

Successful CEO's Reflect on 2016

Entrepreneurs are confident in the economy to a point, but concern over the pace of recovery from the recession is slow and stifles any high spirited exuberance. A myriad of taxes and regulations and a lack of skilled workers are preventing the economy from a quicker growth.

Based on a survey of America's fastest-growing private small businesses, the percentage of very confident small business CEO's declined 4 percent over the last year, with 17 percent neither confident nor unconfident, a 3 percent rise from last year. Lower oil prices and new funding sources don't seem to have made any difference.

Businesses with customers that serve the stressed oil industry are not spending as much or are demanding higher earnings on their investments. Risk for growth is unsettling and people just aren't willing to put themselves at risk for growth during soft and uncertain times.

Yet small business hiring appears to be consistent and sustainable since 2014 according to some payroll and small business services. The rate of new entrepreneurs forming new businesses has seen its biggest rise in decades. New entrepreneurs are spotting opportunities and running with it. Although labor markets are improving, entrepreneurs experience very different results depending on their industry and profitability.

Entrepreneurs seeking lines of credit and financing from banks often walk away empty handed, but banks have started to come back, albeit slowly.

Technology start-ups seem to get the greatest positive response from banks for their financing, while industries like construction companies still struggle to get a bank on board for financing. The eternal money hunt is frustrating and distracts from business goals, but finding the financial base is all about future growth. Paperwork and compliance issues are more often than not burdensome.

Regulations like paid sick leave and equal pay, eligibility for overtime, and the Affordable Care Act need to be well considered, as labor boards will

often side with the employee. The Affordable Care Act (ACA) has created an environment where entrepreneurs report cutting back in other areas to pay premiums. Many claim that the ACA has created greater strain than they had expected.

Particular reference is the mandate for employers with more than 50 full-time equivalent employees to provide health coverage for at least 95% of the full-time employees.

Another requirement is coverage for dependents up to age 26. According to one CEO, he stops hiring at 49 employees. The cost of the 50th employee could make this requirement expensive.

Cost of labor and immigration have become larger issues. Requesting visas for the best talent has become a priority. However, until there is a sufficient number of skilled citizens and/or immigrants with green cards smaller businesses must rely on residents, no matter their status.

As skilled immigrants become active in our work pool they can become part of our real economy and

taxpayers. This approach will reduce the net cost to present taxpayer for healthcare, housing and schools. As all residents become skilled in today's economy demands the opportunity for startups and growth of smaller companies becomes more obvious.

The smaller business community can consider educational reforms including apprenticeships, where schools and businesses join to prepare student for specific jobs. These "interns" can then be hired by the companies that trained them.

The prevailing reflections on 2016, are not surprisingly, uncertain. However, the smaller business community has always been the background of the US economy and the growth of the middle class. It does not appear that that will change.