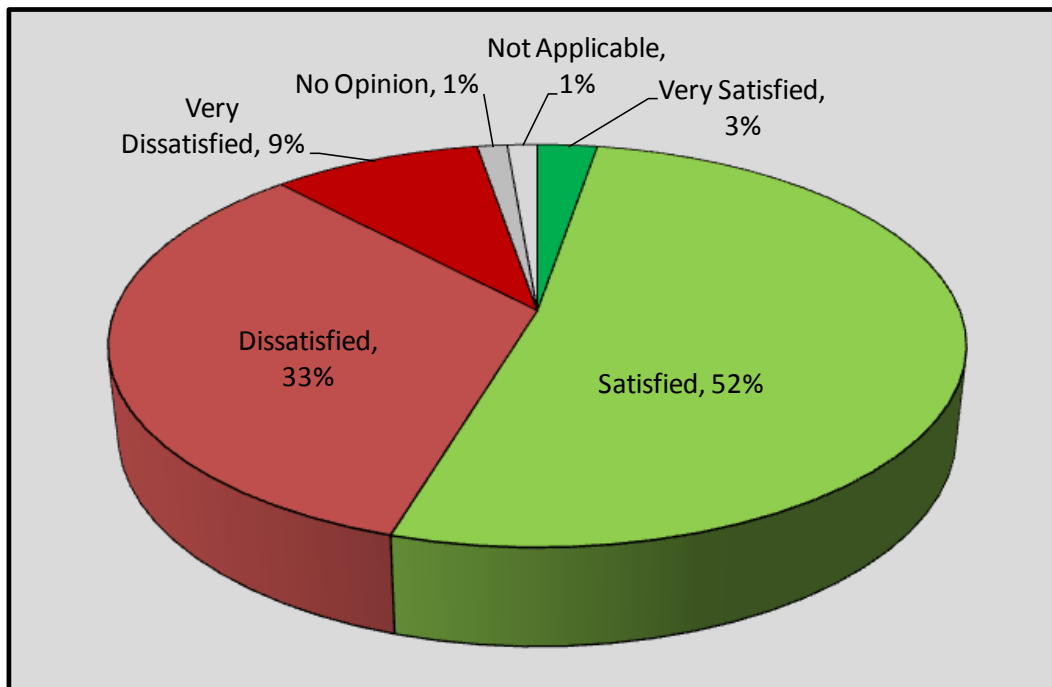


Figure 16: Workforce Skill Levels?

Workforce Skill Levels	Number of Responses	Percent
Very Satisfied	2	3%
Satisfied	39	52%
Dissatisfied	25	33%
Very Dissatisfied	7	9%
No Opinion	1	1%
Not Applicable	1	1%
Total	75	100%



## **XVIII. Other Recommendations for Economy or Business**

***Please indicate any other comments, suggestions, or recommendations you would like to make regarding the regional economy or your business.***

The following list shows the executive comments, suggestions, and/or recommendations:

1. Our business is dependent on tourism and winter residents. Tourism is the variant factor, the more people come to SWFL, the more hotel rooms are full, the restaurant seats are full, and the operators can generate enough profit to carry through the leaner, off-season months.
2. While I know that the Horizon council is making efforts to bring new business to the area, their efforts seem to be very narrow in focus.
3. If small business is the backbone of economic growth, it would behoove government and the finance industry to ease up on taxation and lending.
4. Encourage the development of angel funds specific to invest in growth-oriented businesses in Lee County. Couple with local government development funds and incentives to attract investors. We need to expand our economic footprint from where we are now to avoid the skewed influence of tourism and housing. This could be a great environment for attracting and nurturing businesses. Currently not effective in doing so.
5. It would greatly benefit our local economy if municipalities could remove or reduce impact fees and taxes temporarily to stimulate construction. Local government needs to do more to encourage businesses and retirees to relocate to Lee and Collier. We need growth to absorb remaining housing inventories.
6. Continued focus on roads, infrastructure and education improvements.
7. Picking up market share from other contractors who had too much debt at the downturn and have closed/left the area. We have an abundance of work but the margins are VERY tight due to rising material costs. Biggest problem - lack of crackdown on unlicensed/uninsured contractors. We should either all have to carry license/insurance expense or the regulations should be loosened for everyone.

### XIX. Company Characteristics

Each executive provided information about his or her firm in their response including:

- Business Type;
- Number of Employees;
- Company Location; and
- Geographic Client Base.

The following figures provide an overview of general characteristics of the responding companies.

Figure 17: Business Type

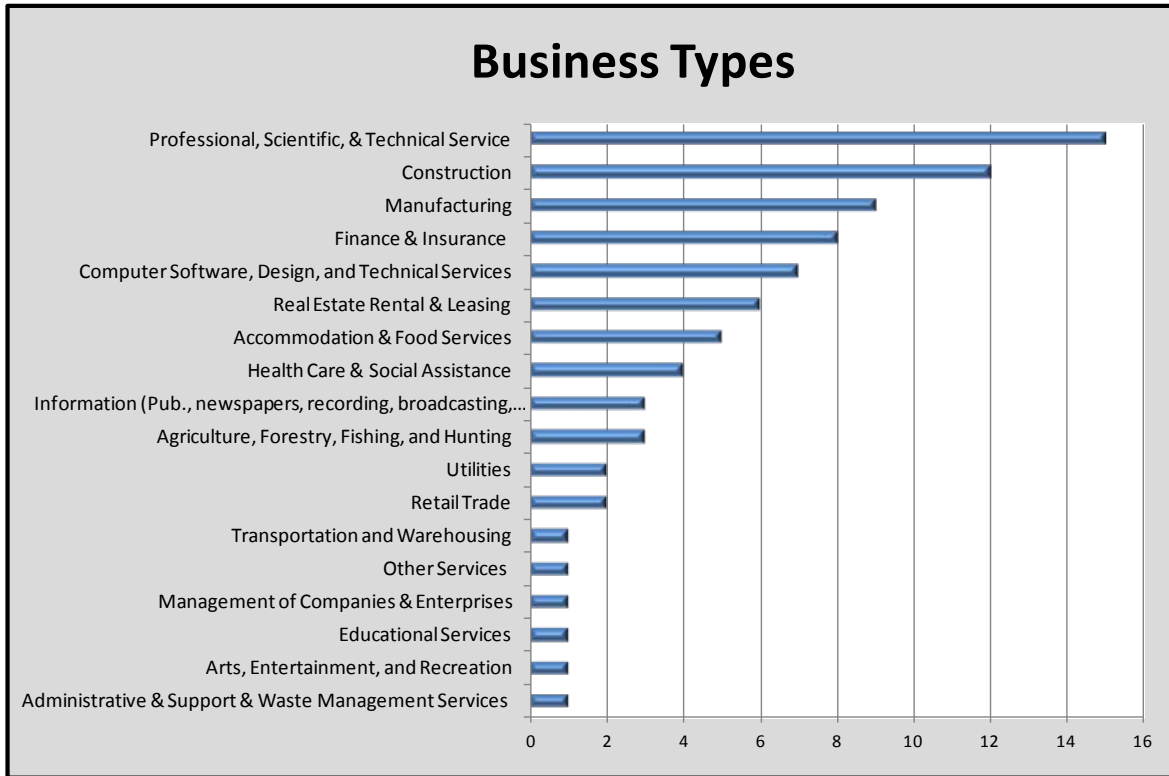


Figure 18: Employee Size of Firms Responding to the Survey

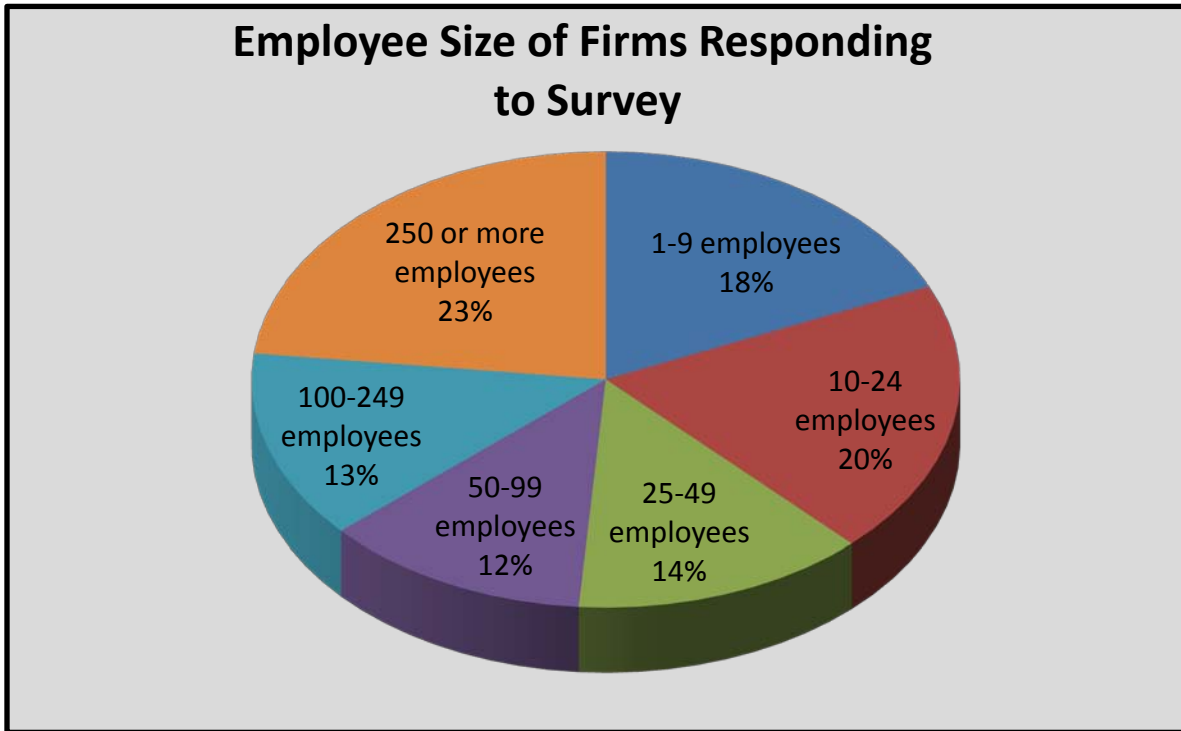


Figure 19: Employee Size of Firms Responding to the Survey

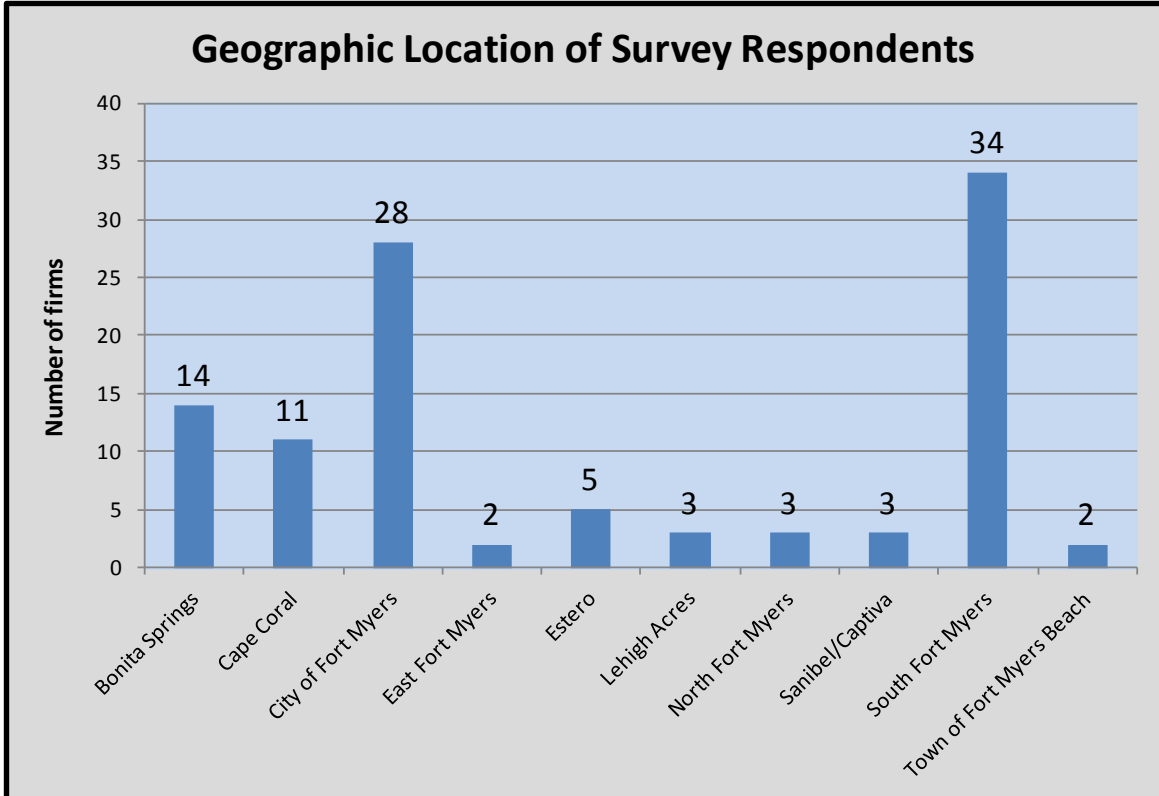


Figure 20: Employee Size of Firms Responding to the Survey

