



LEE COUNTY BUSINESS CLIMATE SURVEY REPORT

Second Quarter, 2017

Prepared in partnership with:



and

The Regional Economic Research Institute • Florida Gulf Coast University

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Report Information

This report is conducted quarterly by the Horizon Council of Lee County, Florida, and Florida Gulf Coast University's Regional Economic Research Institute. This work would not be possible without considerable cooperation from the Horizon Council's Chairs, the RERI's student researchers, and the Lee County Economic Development Council.

The Regional Economic Research Institute studies, analyzes and reports on the regional economy encompassing Collier, Lee, Charlotte, Hendry, and Glades counties. Established in 2005, it serves as a public service and economic development unit of the Lutgert College of Business' Dean's Office and strives to connect Southwest Florida to the resources of Florida Gulf Coast University.

The Institute's Business Climate Survey group specializes in sampling design and analysis, including program evaluation, policy research, and needs assessment. The Business Climate Survey group involves FGCU students in every stage of survey development, allowing them to develop professional skills and networks that add value to their degrees and, by extension, to their future employers.

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INTRODUCTION

The Lee County Business Climate Survey Report, published in partnership between the Horizon Council and Florida Gulf Coast University, provides primary research to the business community, elected officials, and other concerned citizens in an effort to gauge the state of Lee County's economy over time as well as impressions and concerns about it in the future.



Since the beginning of this partnership, the BCS has been comprised of three areas of focus. The first area—encompassed in the first seven questions of the survey—focuses on Lee County business executives' impressions of economic conditions and trends with respect to hiring and investment. The second area has been the calculation of an *Executive Business Climate Index*. This EBCI provides a summary number which will allow one to quickly gauge whether the business climate in Lee County is improving or declining. Finally, the third area is comprised of various questions that change from survey to survey. In the past, these "Special Topics" have focused on areas such as business executives' concerns about interest rates and access to capital, firms' demand for critical occupations and their ability to find workers within those occupations, the cost of doing business in Lee County, and even concern for employee wellness and wellness programs.

The BCS also allows respondents to voice concerns, kudos, and criticisms of Lee County's economic environment. Every effort is made to include these comments in each survey.

The Horizon Council FGCU Business Climate Survey is administered, written, and published by the staff and students working with the Regional Economic Research Institute in the Lutgert College of Business. We very much welcome your comments and suggestions regarding the report, including suggestions for Special Topics questions for future editions.

This survey would not have been possible without the many busy business owners and executives who took the time to respond to it. I also thank John Boland, Glen Salyer, and their colleagues at the Lee County Economic Development Office; Robert Beatty, Dean of Lutgert College of Business at FGCU; Russell Schropp, Chair of the Horizon Council's Business Issues Taskforce; and Michael Quaintance of Keiser University. CareerSource Southwest Florida's James Wall and Peg Elmore continued to provide valuable input and advice.

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EXECUTIVE SUMMARY

The Executive Business Climate Survey provides a view of the local economy that is based on responses from senior executives from a range of industries across the county. An invitation to complete the internet survey was sent to 712 executives and business owners in Lee County. One hundred and fourteen executives completed the survey from April 17, 2017, through May 3, 2017. Five reminders were sent during the survey period.

This survey provides a key economic indicator for Lee County, the *Executive Business Climate Index*. This index value is 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 results from the second quarter survey reflect a one-point decrease from the first quarter 2017 measure, with the index falling from 68 to 67. Despite this quarter-to-quarter decrease, the second quarter measure was still four points higher than the measure recorded in the second quarter of 2016.

The current survey's Special Topics section focuses on Lee County's business community's concerns regarding identity theft. Carrie Kerskie, director of Hodges University's Identity Fraud Institute (<https://www.hodges.edu/identity/>), provided much assistance in designing these questions. Other findings of the Business Climate Survey for the second quarter 2017 include:

- 63 percent of executives stated that the current economic conditions have improved over last year, while 33 percent stated that they were the same;
- 66 percent of the executives expect the economy to improve over the next year, and 31 percent stated that the economy would stay the same;
- 57 percent of the executives stated that the current economic conditions for their industry have improved over last year, while 32 percent stated that economic conditions remained approximately the same.
- 57 percent of executives expect economic conditions for their industry to improve over the next year;
- 48 percent of executives had increased employment over the last year, while 3 percent had reduced employment;
- 48 percent of executives expect to increase employment at their companies during the next year, while 50 percent of executives plan to remain at the same level;
- 64 percent of companies expect to increase investment next year while 2 percent expect to reduce investment levels;
- 39 percent of executives were very concerned with identity theft, while 56 percent were somewhat concerned.
- 98 percent of executives said they have heard of financial identity theft, while 62 percent said they have heard of business identity theft.
- 54 percent of executives would contact law enforcement if they were the victim of identity theft.
- 22 percent of executives believe the risk of identity theft in Lee County is greater relative to the United States, while 43 percent think it is about the same.
- 87 percent of executives are in favor of having an identity theft victim hotline for Lee County.
- 40 percent of executives said that an identity theft victim hotline should be provided by the public sector, while 27 percent believe it should be provided by the private for-profit sector.
- 10 percent of executives believe that the current identity theft laws are sufficient, while 59 percent believe that they could use improvement.
- 27 percent of executives said that they have been a victim of identity theft.
- 77 percent of executives who were a victim of identity theft said they had to deal with credit card theft.
- 35 percent of executives who were a victim of identity theft stated that they had an easy time restoring their identity, while 42 percent said they had moderate difficulty.
- 23 percent of executives who were a victim of identity theft said the most difficult part about restoring their identity was being place on hold.

I. RECURRING QUESTIONS

Each quarter, the Horizon Council FGCU Business Climate Survey polls Lee County’s business leaders about the state of the economy in Lee County. These seven questions are designed to provide a snapshot of short-term trends and perceptions regarding the state of the local economy, employment, and capital investment. Asking the same recurring questions allows for a side-by-side comparison of the economy during each quarter. The results from these questions for the second quarter of 2017 can be found in Figures 1 through 7 below.

Figure 1 reports that 63 percent of surveyed executives indicated that economic conditions in Lee County were moderately or substantially better compared to a year ago. This was a slight decrease from the first quarter 2017 measure of 64 percent, but marks an increase from the second quarter 2016 measure of 59 percent. Despite the slight decrease from the previous quarter, these results indicate that local business owners and executives are pleased with the direction of the local economy over the past year.

Figure 1: Current Economic Condition

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

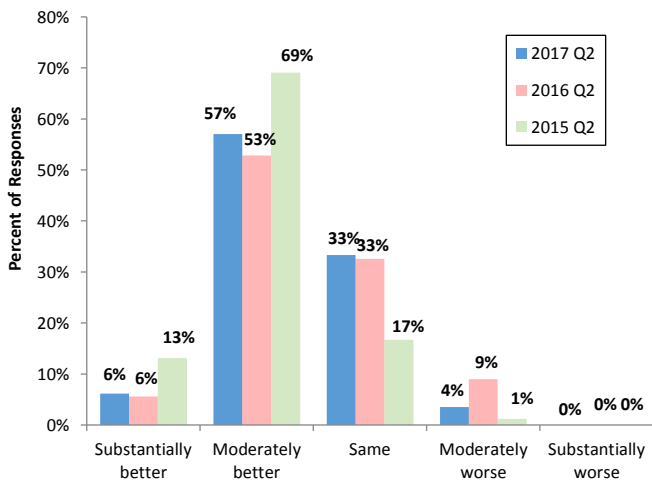


Figure 2 tracks business leaders’ perceptions about economic conditions going into the next year. The survey found that 66 percent of executives indicated they expect economic conditions in Lee County to be moderately or substantially better in the next year. This is a decrease from the first quarter 2017 measure of 73 percent, but a substantial increase from the second quarter 2016 report, which found that 50 percent of surveyed executives expected conditions in Lee County to be better in the next year.

Figure 2: Future Economic Condition

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

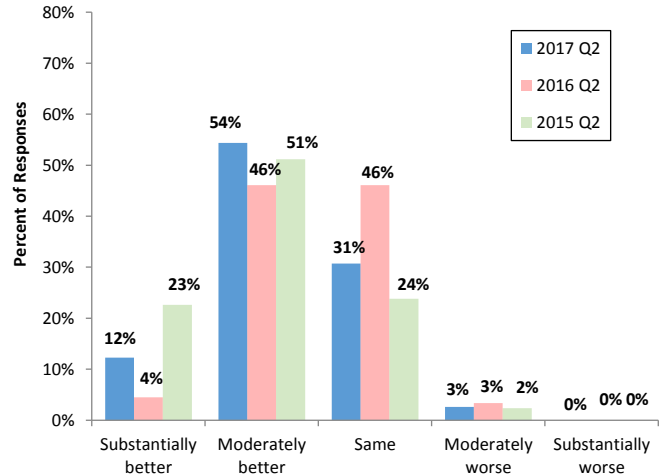


Figure 3 reports on executives’ perceptions about their particular industry and is more narrowly focused. The survey found that 57 percent of surveyed executives believed current conditions in their industry were better compared to a year ago. This marks a decrease from the 59 percent recorded in the first quarter 2017, but an increase from the 50 percent reported a year ago on the second quarter 2016 report.

Figure 3: Current Industry Condition

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

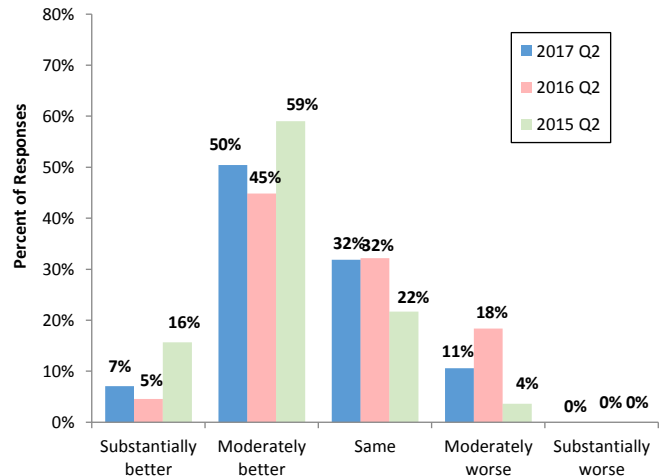
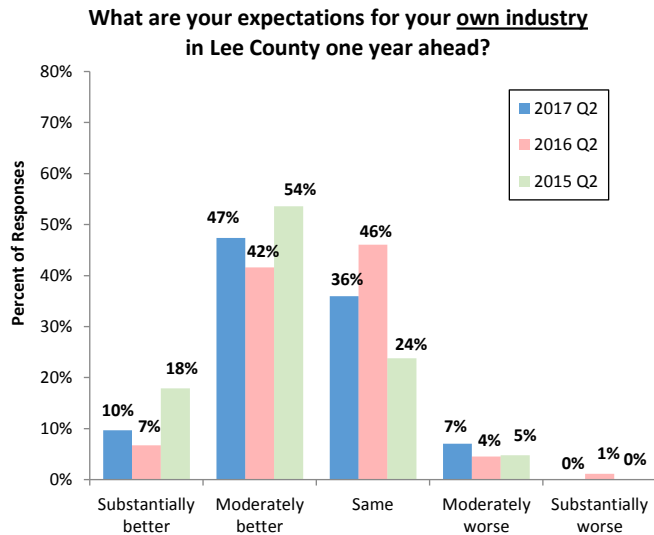


Figure 4 reports that 57 percent of surveyed executives expect conditions in their industry to be moderately or substantially better in the next year. This is a decrease from the 2017 first quarter report, which reported that 62 percent of surveyed executives expect conditions in their industry to be better in the next year, but an increase from the second quarter 2016, when

49 percent of surveyed executives expect conditions in their industry to be better in the next year.

Figure 4: Future Industry Condition



Figures 5 and 6 focus on employment. Figure 5 reports that 48 percent of executives have moderately or substantially increased employment over the last year. This is a slight decrease from the 2017 first quarter report, which reported that 49 percent of surveyed executives have increased employment over the past year. This was also a slight decrease from the second quarter 2016, when 50 percent of surveyed executives reported increased employment over the past year.

Figure 5: Current Hiring Trend

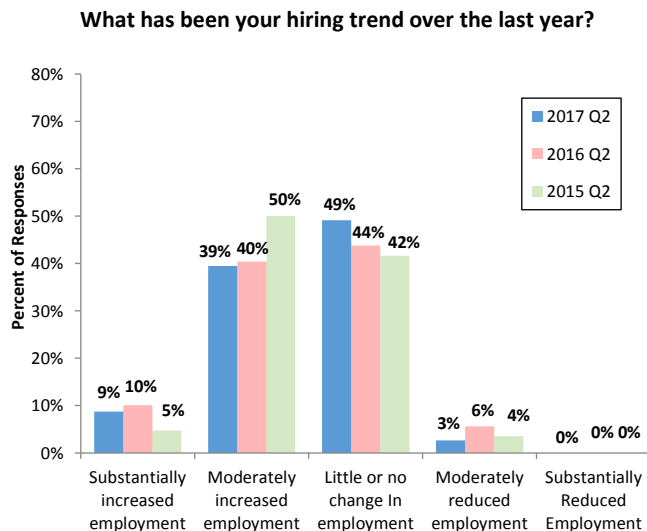
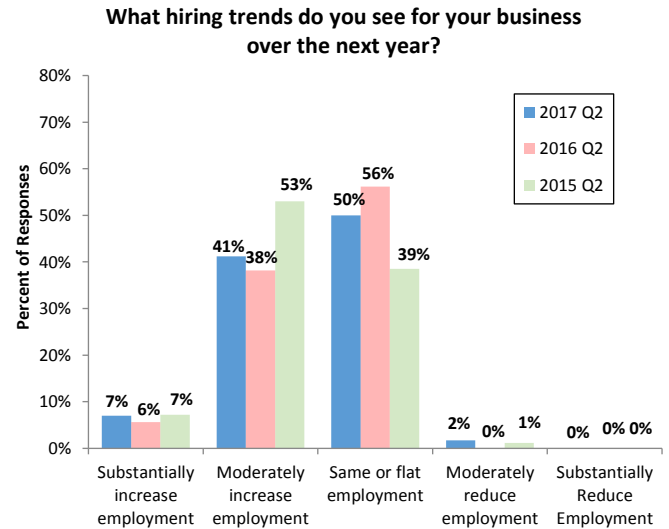


Figure 6 reports that 48 percent of surveyed executives expect to moderately or substantially increase employment over the next year, marking a slight one-percent decrease from the previous quarter's measure, and a slight increase from the second quarter of 2016, which reported that 44 percent of

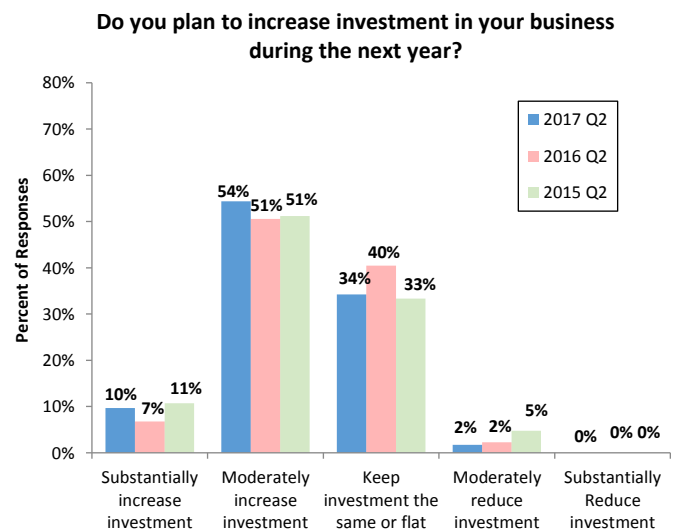
surveyed executives expect to increase employment over the next year.

Figure 6: Future Hiring Trend



Finally, Figure 7 focuses on capital investment. It reports that 64 percent of surveyed executives expect to moderately or substantially increase investment over the next year. This was a slight increase from the 2017 first quarter report, which reported that 63 percent of surveyed executives expect to increase investment over the next year, and an increase from the second quarter report from 2016, which reported that 58 percent of surveyed executives expect to increase investment over the next year.

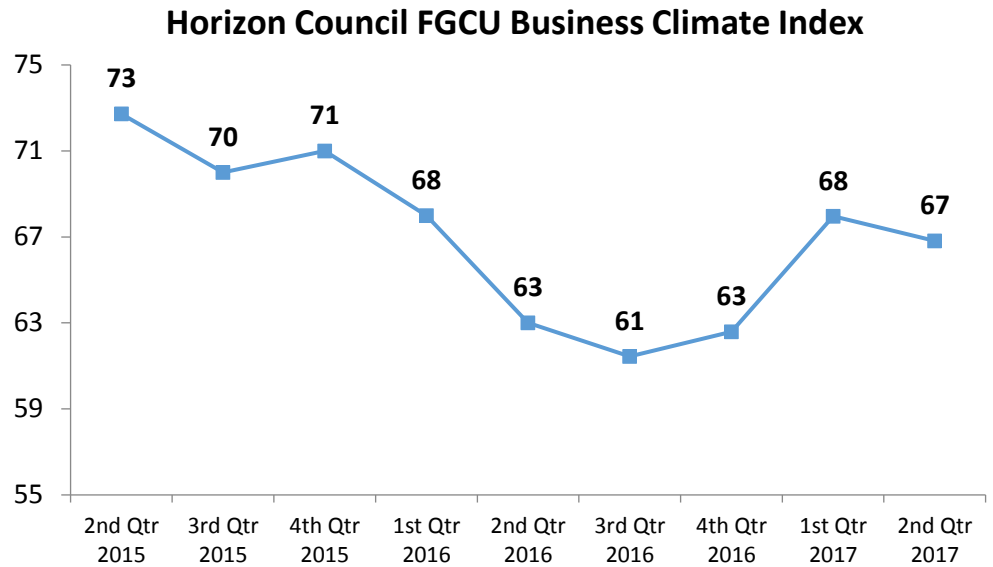
Figure 7: Future Investment Trend



Results from previous quarters' surveys going back to 2012 can be found on FGCU's Regional Economic Research Institute's web site, at fgcu.edu/cob/reri. For charts depicting historical trends for recurring questions, see Appendix A below.

II. THE EXECUTIVE BUSINESS CLIMATE INDEX

One of the key features of this survey is the calculation of an *Executive Business Climate Index*. Each quarter, this index value of the current business climate in Lee County is computed and released to the public as a way to provide an economic indicator allowing one to quickly gauge whether the business climate in Lee County is improving or declining. The EBCI is computed using the two questions concerning the current and future economic conditions (reported in Figures 1 and 2) a third question concerning the expected industry economic conditions (reported in Figure 4). 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 results from the second quarter survey reflect a slight decrease from the first quarter 2017 result, with the index decreasing from 68 to 67. The decrease ended two consecutive quarters of increases in the index. While the index was greater than the second quarter 2016 index of 63, it was less than the second quarter 2015 figure of 73. The index has remained between the ranges of 61 to 68 since the first quarter of 2016.



III. SPECIAL TOPICS

Each Executive Business Climate Survey contains a set of questions not asked on a recurring basis. These special topic questions highlight on areas of importance to the economic development of our region with the intention of accessing the business community’s input and feedback to development officials, industry agents, and government officials.

The present survey focused on Lee County's business community's concerns regarding identity theft. Results from these questions are reported in figures 8 through 19.

Figure 8 considers firm’s concern with identity theft. Thirty-nine percent of responding business executives said they were very concerned with identity theft, while only 5 percent said that they were not concerned about identity theft at all. Majority of business executives said they were only somewhat concerned about identity theft (56 percent).

Figure 8: Concern with Identity Theft
How concerned are you with identity theft?

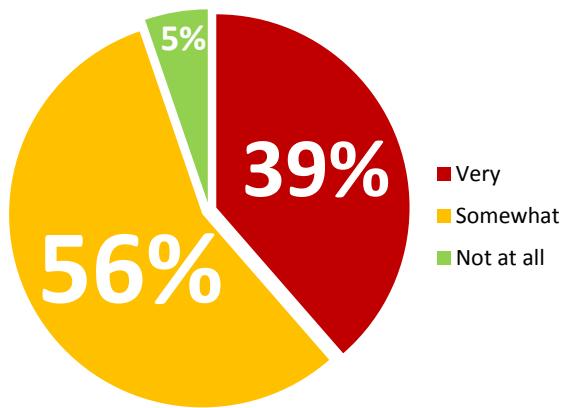


Figure 9 focuses on the types of identity theft business executives have heard of. Nearly all of business executives have heard of financial identity theft (98 percent). Sixty-two percent of business executives have heard of business identity theft, half of business executives have heard of both criminal identity theft and identity theft of government documents and benefits, and 43 percent of business executives have heard of medical identity theft. Only 19 percent of business executives have heard of utilities identity theft.

Figure 9: Types of Identity Theft Heard About

Which of the following types of identity theft have you heard about?

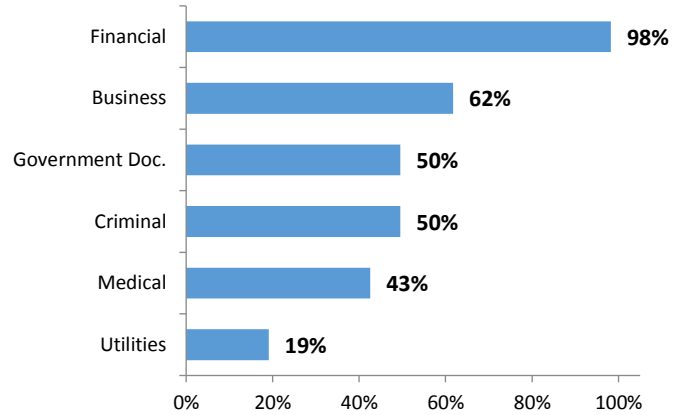


Figure 10 focuses on whom business executives would contact for assistance if they became victims of identity theft. Over half of all business executives said they would contact law enforcement if they were a victim of identity theft (54 percent). Fifteen percent of business executives said they would contact an attorney, 14 percent said they would contact a paid service, and 3 percent said they would contact either the FTC or an accountant. Ten percent of business executives said they would contact someone else not listed, and 3 percent said they would not seek assistance.

Figure 10: Identity Theft Assistance
If you were to become a victim of identity theft, whom would you contact for assistance?

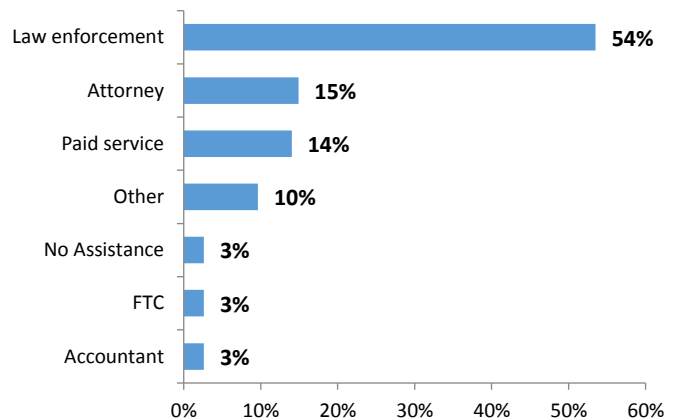


Figure 11 focuses on the risk of identity theft in Lee County, compared to the nation. Twenty-two percent of all business executives believe that Lee County has a higher risk of identity theft relative to the nation, while 9 percent believe that Lee

County has a lower risk of identity theft relative to the nation. Forty-three percent of the business executives believe that there is no difference in risk for identity theft between Lee County and the nation. Twenty-six percent of business executives did not know if there was a difference in risk.

Figure 11: Lee County Risk of Identity Theft

How would you rate the level of risk of identity theft in Lee County relative to the average threat nationwide?

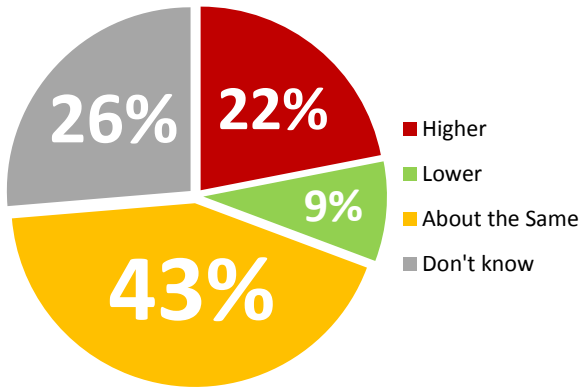


Figure 12 focuses on the prospect of having an identity theft victim hotline in Lee County. Eighty-seven percent of business executives said that Lee County would benefit from having an identity theft victim hotline, while 13 percent believe that Lee County would not benefit from having such a facility.

Figure 12: Identity Theft Victim Hotline

Other regions of the country maintain facilities known as Identity Theft Victim Hotlines. These facilities aid identity theft victims in the identity restoration process. Would Lee County benefit from having such a facility?

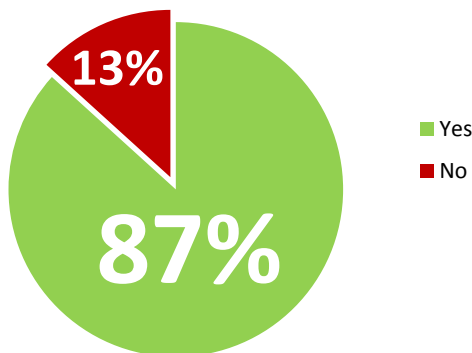


Figure 13 focuses on funding sources for an identity theft victim hotline. Forty percent of business executives believe that the public sector should provide funding for an identity theft victim hotline, while 27 percent said that the private sector should provide funding. Twenty-four percent of business executives said that a private non-profit should provide funding for such a facility. Nine percent said a facility was not needed.

Figure 13: Identity Theft Victim Hotline Funding

If such a facility existed in Lee County, should it be funded by the public sector, the private sector, or private non-profits?

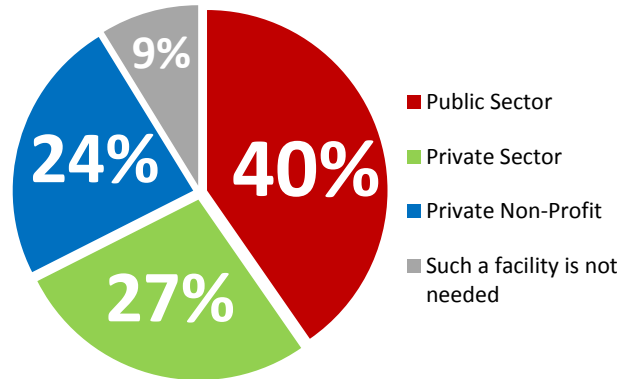


Figure 14 focuses on the sufficiency of identity theft laws. Fifty-nine percent of business executives said that the current identity theft laws need improvement, while 10 percent said that the current identity theft laws are sufficient. Thirty-two percent of business executives did not know if the current identity theft laws were sufficient or needed improvement.

Figure 14: Sufficiency of Identity Theft Laws

Do you think the current identity theft laws are sufficient or need improvement?

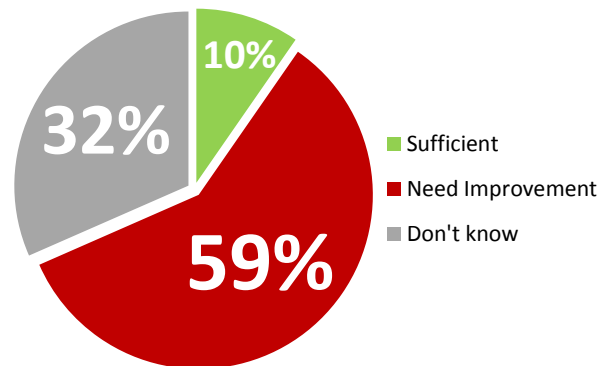


Figure 15 focuses on insurance policies providing identity theft protection. Sixty percent of business executives were not aware that various types of insurance policies offer identity theft protection as a rider to existing coverage, while 40 percent said that they were aware that they could obtain identity theft protection with certain insurance policies.

Figure 15: Insurance Policies and Identity Theft

Did you know that many homeowner, renter, and automobile insurance policies offer identity theft protection as a rider to their existing coverage?

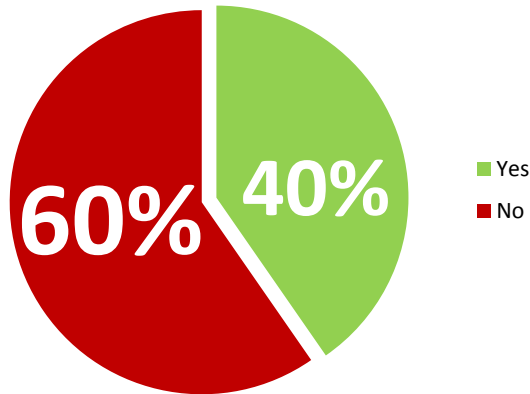
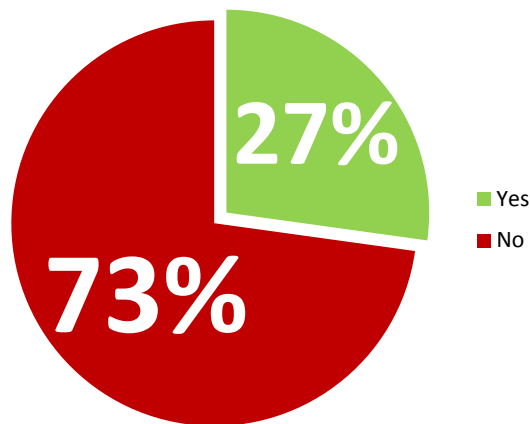


Figure 16 focuses on whether a business executive has been a victim of identity theft. Twenty-seven percent of business executives said that they have been a victim of identity theft, while 73 percent have said they have not been a victim.

Figure 16: Victim of Identity Theft

Have you been a victim of identity theft?



Figures 17 through 19 focus only on the 31 business executives who indicated that they have been a victim of identity theft. Figure 17 focuses on the type of identity theft the business executive had to deal with. Seventy-seven percent of business executives who were a victim of identity theft said they were a victim of credit card identity theft. Twenty-three percent of business executives said they were a victim of business identity theft or new account identity theft. Only 3 percent of business executives said they were a victim of criminal identity theft or medical identity theft. Thirty-nine percent of business executives said they were victims of some other form of identity theft.

Figure 17: Type of Identity Theft

What type of identity theft was it?

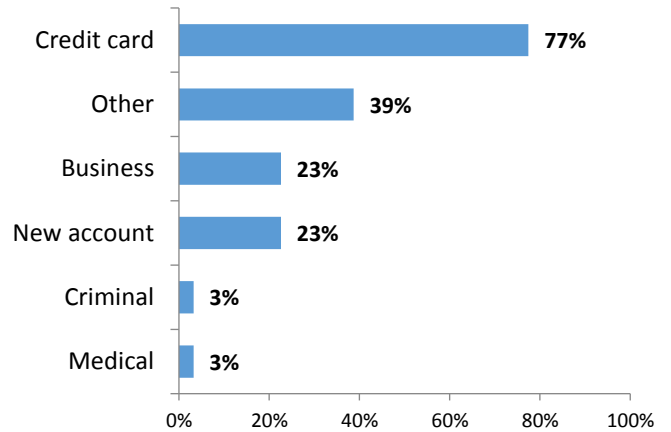


Figure 18 focuses on the difficulty in restoring identity. Thirty-five percent of business executives said that restoring their identity was easy, while 42 percent said they had moderate difficulty in restoring it. Sixteen percent of business executives said that restoring their identity was difficult. Six percent of business executives said the restoration of their identity was not resolved at the time of taking the survey.

Figure 18: Difficulty of Restoring Identity

How would you rate the level of difficulty in restoring your identity?

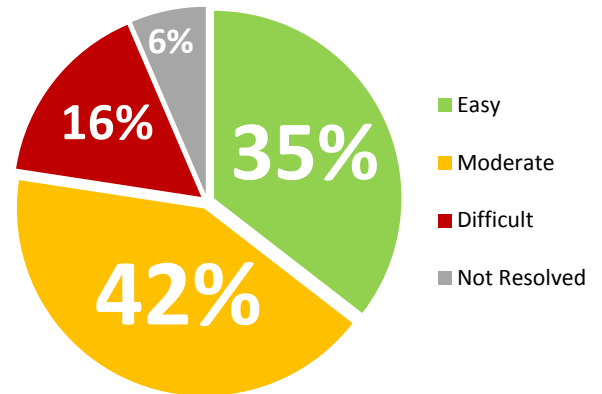
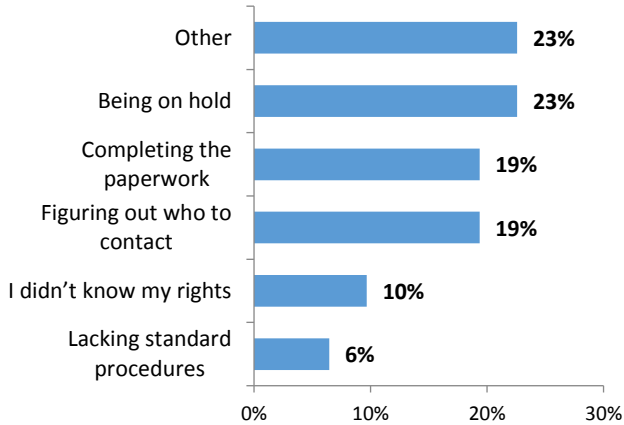


Figure 19 focuses on the most difficult part about restoring identity. Twenty-three percent of business executives said that being on hold was the most difficult part about restoring their identity, nineteen percent said that completing the paper work or figuring out whom to contact was the most difficult part of restoring their identity, 10 percent said that they did not know their rights, and 6 percent said that they lacked standard procedures. Twenty-three percent said that there was another reason that restoring their identity was difficult.

Figure 19: Difficult Part of Restoring Identity

What was the most difficult part of restoring your identity?



IV. COMMENTS, SUGGESTIONS, AND RECOMMENDATIONS

The comments indicated that executives were concerned with the national and international economy as it relates to local activity, as well as some general comments of the workforce. There are concerns and comments about:

- Identity Theft
- Economic Growth
- Impact Fees
- Government Regulation

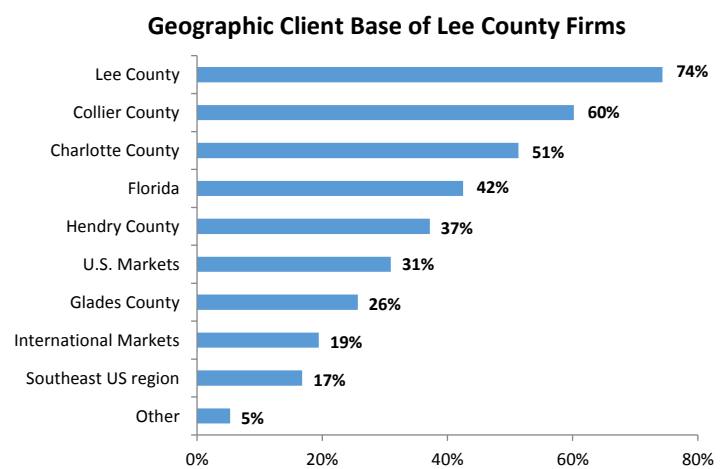
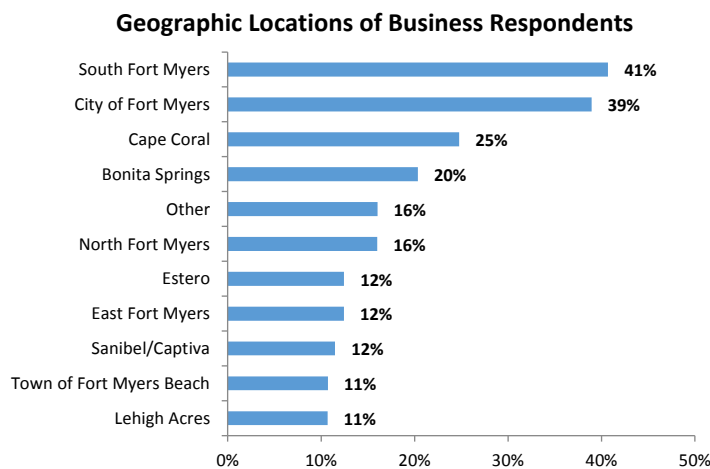
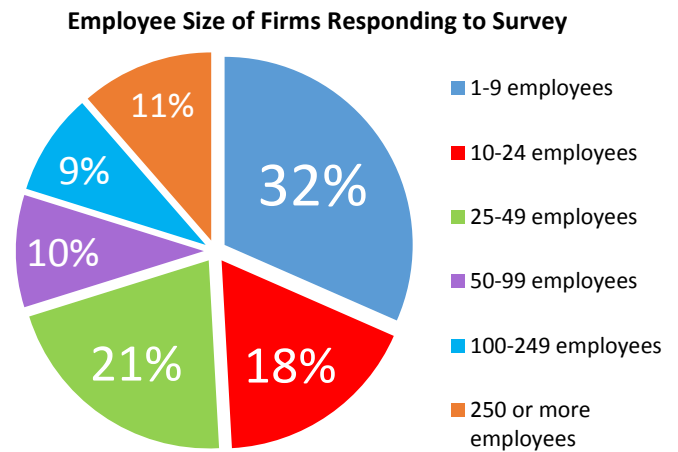
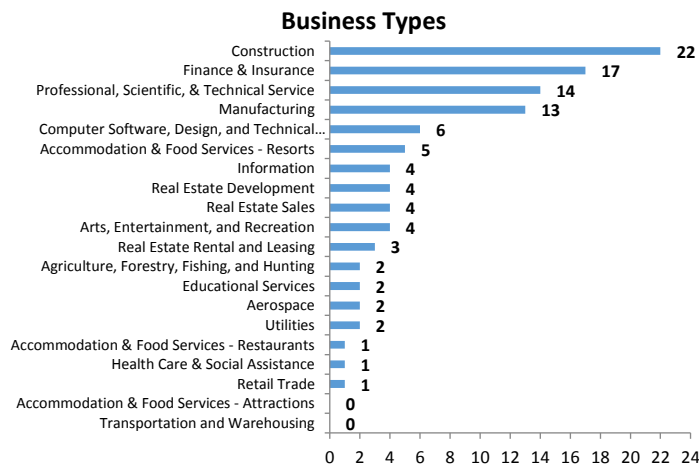
Executive responses to this question are found in Appendix B.

V. COMPANY CHARACTERISTICS

Each executive provided information about his or her firm, including:

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

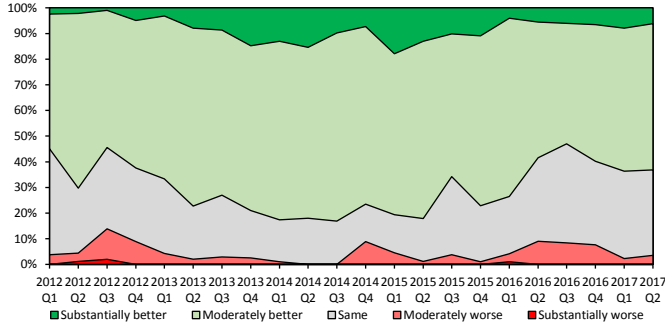
The following figures provide an overview of general characteristics of the responding companies.



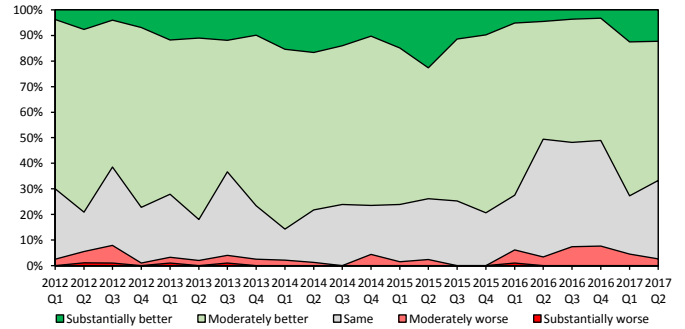
APPENDIX A. HISTORICAL TRENDS OF RECURRING QUESTIONS

Historical trends of the seven recurring questions asked in each Executive Business Climate Survey can be found in this section.

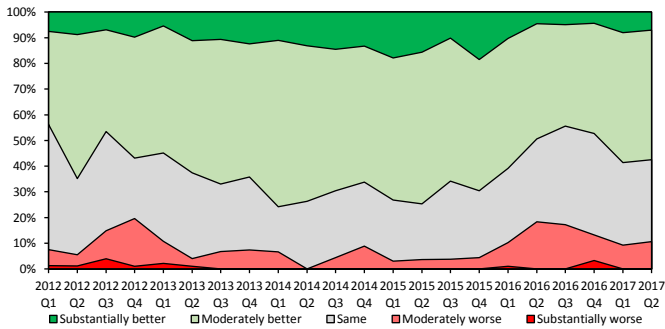
How are the current Lee County economic conditions compared to a year ago?



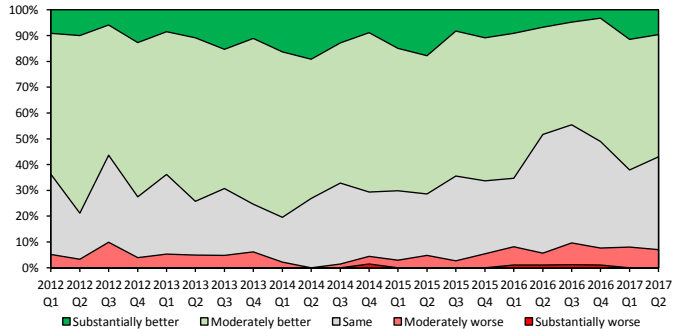
What are your expectations for the Lee County economy one year ahead?



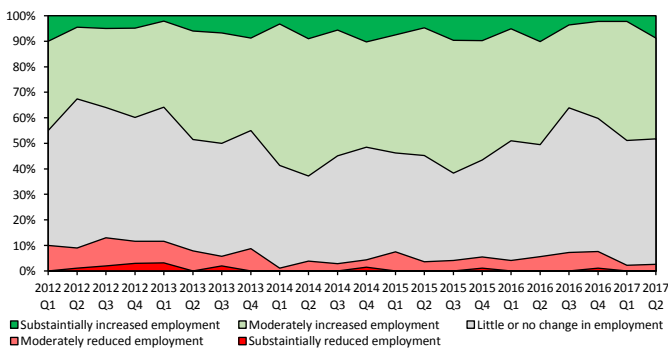
What are the current conditions in your industry in Lee County compared to one year ago?



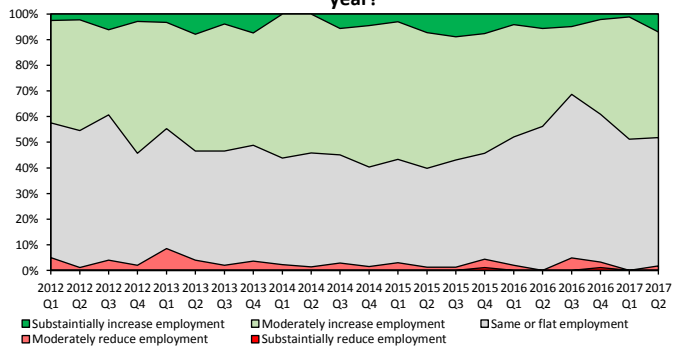
What are your expectations for your own industry in Lee County one year ahead?



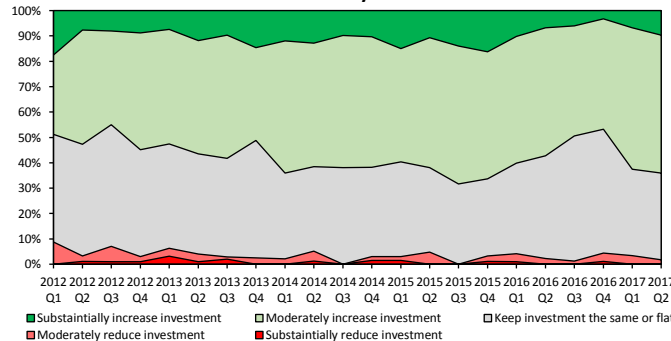
What has been your hiring trend over the last year?



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



Do you plan to increase investment in your business during the next year?



APPENDIX B. FULL COMMENTS, SUGGESTIONS, AND RECOMMENDATIONS

This list includes specific responses from the executives for the following question:

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

1. Due to the State of Florida being such a transient State, Lee County is very susceptible to Identity Theft. I found it surprising, based on your questions, that certain consumer insurance policies have rider provisions to cover Identity Theft and further found it surprising that a state law was enacted in October 2015 as to criminalizing business identity theft. It says to me that our state and related industry professionals are enacting protections, but if the consumer/business is not aware... That is a continued weakness. My recommendation would be to call upon businesses Security and/or Compliance Officers to have an inter-active informational meeting to strengthen Identity Theft Protection and/or come up with solutions to mitigate concerns.
2. I believe we are seeing the very beginning of an economic slowdown that may also include a real estate recession.
3. South Lee County is in the midst of significant expansion of businesses and homes. Yet the expansion and improvement of the county and state roadway systems is at a standstill. How long can Lee County continue to not collect full impact fees and yet say there is no money for roadway improvements? Soon the growth will stall when the roadways cannot handle the traffic and people stop buying homes and opening businesses due to the traffic congestion.
4. My industry sees southeast Florida as an opportunity for growth. I am writing a business plan to try and capitalize on it. If we hire additional staff, it would be there.
5. Has been and continues to be reasonably strong with moderately favorable outlook. Not fully convinced of maintaining strength with current federal government initiatives.
6. To assist with TPP compliance, Lee county property appraiser should send out detail property sheets with its annual returns. This would increase the validity of the tax and the assets owned by the businesses.
7. Within our own industry there are different levels of business--it would be good to separate those based on dollar sales, time in business. For instance, some in my industry are extra busy, however they are on the lower end of dollar volume. Thanks for the opportunity.
8. Some type of program matching potential employee with employers. The system with the reemployment office is not a good one.
9. Cybersecurity should be a stressed need to inhabitants to SW and Florida. Especially here in SW FL where the largest business HACK took place in 2016. More awareness and education should be made in the educational institutions and in civic organizations. Everyone has been affected in some way.
10. It might make an interesting meeting or summit to attend.
11. Our business grew through acquisition of completing business in the last 6 months, allowing us to expand greatly. We are in the commercial printing business and overall our industry is pretty flat, however this market still has a small growth because of the hospitality and building industry. We have a few large direct mail contracts allowing us to service the entire USA. These are the main growth in our business as logistics have improved to allow ease of moving large amounts of mail efficiently throughout the country.
12. Employment in our business is flat as our facility is staffed to meet full operation 24/7, changing business does not impact our staffing.
13. Continue the Lee BDC work and entice more business to our area. Consider reduced fees (Impact, Permitting, etc.) for the redevelopment and reuse of distressed properties to encourage cleaning up some pending eye sores.....even in prosperous development areas like the Presidential Court and Whiskey Creek.