



# BUSINESS STATISTICS & TRENDS REPORT

# BUSINESS STATISTICS & TRENDS REPORT

## RESULTS **ACROSS REGIONS**

## ABOUT THE SURVEY

The First Business Bank Business Statistics and Trends Report was completed by 305 respondents in Greater Dane County, Southeast Wisconsin, Northeast Wisconsin, and Kansas City Metro. The survey was distributed via Qualtrics over a six-week period starting in early September and ending in mid-October 2021. The respondents were individuals known to be decision makers (e.g., CEOs, other C-Suite executives, business owners, etc.) at companies across various industries. The survey design, data analysis, and the survey report were completed and written by Dr. Moses Altsech, who teaches at the top 10-ranked marketing department at the Wisconsin School of Business, the business school of University of Wisconsin-Madison, and is President of Moses Altsech Consulting LLC. For nearly two decades, this annual survey has been conducted by First Business Bank to add value to the business communities in the market areas it serves.

## RESULTS ACROSS REGIONS

Following a tumultuous 2020 that had seen a spike in the percentage of companies reporting decreases in sales and profitability, 2021 saw a rebound: Just 17% of companies surveyed reported a decrease in sales (compared to 49% in 2020), while 70% reported higher

sales (double the percentage observed in 2020). The outlook for sales in 2022 is strongly positive as well; just 4% project a decrease in sales (down from 15% last year), and 79% expect an increase (14 points over the previous year). Profitability saw a similar trend: 24% of respondents report a decrease in profits (down from 42% in 2020), and 56% report increased profits (up from 37%). There's optimism for 2022, as only 8% of companies expect a decrease in profits (down by 7 points) but 62% project higher profits (up 5 points over the previous year). Employment and wages continue to be areas of focus: 17% of companies saw a decrease in their number of employees (down from 24% in 2020) and 3% reported lower wages (sharply lower compared to 16% in 2020). In contrast, 44% saw an increase in their number of employees (up from 29% in 2020) and 78% report higher wages (up from 45% in 2020). Just 4% project a decrease in their number of employees for 2022 in sharp contrast to 65% that expect to increase their workforce. A mere 1% project lower wages (compared to an already-low 6% the previous year), and 79% project a wage increase (a 20-point jump over the previous year's projection).

The top issues that business leaders had to tackle in 2021 included, first and foremost, a talent shortage, followed by a supply shortage, and employees working remotely (the top challenge reported in 2020) ranked a distant third. These challenges notwithstanding, 46% of companies saw better overall business performance

than expected (up 10 points over 2020), and just 20% performed below expectations (down 23 percentage points over the previous year). Underperformance was attributed to four major factors; a talent shortage, followed closely by the pandemic, a supply shortage, and higher operating costs. Performance exceeding expectations was primarily attributed to improved internal efficiencies, Paycheck Protection Program (PPP) loans, and higher prices, followed closely by increased sales and marketing efforts. In 2021, the top three strategies companies implemented include diversifying their client base, cross-training employees, and creating a process for generating innovative business ideas. By far the top strategy companies plan to implement in 2022 is increasing their workforce, with diversifying their client base and cross-training employees also making the top three. They're realistic about the challenges that lie ahead, as their top-ranked challenge in 2022 is the hunt for new talent, followed by the continued impact of the pandemic, and higher inflation. Nonetheless, 69% expect better overall business performance in 2022 (up by 2 percentage points from the previous year), while just 6% project worse performance (down 4 percentage points from 2021).

Certainly, the circumstances of this year's survey vary considerably from the economic environment in the fall of 2020. At that time the presidential election had yet to take place, there was no COVID-19 vaccine available,

unemployment was still high, and the prospect of additional lockdowns was very real. The uncertainty was unprecedented not just because of the economic challenges, but also due to the unpredictability of how long the pandemic would last, what course it would take, and the long-term impact on consumer demand, travel, manufacturing, and unemployment.

A year later, multiple effective vaccines were widely distributed, the first news of an impending COVID-19 pill treatment made headlines, unemployment plummeted, inflation was a real concern, and supply disruptions coupled with an acute labor shortage were the most important issues facing decision makers. The survey results reflect those concerns: In spite of a spike in sales, profitability increases were more modest due largely to higher costs across the board (labor, supply, transportation, energy, etc.). As Reuters reported on 10/26/21, there is "no end in sight for labor shortages as U.S. companies fight higher costs." Another Reuters report the same day highlighted the problem of "global supply chain logjams, costs" that have affected many industries. Energy prices have increased sharply and are expected to spike in the coming months (Associated Press, 10/13/21), which typically has a domino effect.

Across Kansas and Missouri, unemployment rates have dropped since last year. In September 2021 in Kansas City, the Bureau of Labor Statistics reported a 3.5%

unemployment rate, down by almost two percentage points since September of 2020. Kansas City is now predicted to grow faster than any other Kansas metropolitan area with projected growth of 1.5%, according to the Center for Economic Development and Business Research.

A Wisconsin Department of Revenue report (Wisconsin Economic Forecast Update: July 2021) states that “inflation continues to be a concern as the post-pandemic rebound in prices has been stronger than expected.” The same report suggests that employment is expected to reach pre-pandemic levels (levels that were historically low) by mid-2022. Certain industries have been slower to recover (food, hospitality, arts and entertainment), but industries that rebounded faster (like construction and manufacturing) have been affected by the supply chain disruptions. The results of the First Business Bank survey are aligned with these trends. Inflation and supply chain challenges will continue to be challenges in 2022, but business leaders are right to be primarily concerned with the talent shortage. The University of Wisconsin-Madison’s Center for Research on the Wisconsin Economy report, published in September 2021, also highlighted that inflation (largely driven by transportation costs) has trended higher in Wisconsin than the Midwest in general and the country as a whole. Most significantly, however, the report provided sobering data about continuing

labor shortages in the foreseeable future in Wisconsin — something business leaders in Wisconsin will need to find ways to address.

Notes: Kansas City Metro was included in “Results Across Regions” historical charts starting in 2019. Percentages may not always add up to 100% due to rounding within the Qualtrics tool, but are within +/-1%.



#### RELATED RESOURCES

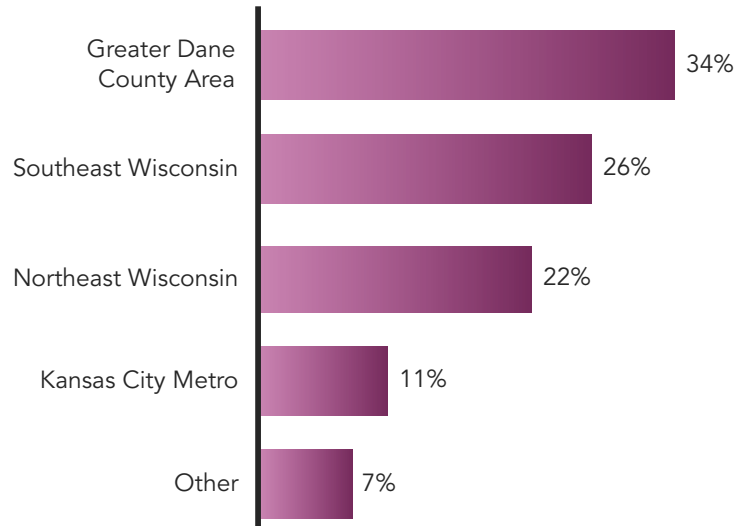
##### Podcast: Tips For Hiring The Right Employees

As your business competes for talent, there are several strategies to attract and retain employees. In our podcast, [Tips for Hiring the Right Employees](#), senior leaders at First Business Bank discuss strategies they’ve used and lessons they’ve learned over the last 25 years about hiring the right employees.

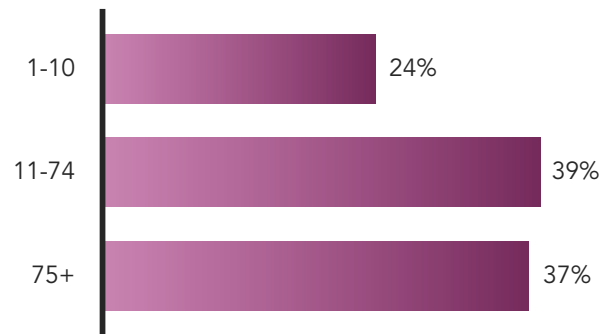
Learn more at [firstbusiness.bank/podcast](https://firstbusiness.bank/podcast).

## DEMOGRAPHICS

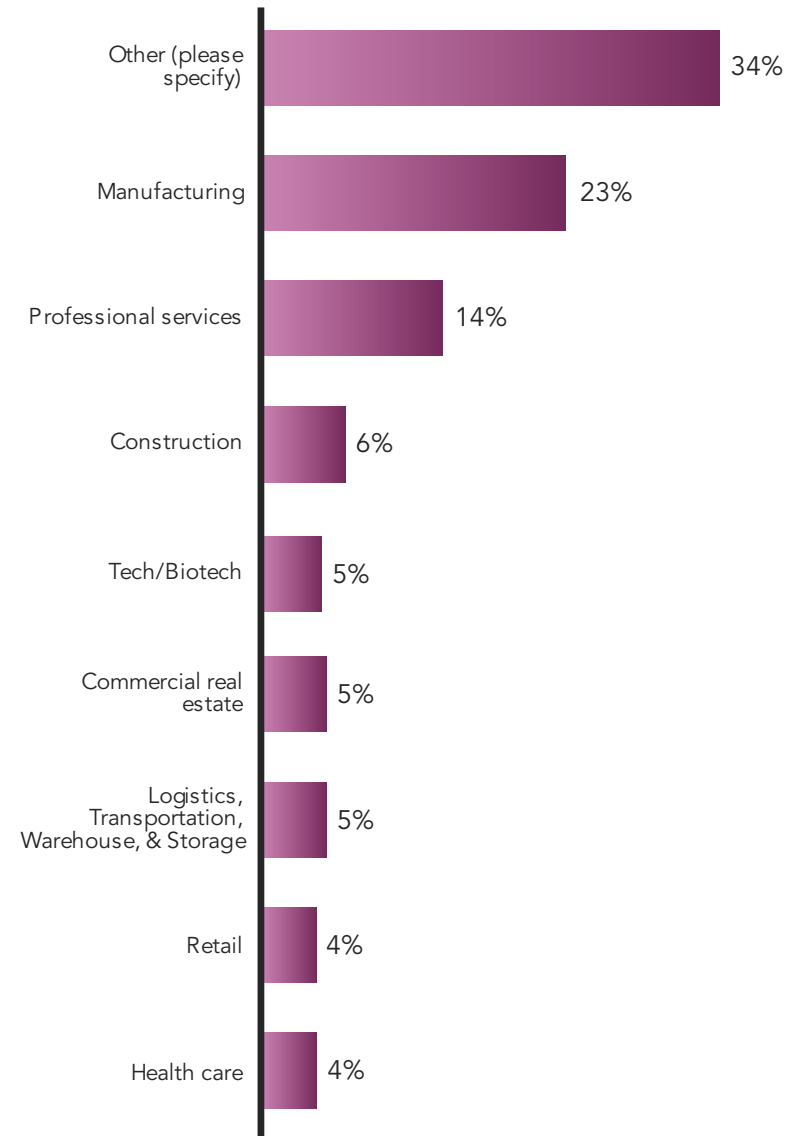
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### Number of Employees:

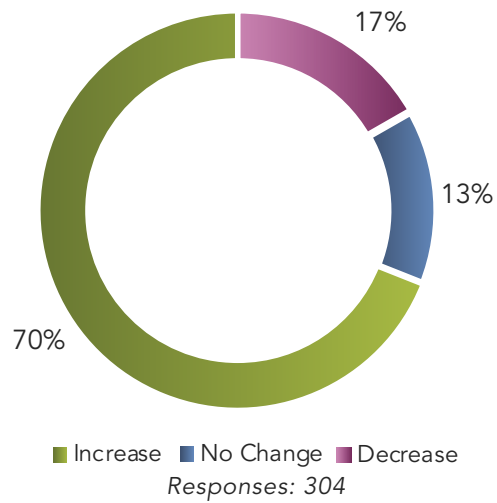


### Primary Business Type:

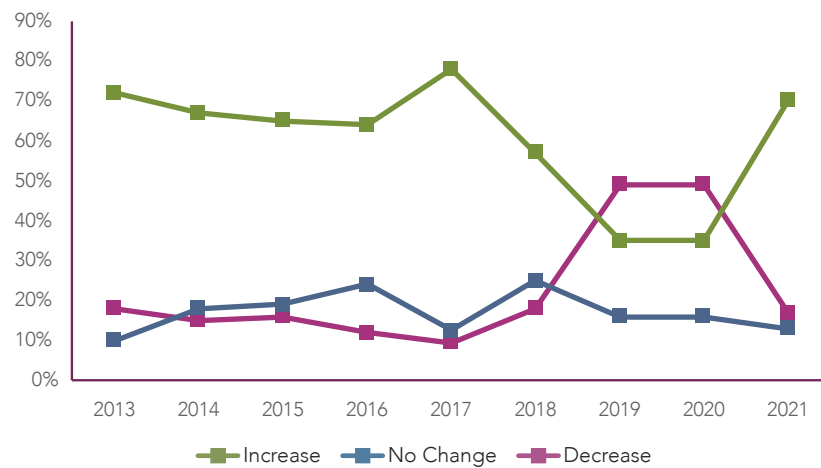


## RESULTS

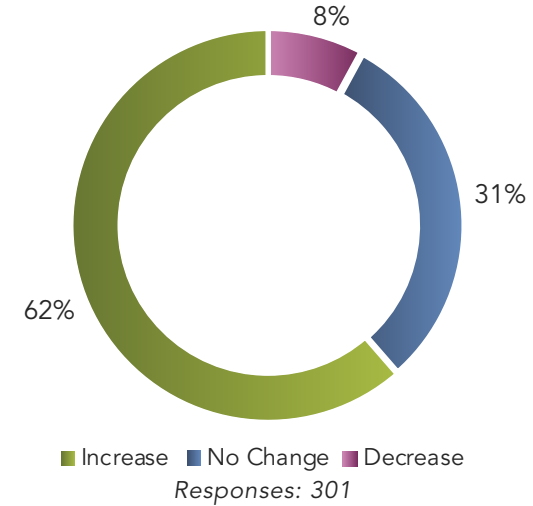
**Sales Revenue:** Compared to last year, please indicate what changed in your organization this year.



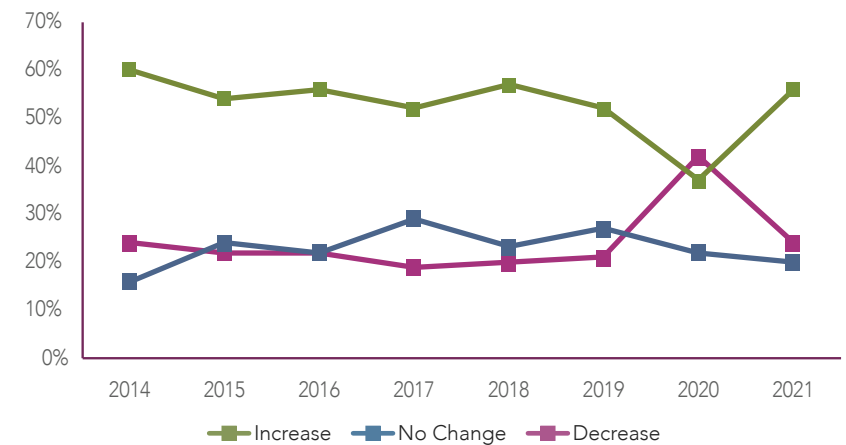
**Sales Revenue: Actual**



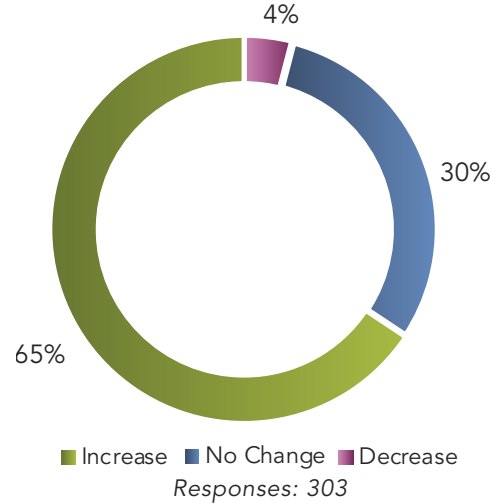
**Profitability:** Compared to last year, please indicate what changed in your organization this year.



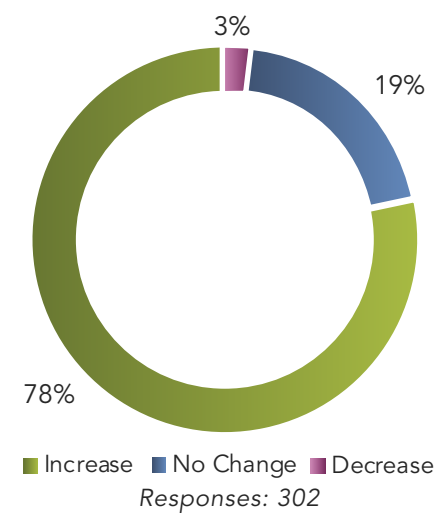
**Profitability: Actual**



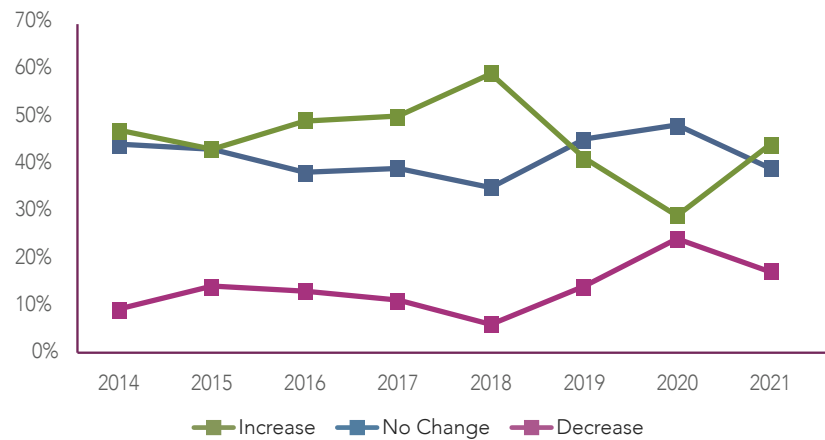
**Number of Employees:** Compared to last year, please indicate what changed in your organization this year.



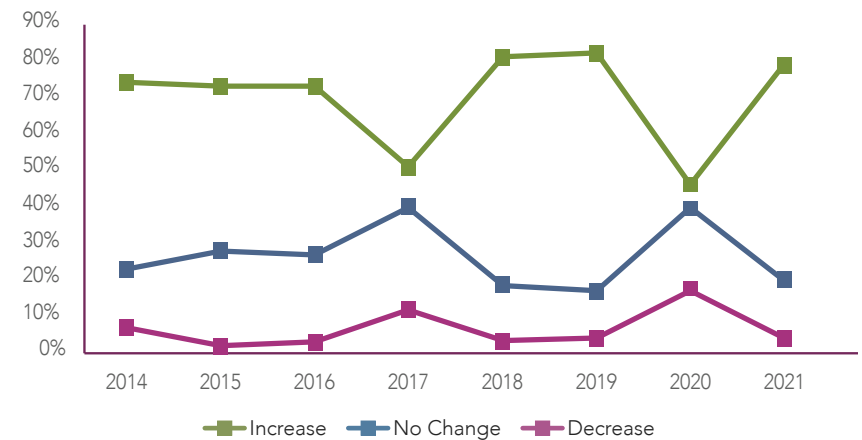
**Wages:** Compared to last year, please indicate what changed in your organization this year.



**Number of Employees: Actual**

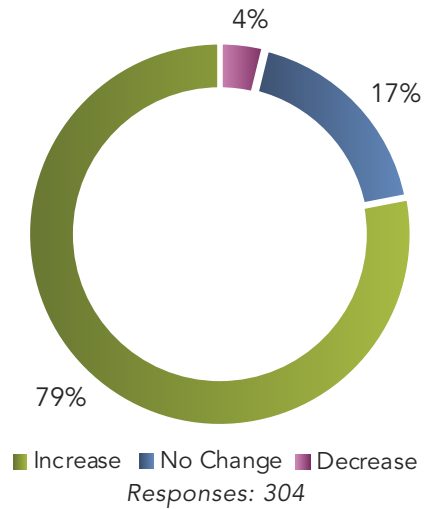


**Wages: Actual**

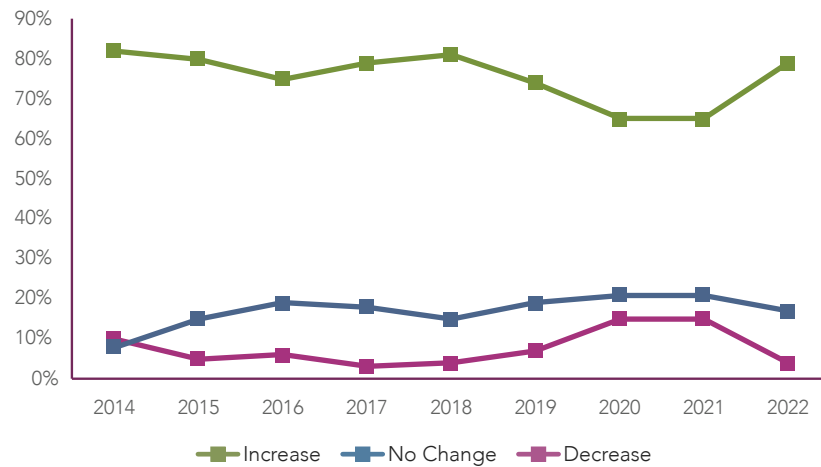




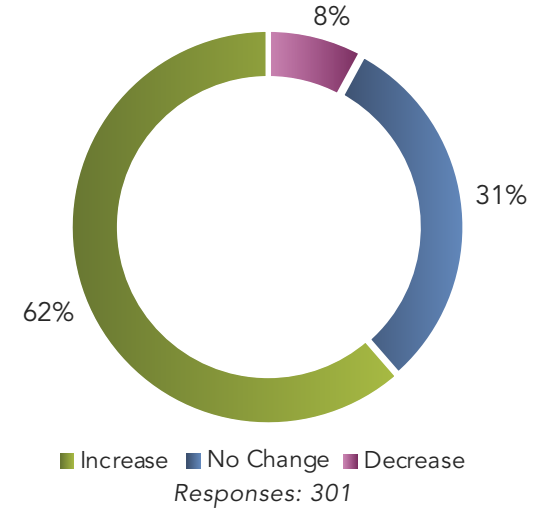
**Sales Revenue:** Compared to this year, please indicate what changes you forecast in your organization for next year.



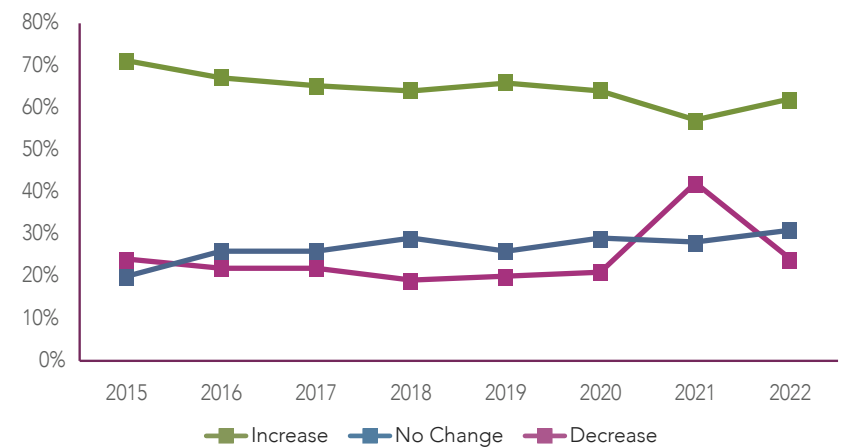
**Sales Revenue: Predicted**



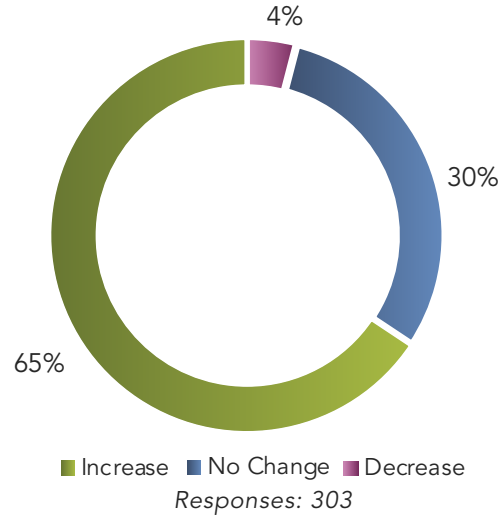
**Profitability:** Compared to this year, please indicate what changes you forecast in your organization for next year.



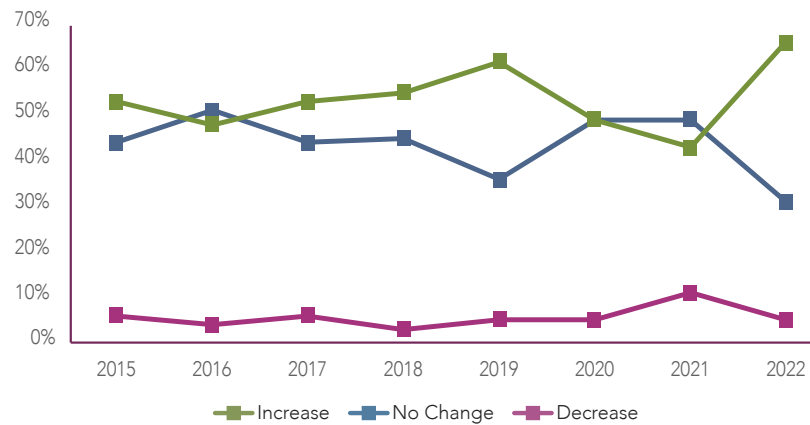
**Profitability: Predicted**



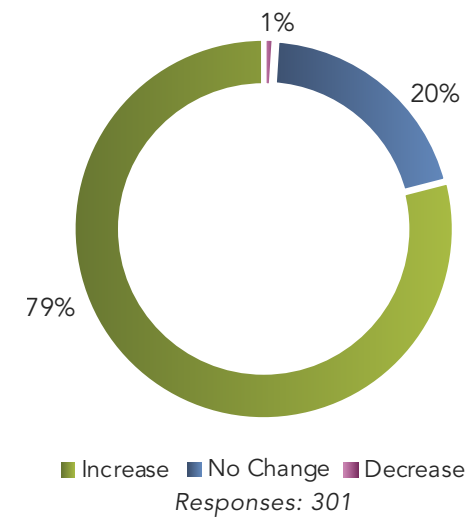
**Number of Employees:** Compared to this year, please indicate what changes you forecast in your organization for next year.



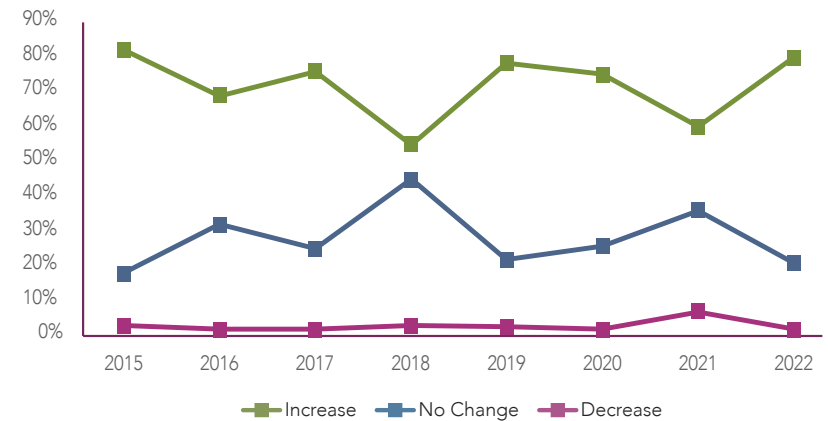
**Number of Employees: Predicted**



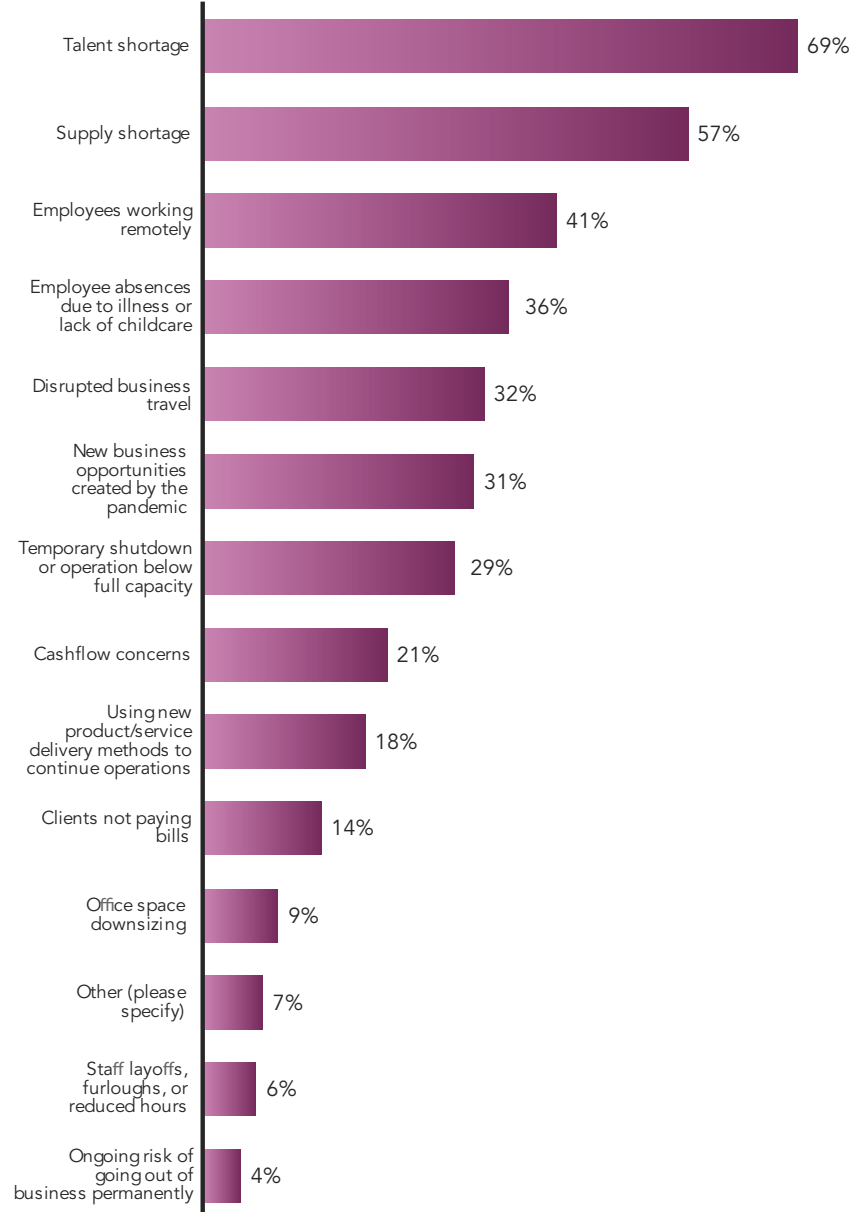
**Wages:** Compared to this year, please indicate what changes you forecast in your organization for next year.



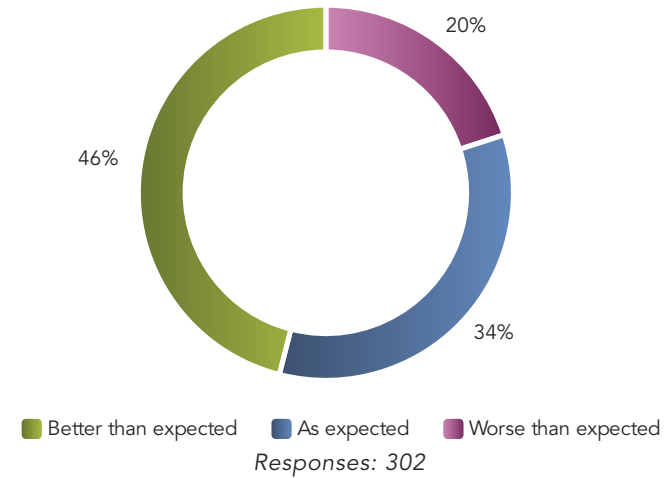
**Wages: Predicted**



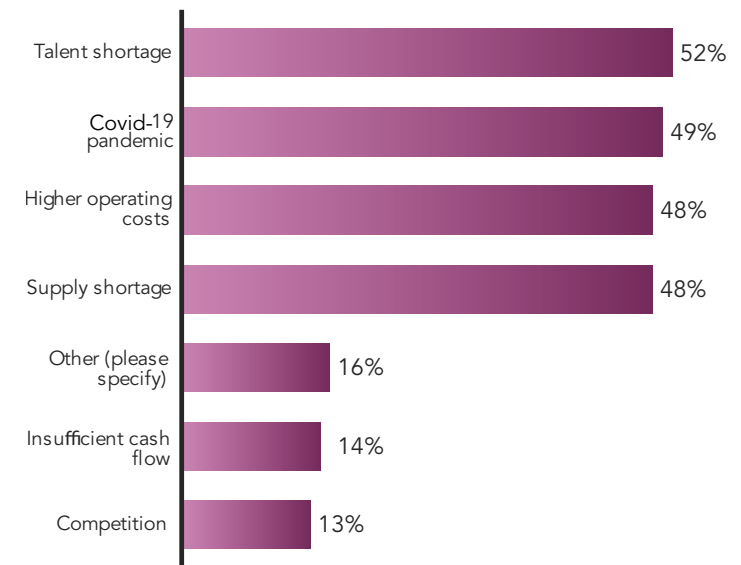
**Issues:** Which of the following issues affected your organization this year? (check all that apply)



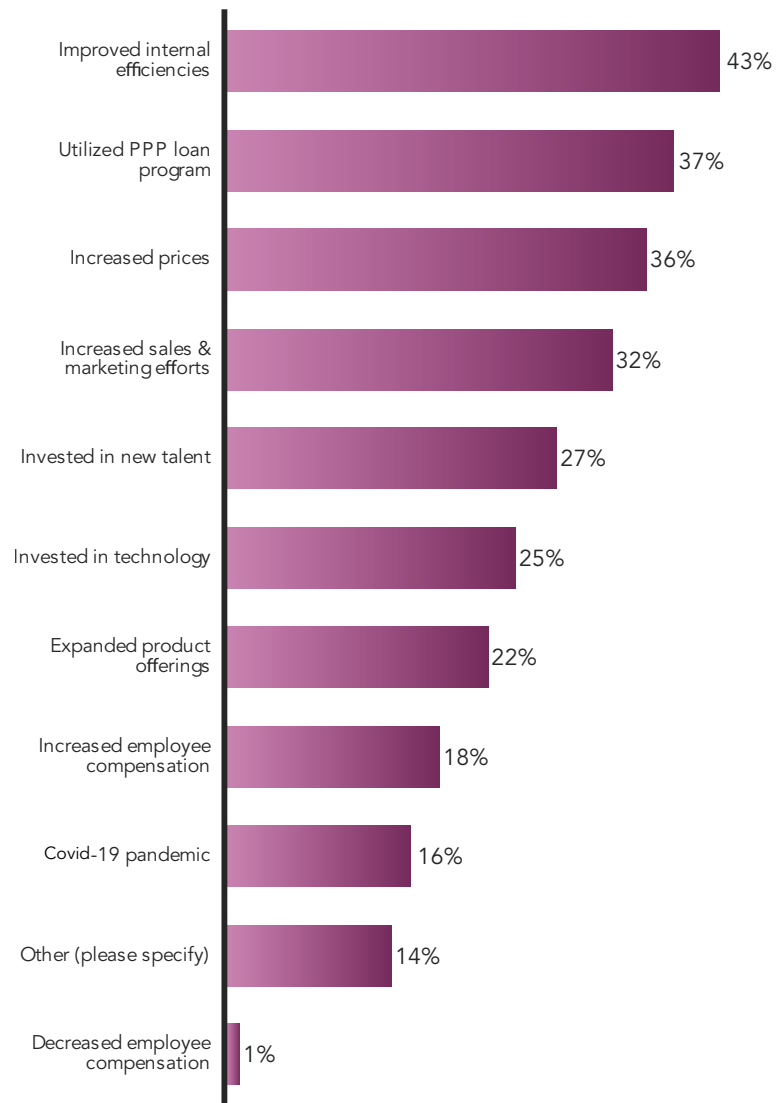
**Performance:** How was your overall business performance this year compared to your expectations?



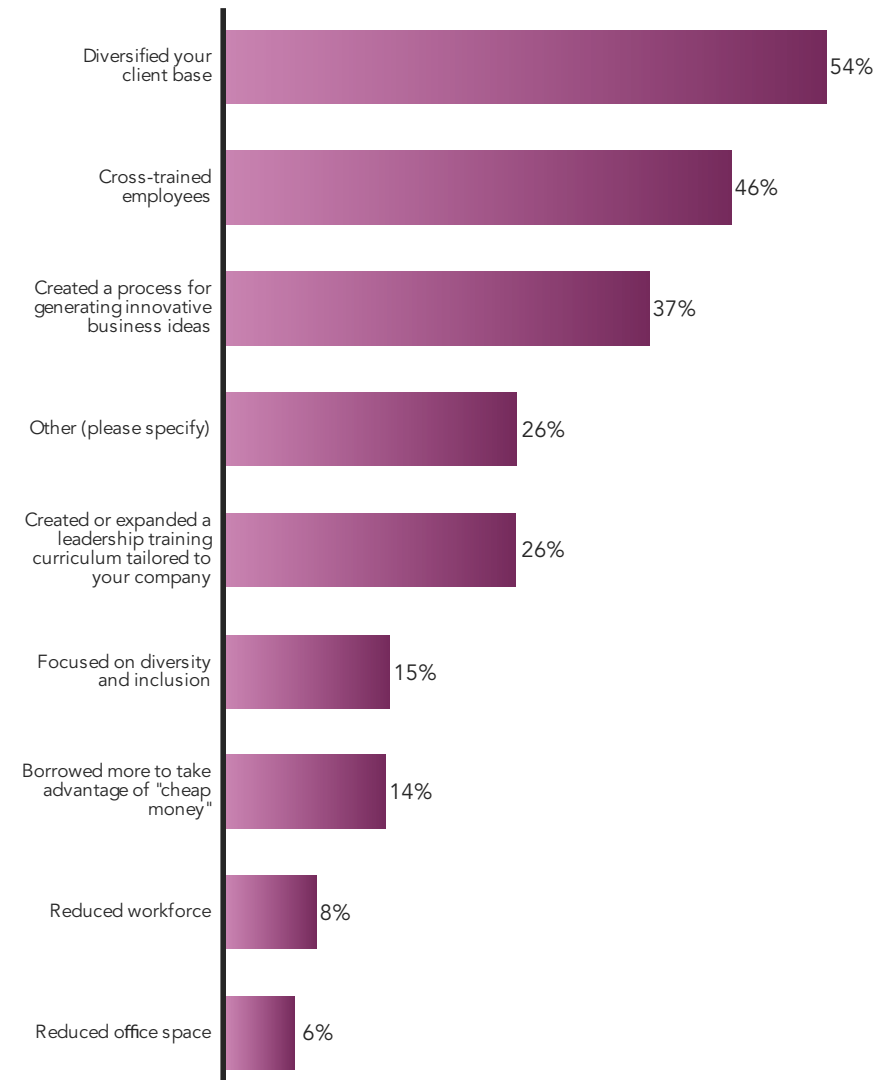
**Performance:** If your business performed below expectations this year, what are the TOP THREE things you attribute this lower performance to?



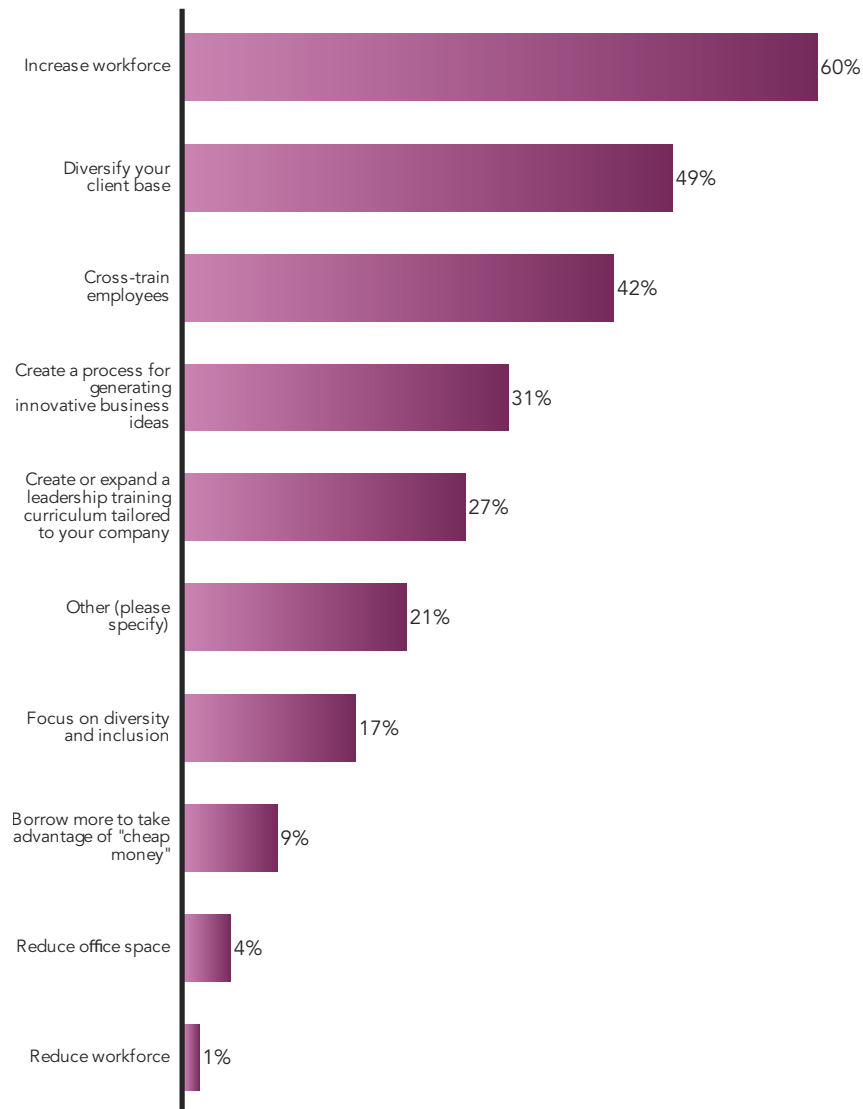
**Performance:** If your business performed above expectations this year, what are the TOP THREE things you attribute this improved performance to?



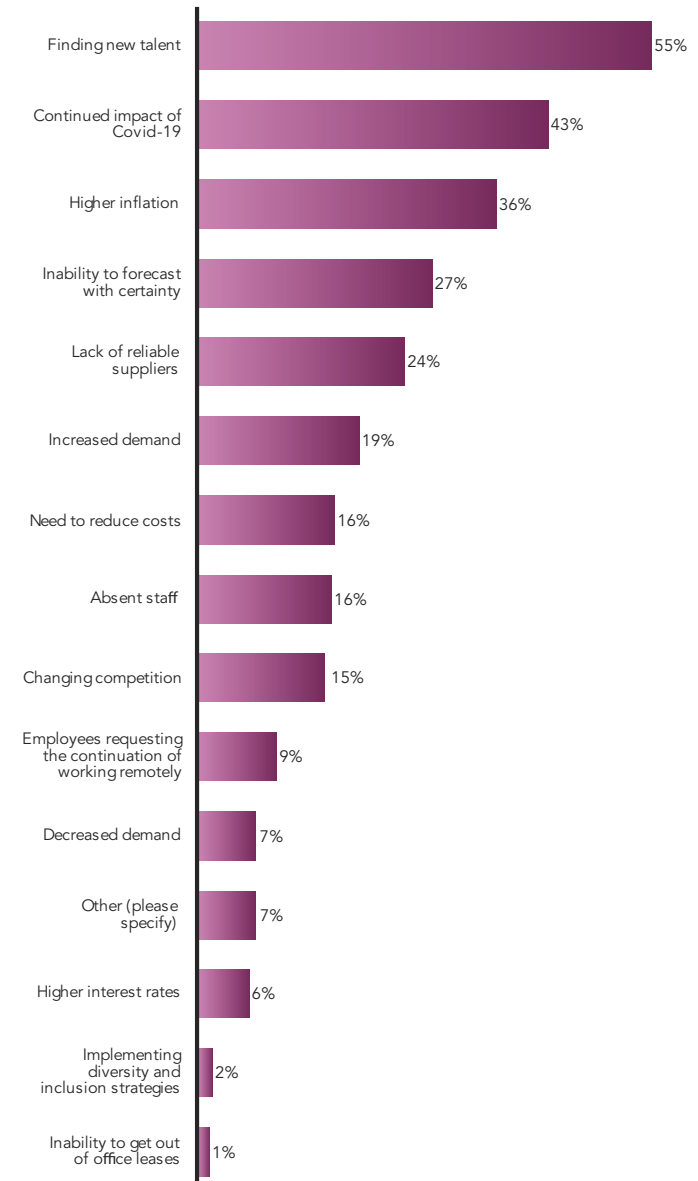
**Strategies:** What are the TOP THREE STRATEGIES you implemented this year?



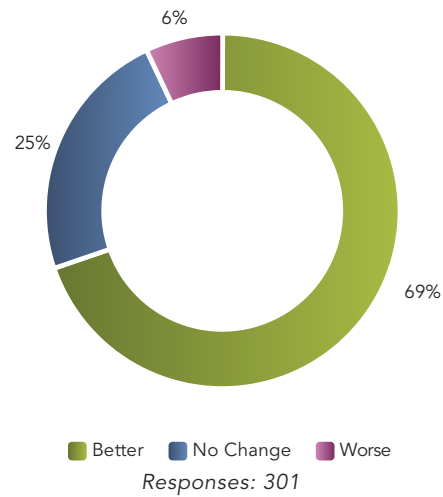
**Future Strategies:** What are the TOP THREE STRATEGIES you plan to implement next year?



**Challenges:** What are the TOP THREE CHALLENGES you see for next year?



**2022:** Do you think your business will perform better or worse overall next year compared to this year?



## 2022: Why?



# BUSINESS STATISTICS & TRENDS REPORT

## RESULTS **DANE COUNTY**

## GREATER DANE COUNTY RESULTS

After a sharp increase in 2020, the percentage of companies that saw a decline in sales dropped from 56% to 24% in 2021. The percentage of respondents whose sales increased in 2021 nearly doubled from 32% to 63%. Just 5% project a decrease in sales for 2022 (compared to 16% the previous year), while 75% expect higher sales in the year to come (a 13-point increase over the previous year's projection). Although 49% saw lower profits in 2020, that percentage plummeted to 28% in 2021; yet the percentage of companies whose profits increased shot up 20 points to 51%. Twelve percent expect a decrease in profitability (down 3 points) and 51% project higher profits in the year to come (a slight increase from the previous year's 49%). Twenty percent of respondents in Dane County saw a decrease in number of employees and just 5% reported a decrease in wages (compared to 25% and 21% respectively in 2020); 42% increased their workforce and 74% increased wages (compared to 28% and 42% respectively the previous year). Only 7% project a workforce decrease (down from 11%) and 2% project a decrease in wages (down from 8%) in the year to come; in contrast, 63% expect to hire more (vs. 38% the year before) and 77% project wage increases in 2022 (vs. 53% the previous year).

A talent shortage was the top issue affecting business leaders in Greater Dane County in 2021, followed by employees working remotely (the only carryover from 2020) and a supply shortage. Forty-six percent of companies reported that their overall business performance exceeded expectations in 2021 (compared to 33% the previous year), and just 17% fell short of expectations; a very sharp decline from 47% in 2020. Worse-than-expected performance was attributed primarily to the pandemic, followed by a talent shortage, higher operating costs, and a supply shortage. Performance exceeding expectations was primarily attributed to improved internal efficiencies, followed by PPP loans and increased sales and marketing efforts, with investments in new talent and higher prices being tied in fourth place. Diversifying their client base is the top strategy implemented by companies in Dane County in 2021, followed by cross-training employees and creating a process for generating innovative business ideas; all unchanged from 2020. A workforce increase is the top priority for 2022, followed by client base diversification and cross-training employees. Finding new talent is expected to be the greatest challenge in 2022, followed closely by the continued impact of the pandemic. Looking ahead, 8% expect worse overall business performance in 2022 (down 3% from the previous year's projection), while 67% expect to do better (up 7% from the previous year).



Dane County, according to the *Wisconsin State Journal* (September 2021), has one of the lowest unemployment rates in the state and the highest wages, citing data from the U.S. Bureau of Labor Statistics. The UW Grainger Center for Supply Chain Management concurs (*Wisconsin State Journal*, 10/18/21), attributing a shortage of goods and services in Dane County to the “worsening global supply chain disruptions caused largely by a worker shortage and related price inflation.” Certainly, the talent hunt and labor costs have put pressures on businesses in Greater Dane County — and their profits — as reflected in the results of the First Business Bank survey. Finding both short-term and long-term solutions to mitigating these issues will be especially important in the year to come.



#### RELATED RESOURCES

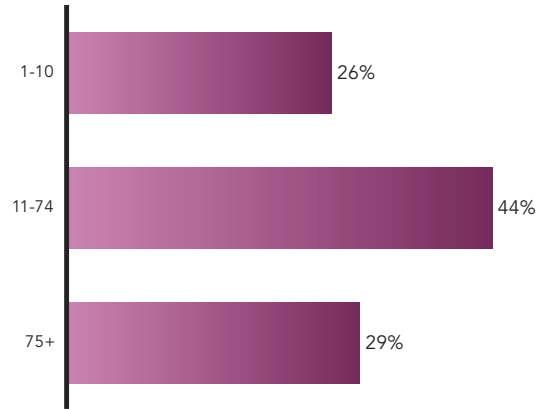
### Podcast: Why Create An ESOP?

Planning the future of your company can be a difficult, emotional process. As business leaders thoughtfully plan ownership transition, some turn to employee stock ownership plans (ESOPs) to help accomplish many of their top priorities. Our experts spoke about the benefits and downsides of ESOPs in this episode of [The First Business Bank Podcast](#).

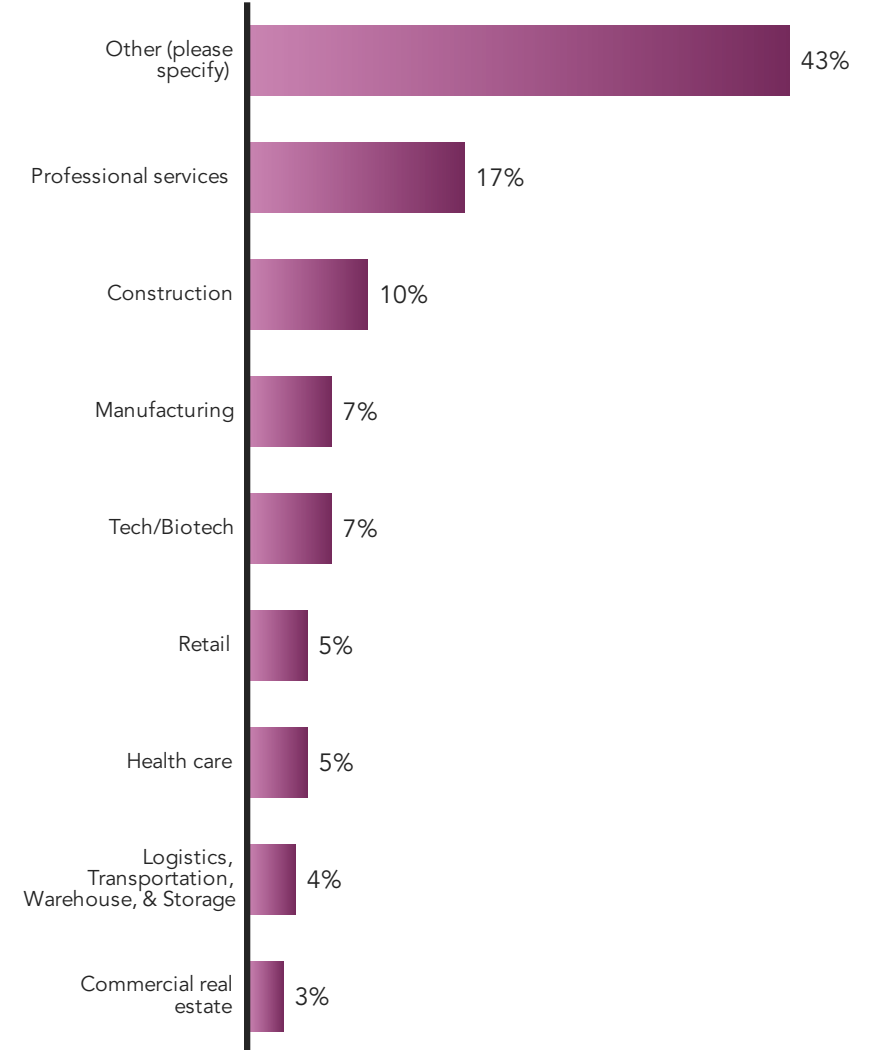
Learn more at [firstbusiness.bank/podcast](https://firstbusiness.bank/podcast).

## DEMOGRAPHICS

### Number of Employees:

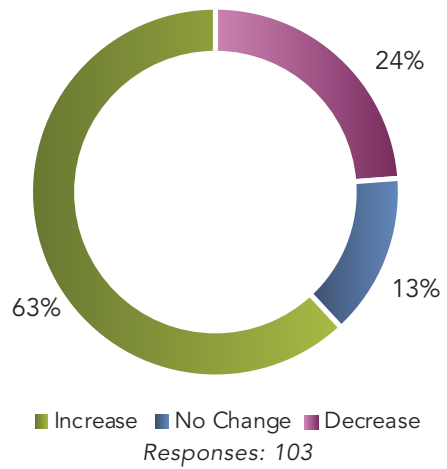


### Primary Business Type:

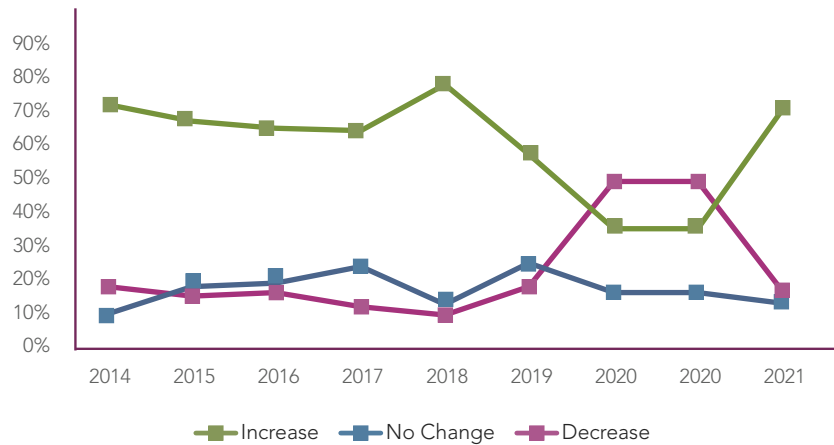


## RESULTS

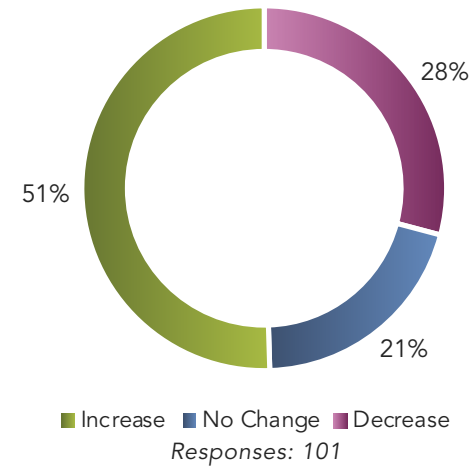
**Sales Revenue:** Compared to last year, please indicate what changed in your organization this year.



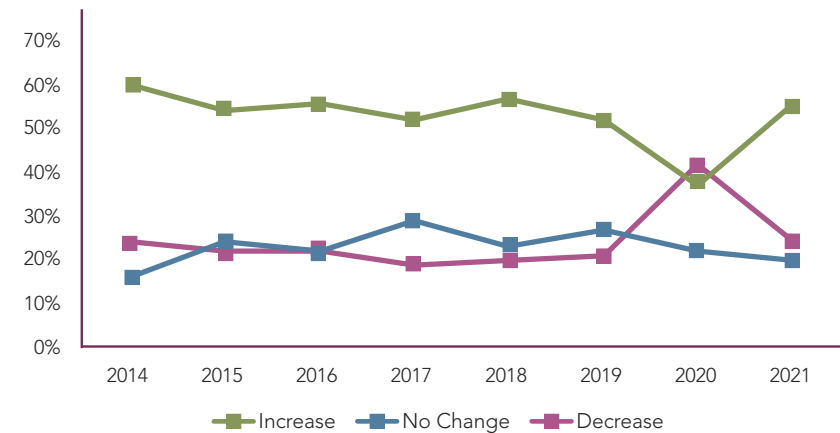
**Sales Revenue: Actual**



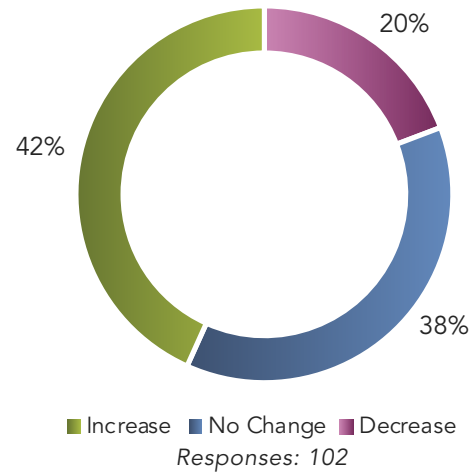
**Profitability:** Compared to last year, please indicate what changed in your organization this year.



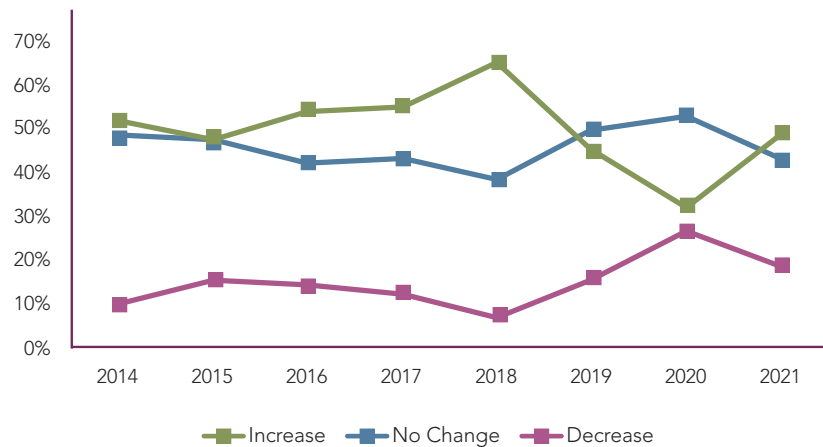
**Profitability: Actual**



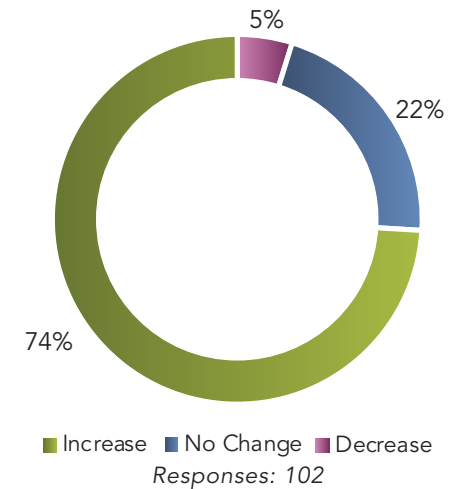
**Number of Employees:** Compared to last year, please indicate what changed in your organization this year.



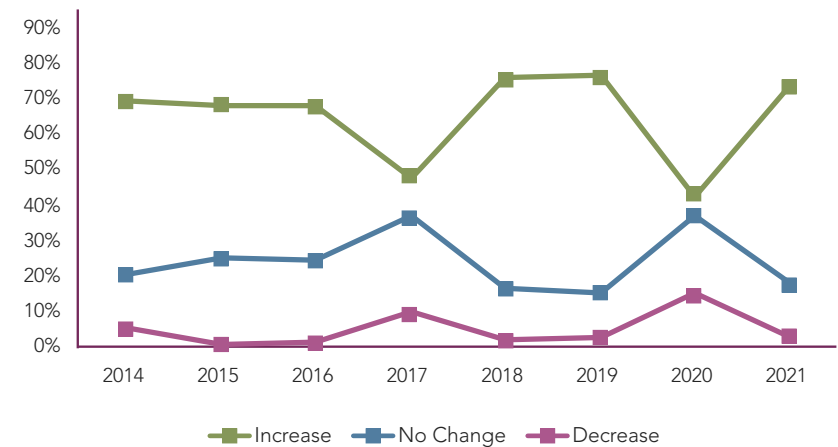
**Number of Employees: Actual**



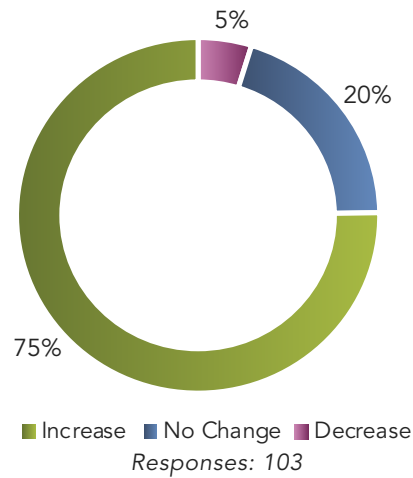
**Wages:** Compared to last year, please indicate what changed in your organization this year.



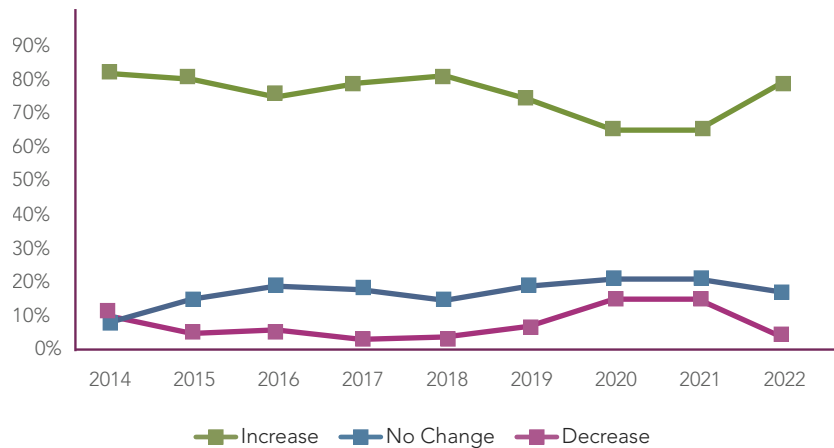
**Wages: Actual**



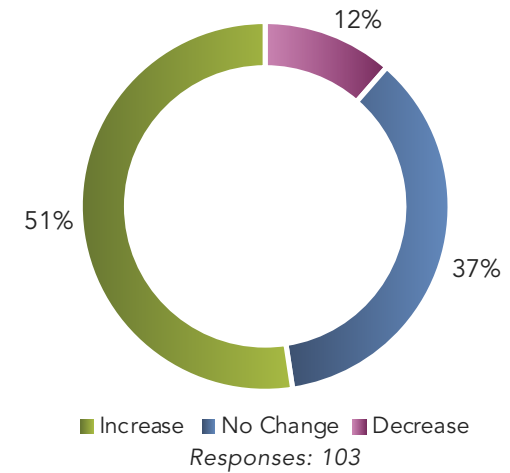
**Sales Revenue:** Compared to this year, please indicate what changes you forecast in your organization for next year.



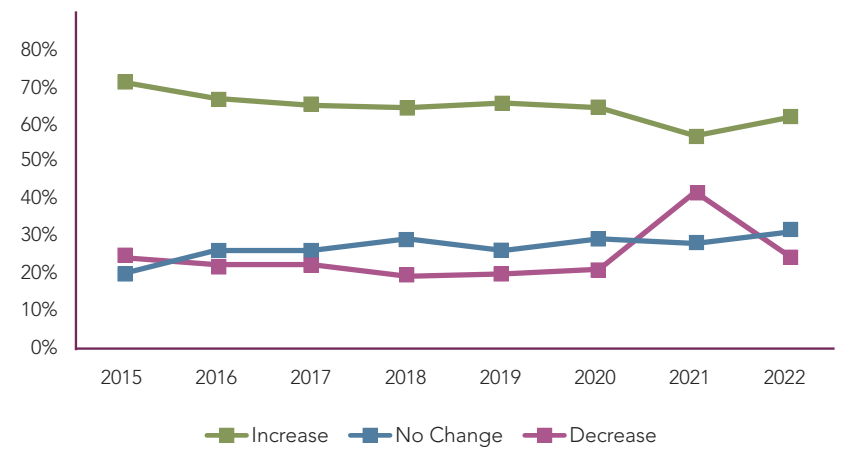
#### Sales Revenue: Predicted



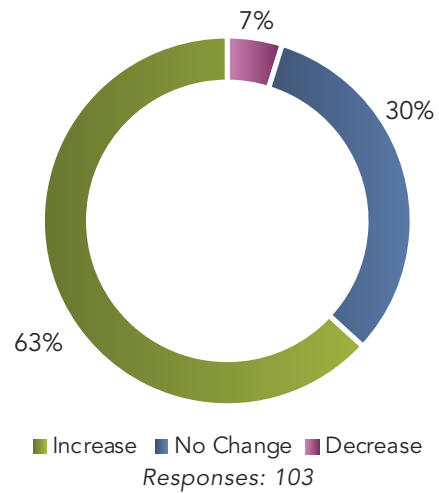
**Profitability:** Compared to this year, please indicate what changes you forecast in your organization for next year.



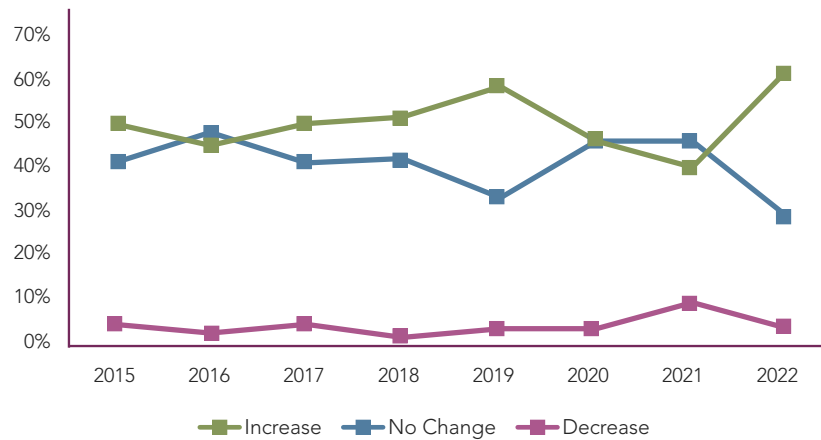
#### Profitability: Predicted



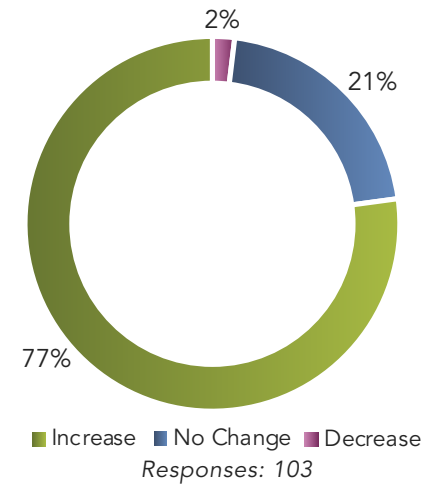
**Number of Employees:** Compared to this year, please indicate what changes you forecast in your organization for next year.



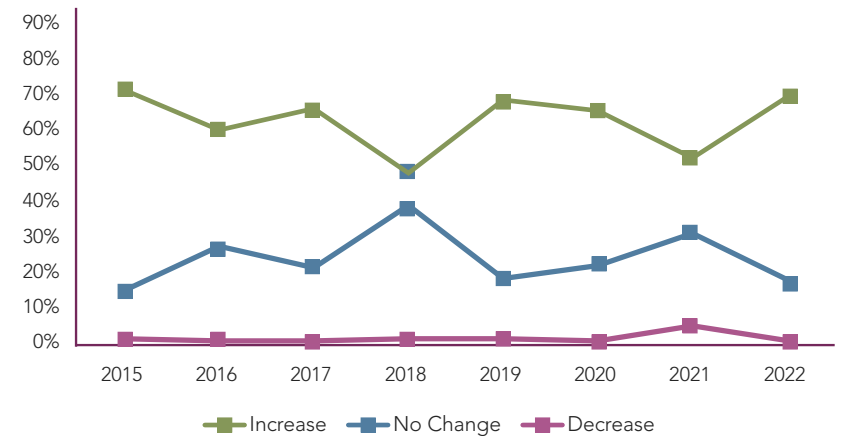
**Number of Employees: Predicted**



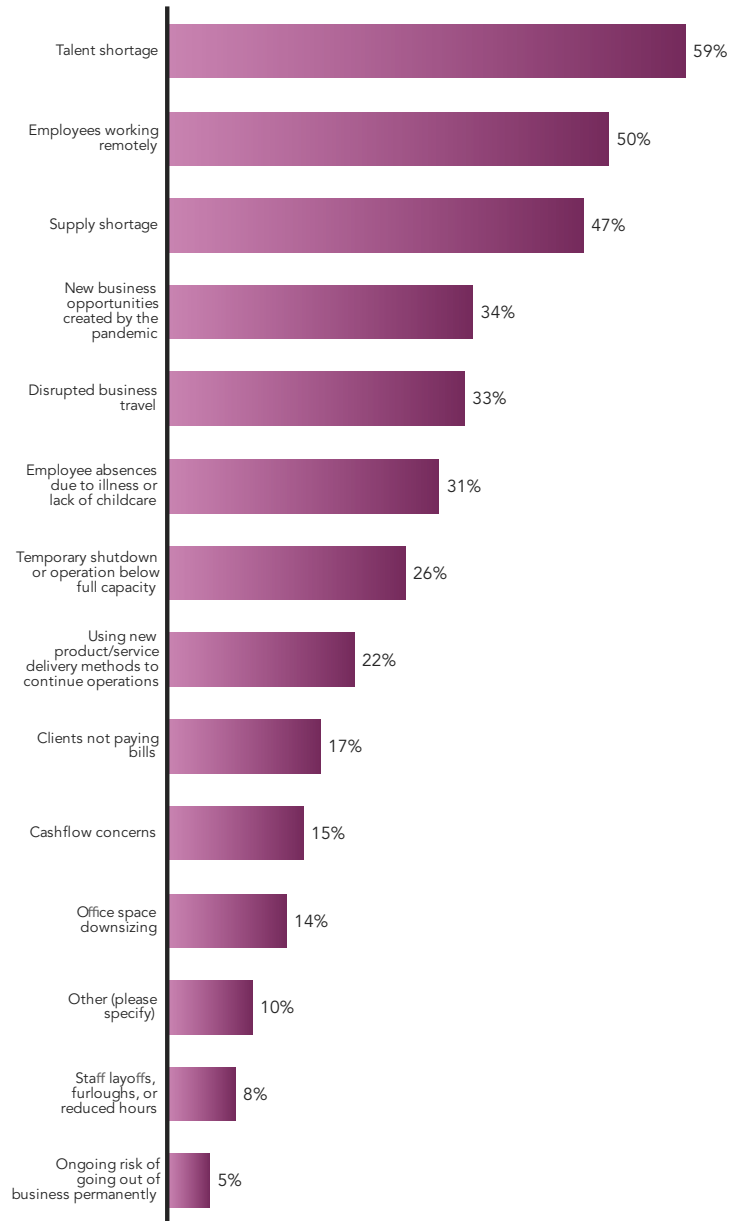
**Wages:** Compared to this year, please indicate what changes you forecast in your organization for next year.



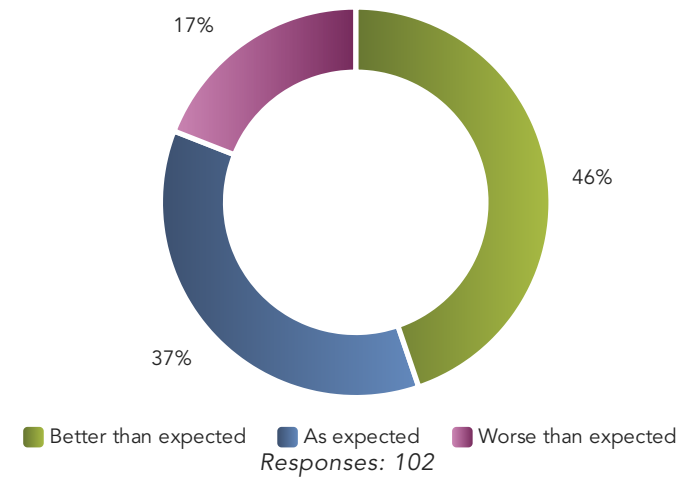
**Wages: Predicted**



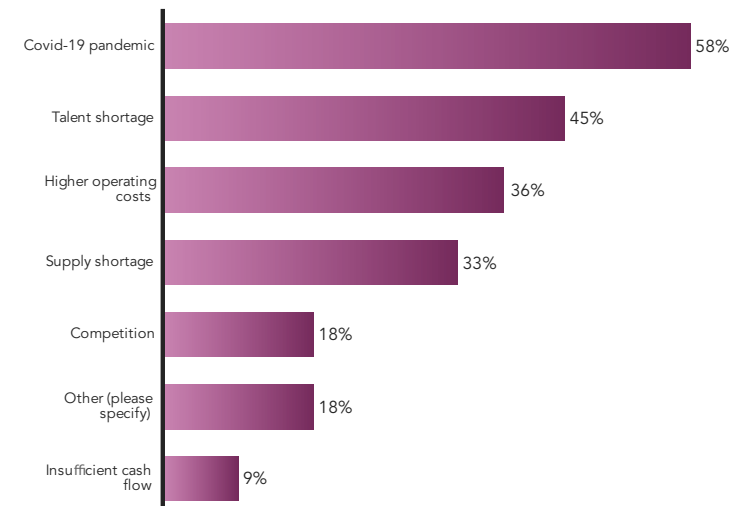
**Issues:** Which of the following issues affected your organization this year? (check all that apply)



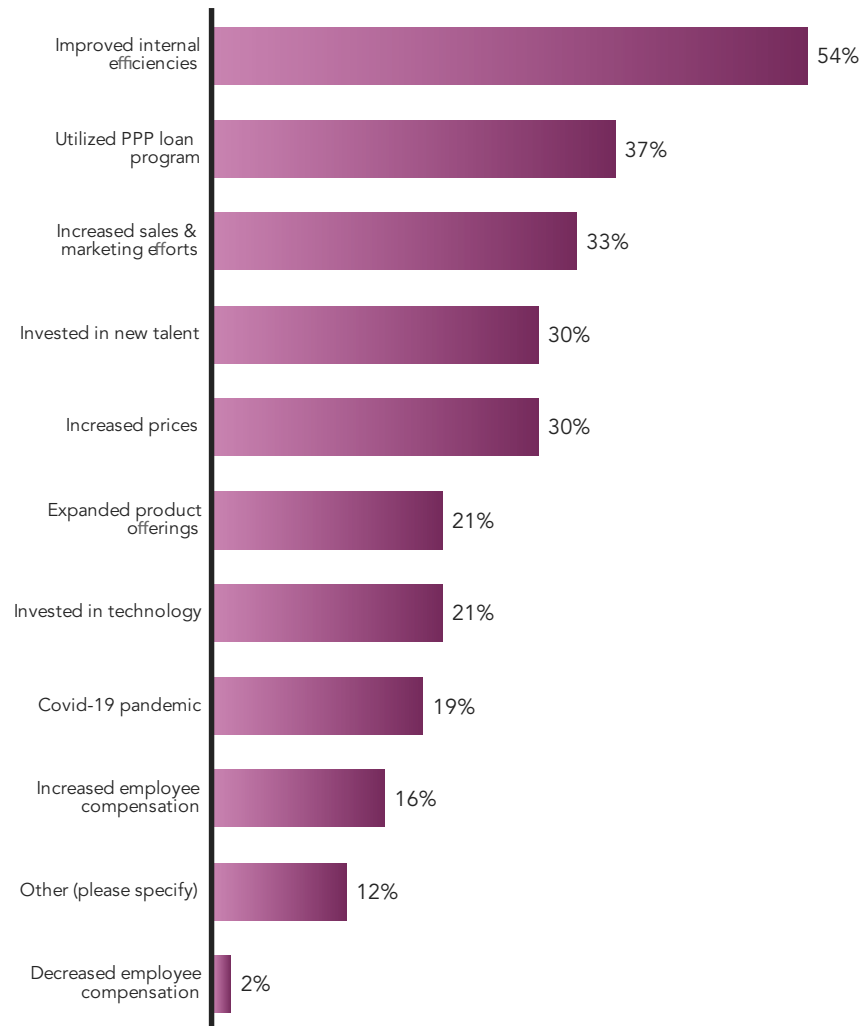
**Performance:** How was your overall business performance this year compared to your expectations?



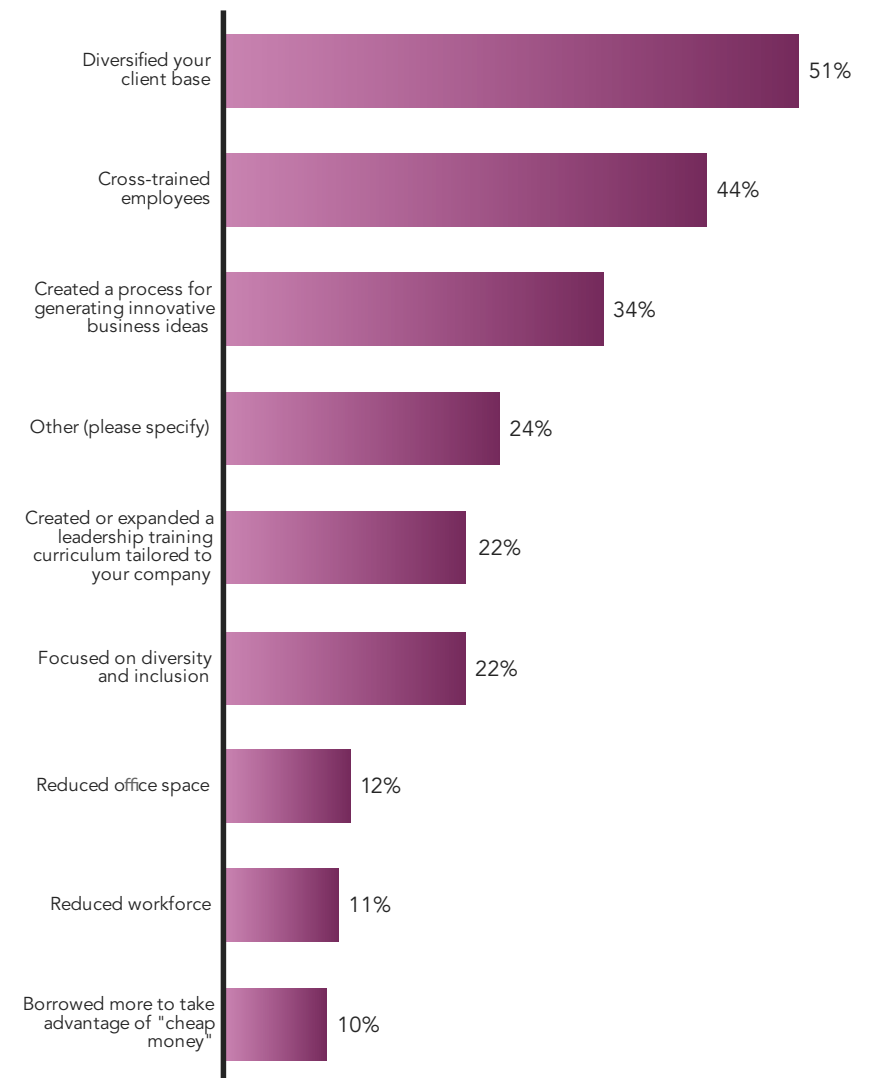
**Performance:** If your business performed below expectations this year, what are the TOP THREE things you attribute this lower performance to?



**Performance:** If your business performed above expectations this year, what are the TOP THREE things you attribute this improved performance to?

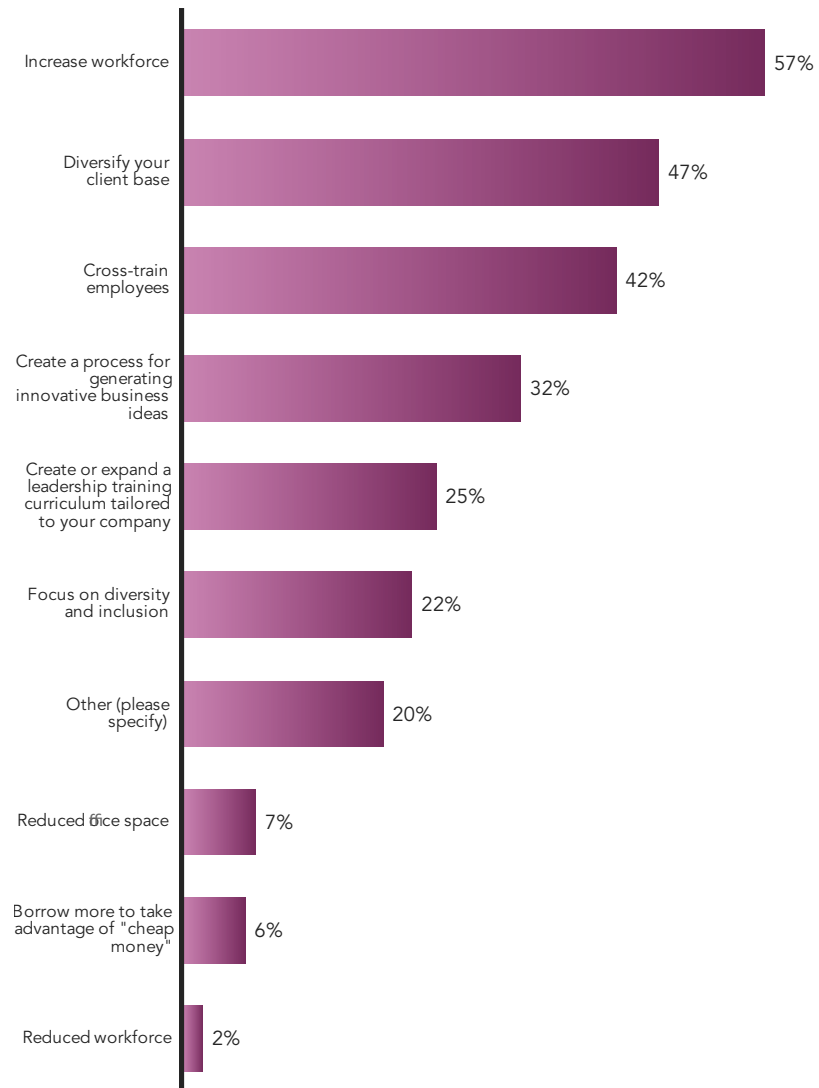


**Strategies:** What are the TOP THREE STRATEGIES you implemented this year?

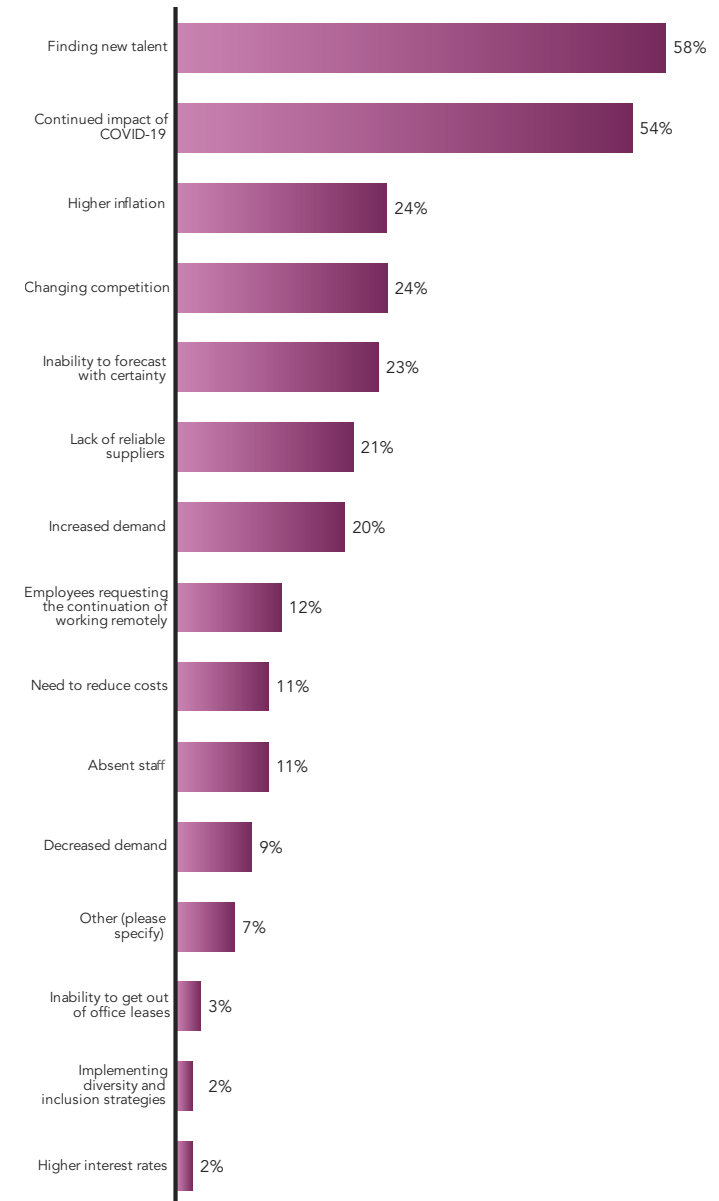




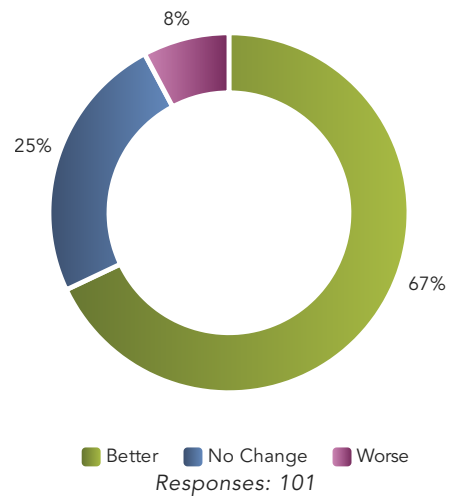
**Future Strategies:** What are the TOP THREE STRATEGIES you plan to implement next year?



**Challenges:** What are the TOP THREE CHALLENGES you see for next year?



**2022:** Do you think your business will perform better or worse overall next year compared to this year?



## 2022: Why?



# BUSINESS STATISTICS & TRENDS REPORT

RESULTS  
**SOUTHEAST  
WISCONSIN**

The percentage of companies in Southeast Wisconsin reporting lower sales revenues in 2021 plummeted 34 points over the previous year to just 10%, while 78% reported a sales increase (up 37 points). Only 1% of respondents expect lower sales in 2022 (down 7 points) but 78% project a sales revenue increase in the coming year (10 points higher than the previous year's projection). Twenty-one percent reported lower profits in 2021 (down 14 points), but 53% saw a profitability increase (up 9 points). The percentage projecting lower profits in 2022 was 4% (half that projected the previous year), but the percentage of companies projecting higher profits also dropped slightly (3 points) to 65%. Sixteen percent of respondents reported a decrease in their number of employees (a drop of 3 points over last year), but 46% saw a workforce increase (a sharp 20-point increase from the previous year). Just 1% expect a smaller workforce in 2022 (down from 6%), and 70% expect to hire more (up sharply from 42%). None reported a decrease in wages (compared to 8% in 2020), and 81% saw wage increases (nearly double the previous year's 41%). This almost exactly mirrors wage projections for 2022, with none expecting a decrease (down from 2%) and 80% projecting an increase (up 17 percentage points).

A talent shortage and a supply shortage are the two towering issues that business leaders in Southeast Wisconsin had to deal with in 2021. The percentage of companies exceeding overall business performance

expectations increased from 35% to 41% over the previous year, while the percentage of those that fell short of expectations plummeted from 43% in 2020 to 26% in 2021. A talent shortage is the top reason for business performance below expectations, followed closely by a supply shortage, higher operating costs, and the pandemic. Better-than-expected performance was attributed to improved internal efficiencies, increased sales and marketing efforts, higher prices, and PPP loans. Cross-training employees, diversifying the client base, and creating a process to generate innovative ideas were the top three strategies implemented in 2021, unchanged from 2020. In the coming year, increasing the workforce is by far the top strategy, followed by diversifying the client base, and creating a process for generating innovative ideas a distant third. The most important challenge in the coming year will be finding new talent, followed by higher inflation and the continued impact of the pandemic. Seventy-two percent expect better overall business performance in 2022 (down 3 points from the previous year), and just 8% expect to do worse (2 percentage points higher than the previous year's projection).

Southeast Wisconsin, in particular, has experienced the same challenges observed elsewhere: Port Milwaukee felt the logjams that several ports on the East and West Coasts have experienced (WTMJ 10/19/21). A Metropolitan Milwaukee Association of Commerce report

(10/7/21) highlighted the strong increase in wages and the lower unemployment rate in Milwaukee. The supply shortages, however, continue to be an issue (*Journal Sentinel*, 10/8/21) — as is the serious labor shortage (*Milwaukee Business Journal*, 9/21/21; 9/30/21). First Business Bank's Business Statistics and Trends survey clearly reflects these challenges, as well as business leaders' strategies as they look ahead to 2022.



#### RELATED RESOURCES

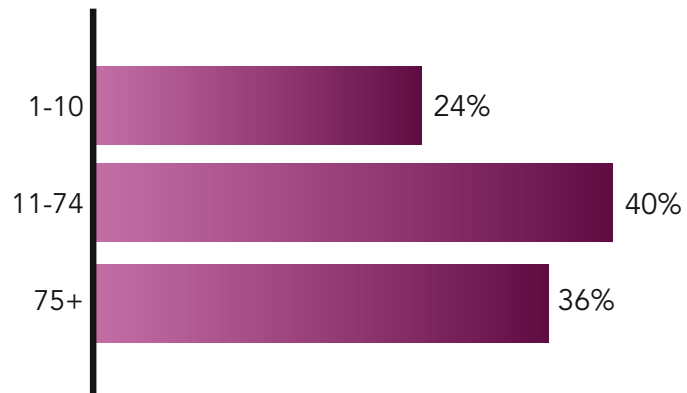
##### **Article: Help Wanted: Job Market Analysis?**

We're fans of making data-driven decisions — the idea behind this nearly 20-year effort to provide local, valuable data to local business owners. With the ongoing tight labor market in her sights, Nancy Johnshoy, Senior Vice President – Portfolio Manager & Market Strategist, recently analyzed historic and current [job market numbers](#) to show trends in resignations, earnings, and more.

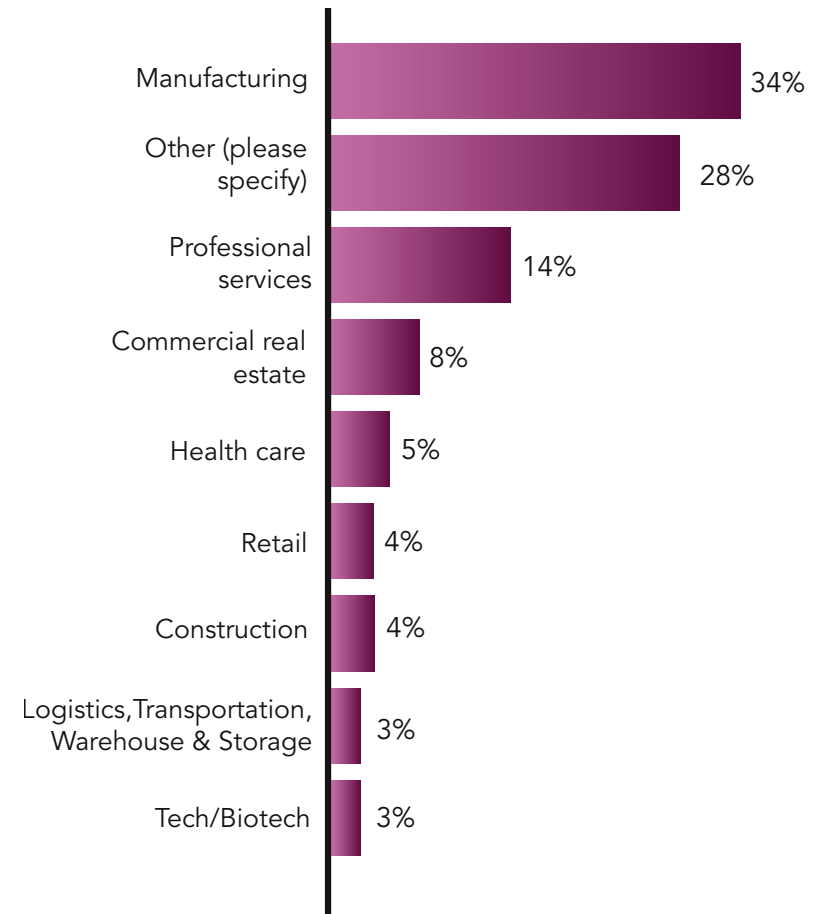
Learn more at [\*\*firstbusiness.bank/resources\*\*](https://firstbusiness.bank/resources).

## DEMOGRAPHICS

### Number of Employees:

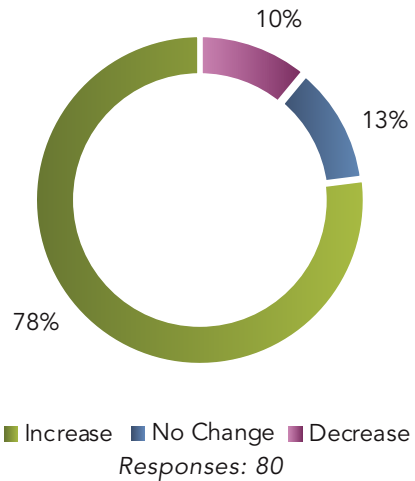


### Primary Business Type:

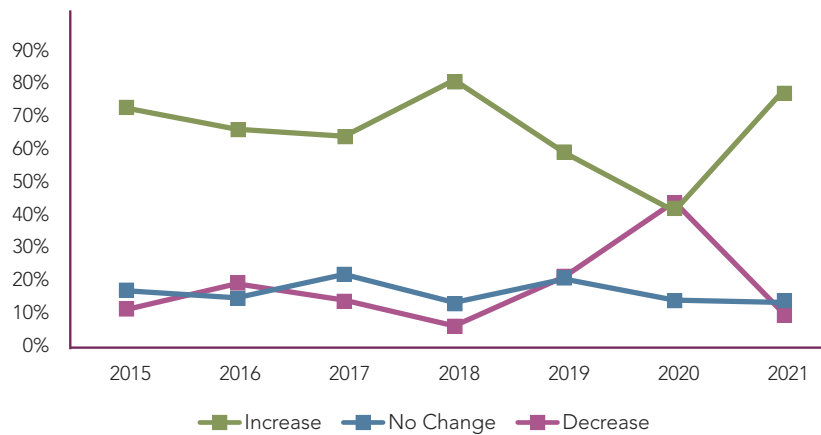


## RESULTS

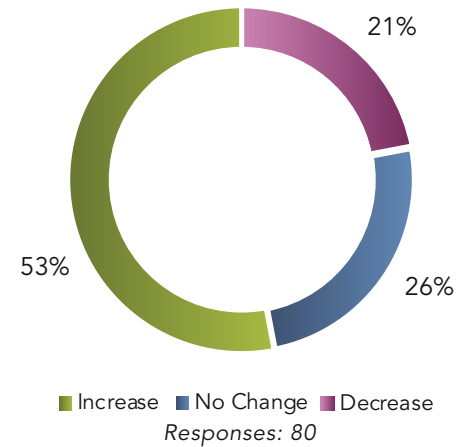
**Sales Revenue:** Compared to last year, please indicate what changed in your organization this year.



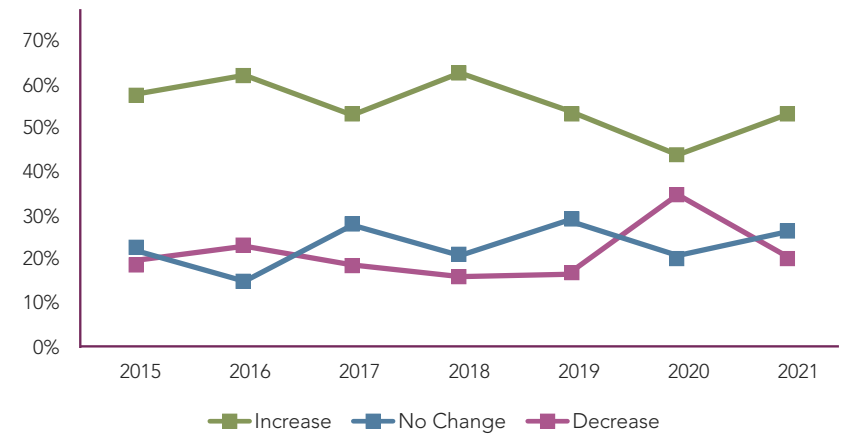
**Sales Revenue: Actual**



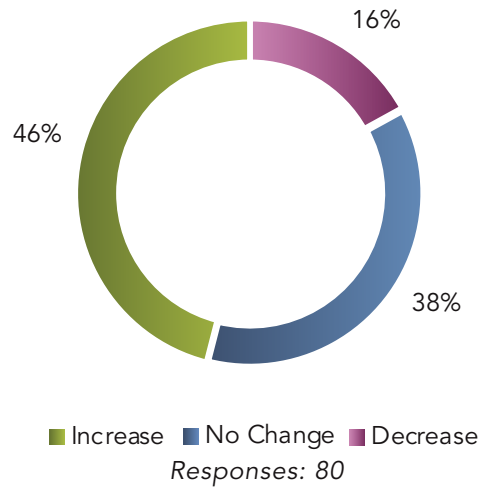
**Profitability:** Compared to last year, please indicate what changed in your organization this year.



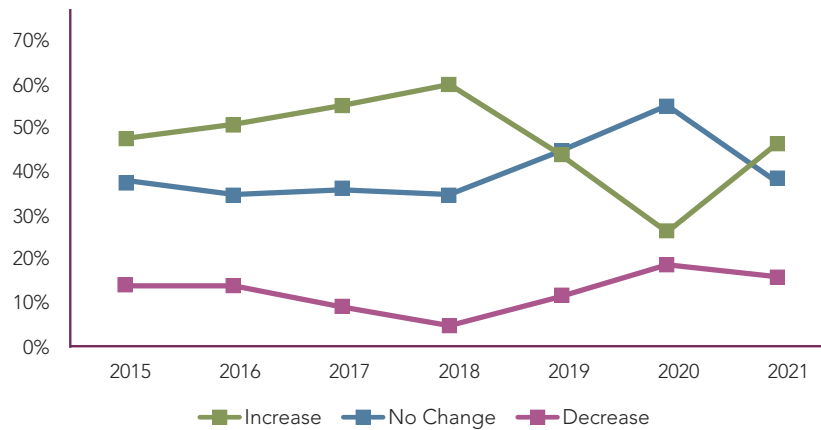
**Profitability: Actual**



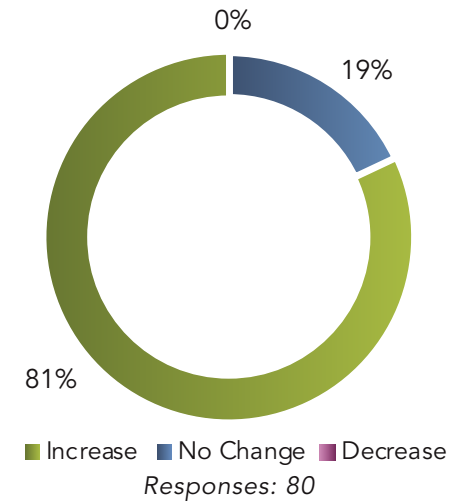
**Number of Employees:** Compared to last year, please indicate what changed in your organization this year.



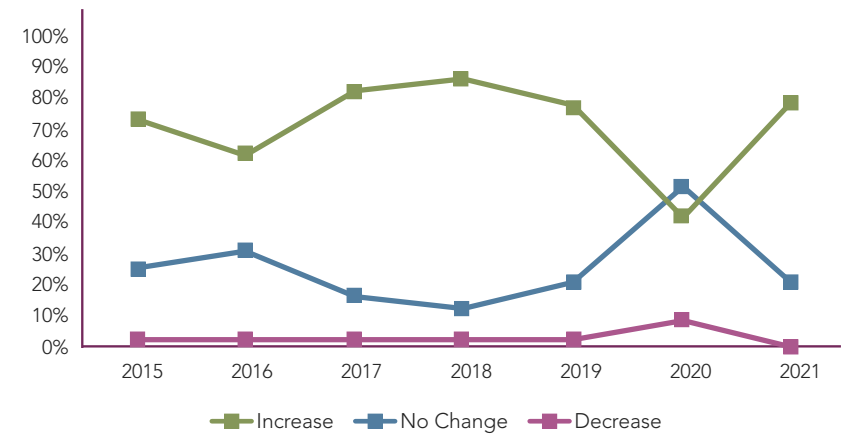
**Number of Employees: Actual**



**Wages:** Compared to last year, please indicate what changed in your organization this year.

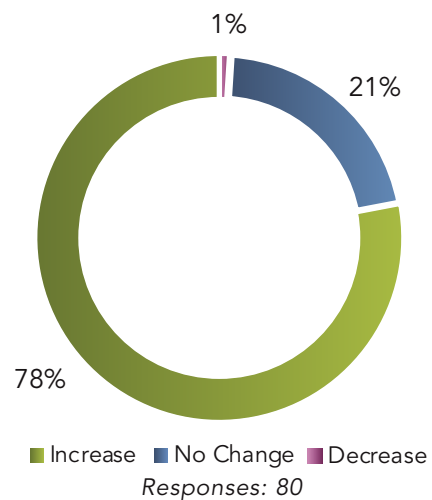


**Wages: Actual**

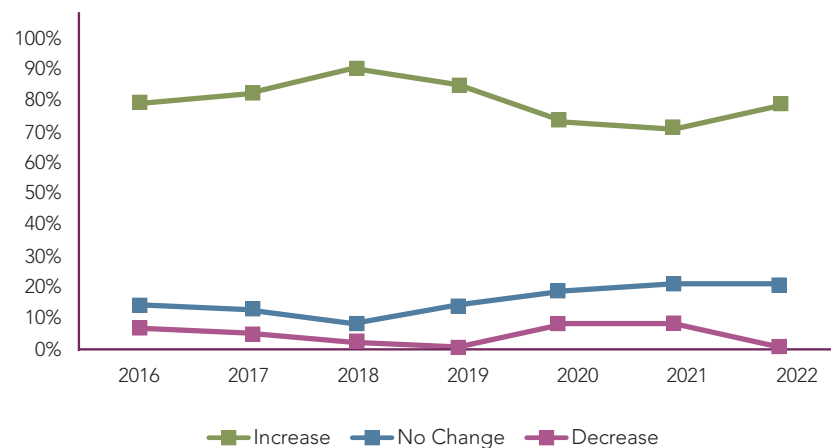




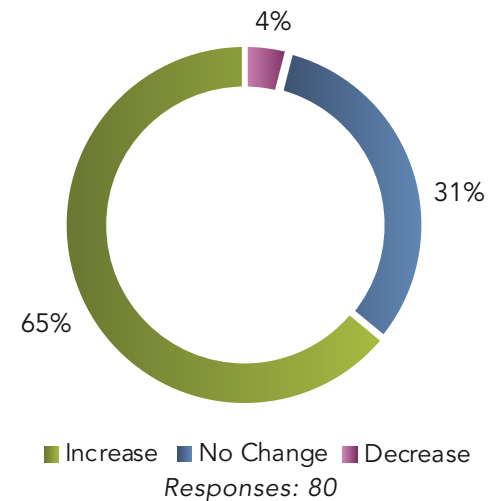
**Sales Revenue:** Compared to this year, please indicate what changes you forecast in your organization for next year.



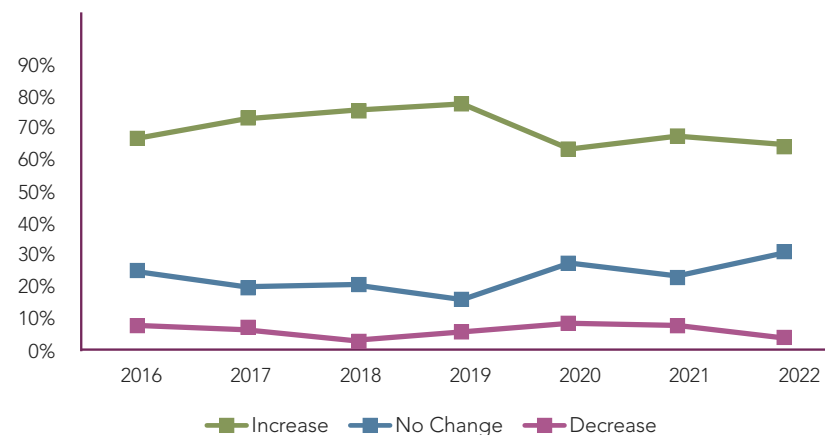
**Sales Revenue: Predicted**



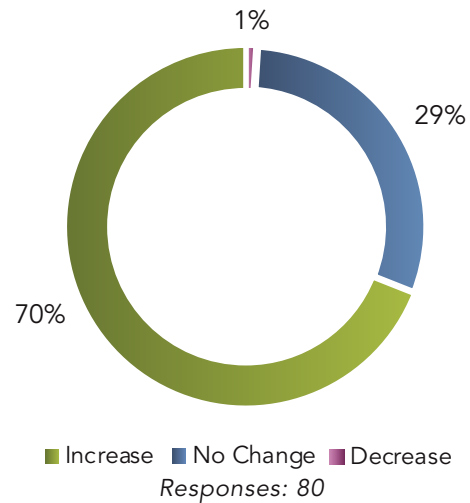
**Profitability:** Compared to this year, please indicate what changes you forecast in your organization for next year.



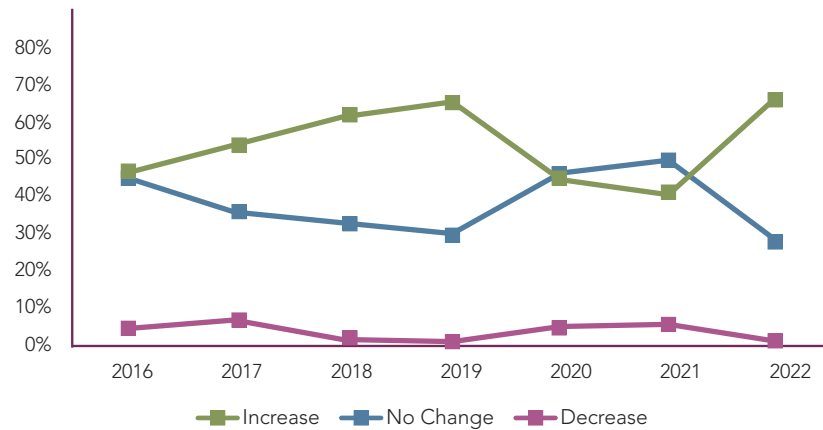
**Profitability: Predicted**



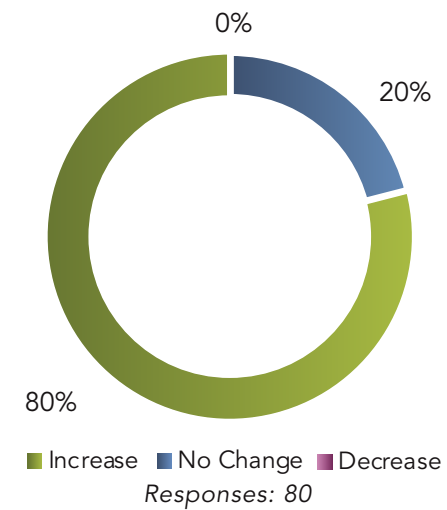
**Number of Employees:** Compared to this year, please indicate what changes you forecast in your organization for next year.



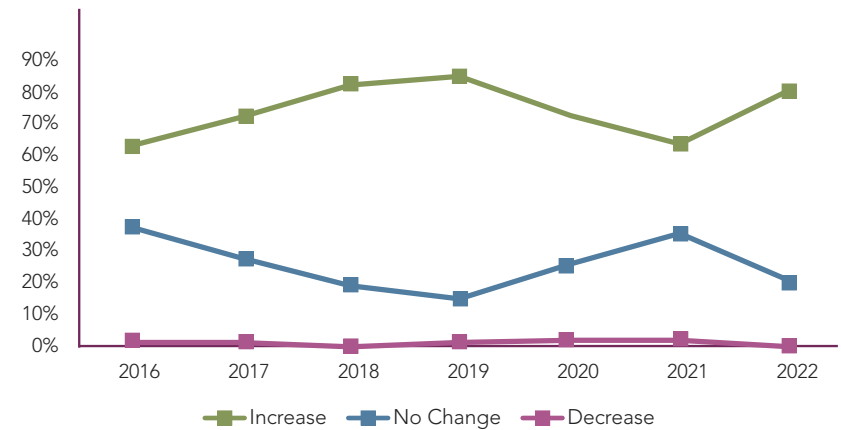
**Number of Employees: Predicted**



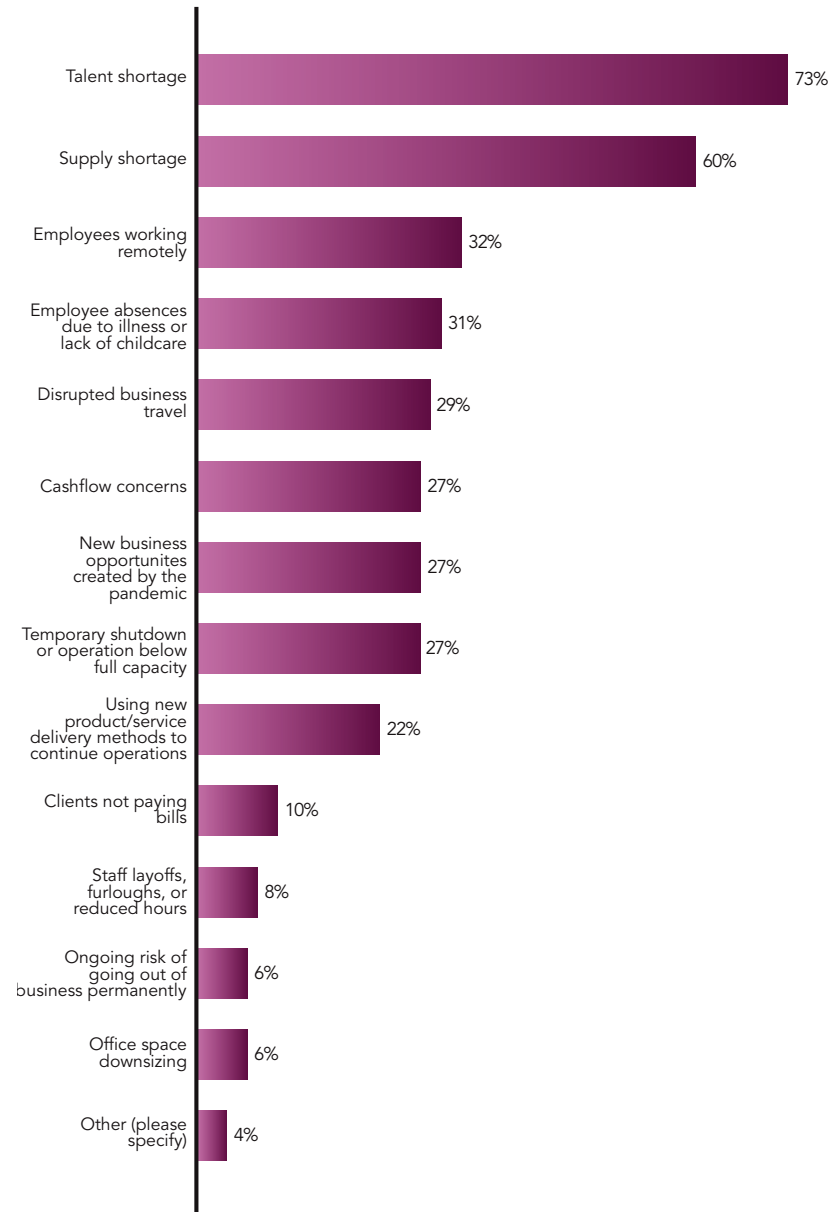
**Wages:** Compared to this year, please indicate what changes you forecast in your organization for next year.



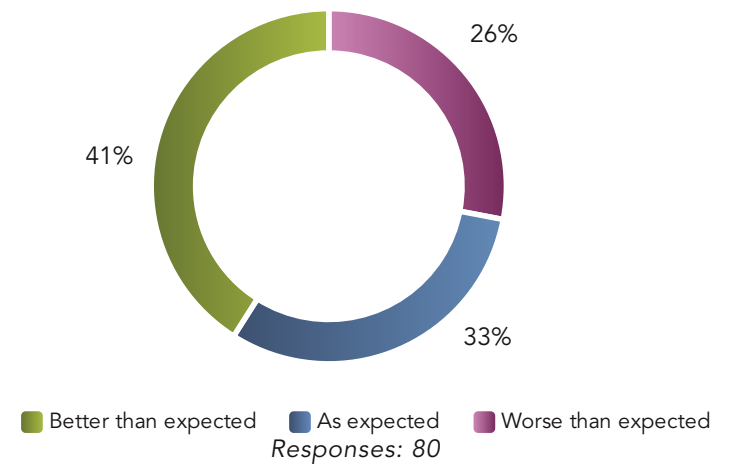
**Wages: Predicted**



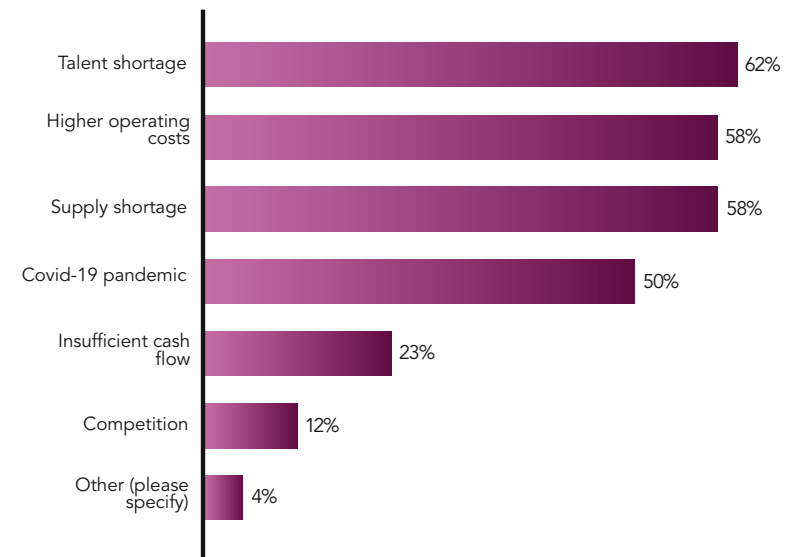
**Issues:** Which of the following issues affected your organization this year? (check all that apply)



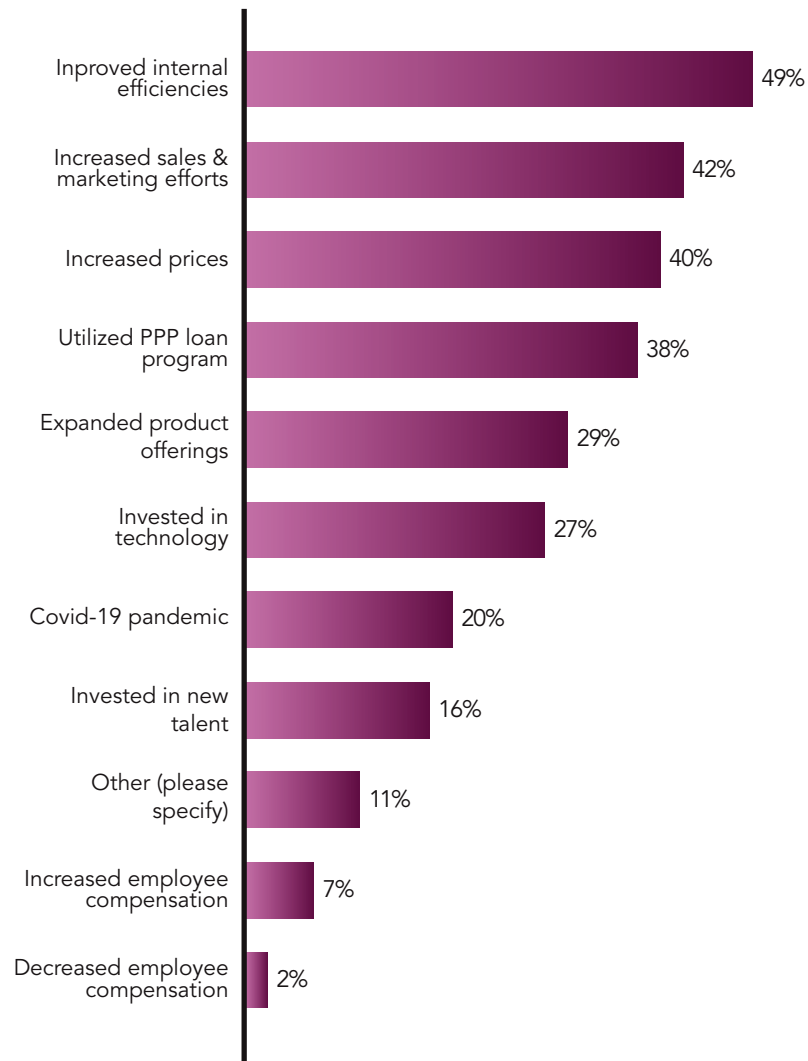
**Performance:** How was your overall business performance this year compared to your expectations?



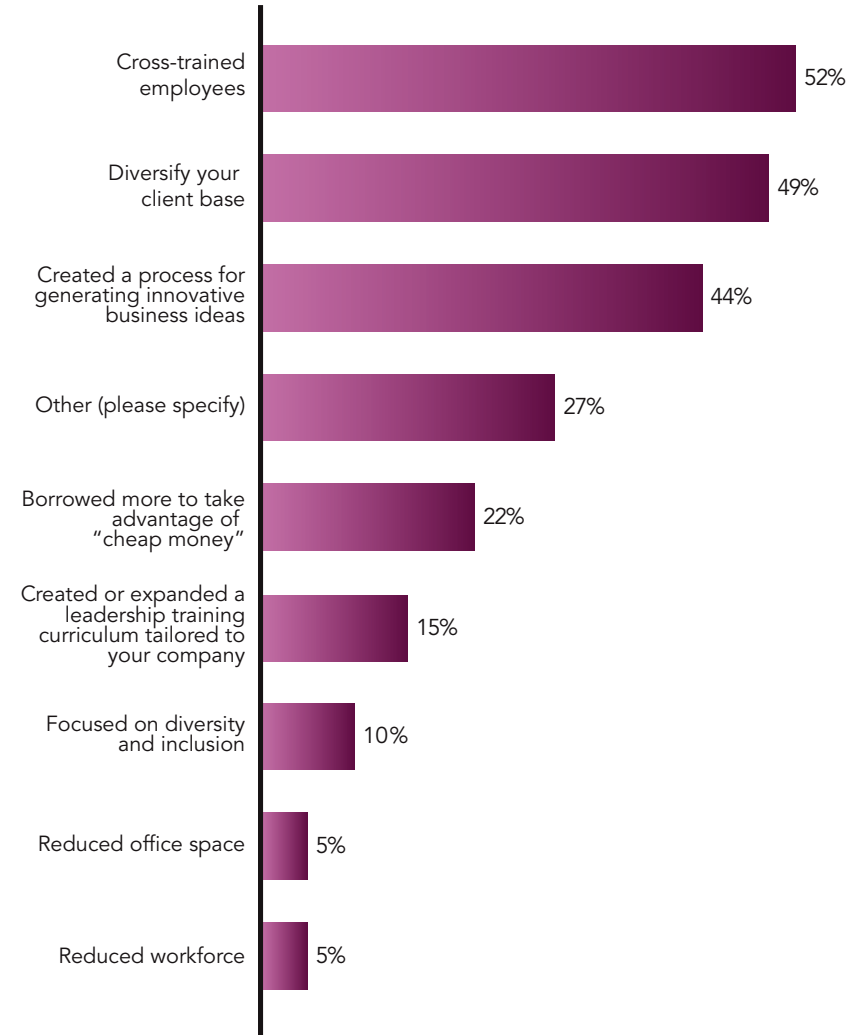
**Performance:** If your business performed below expectations this year, what are the TOP THREE things you attribute this lower performance to?



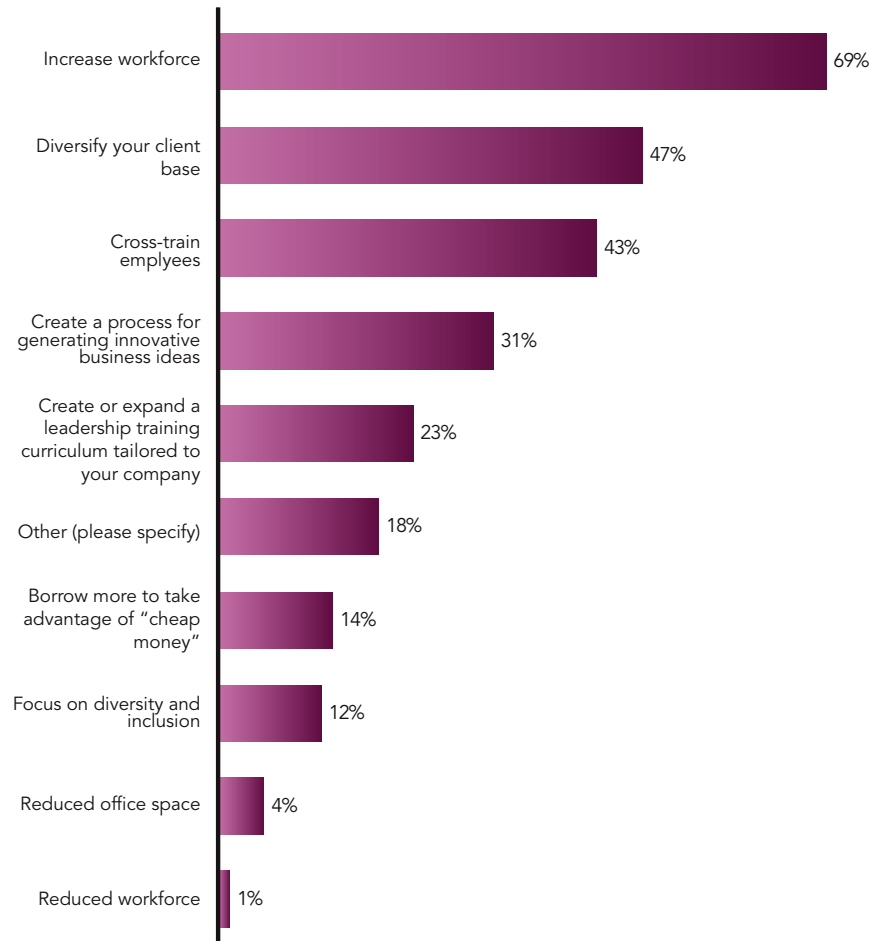
**Performance:** If your business performed above expectations this year, what are the TOP THREE things you attribute this improved performance to?



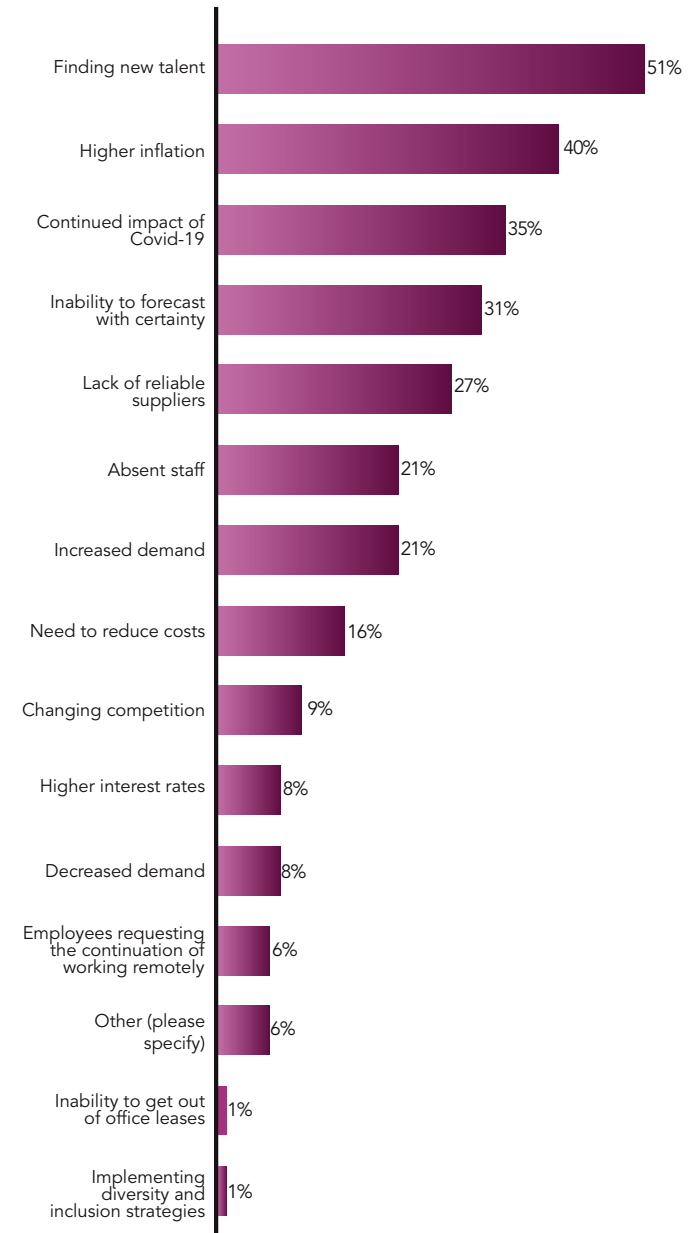
**Strategies:** What are the TOP THREE STRATEGIES you implemented this year?



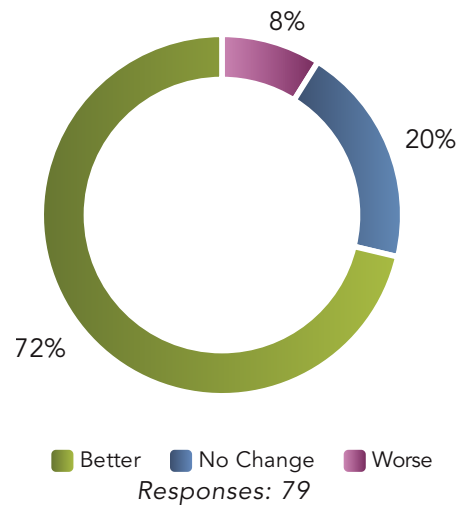
**Future Strategies:** What are the TOP THREE STRATEGIES you plan to implement next year?



**Challenges:** What are the TOP THREE CHALLENGES you see for next year?



**2022:** Do you think your business will perform better or worse overall next year compared to this year?



**2022:** Why?



# BUSINESS STATISTICS & TRENDS REPORT

## RESULTS **NORTHEAST WISCONSIN**

In 2020, the same percentage of companies reported an increase in sales and a decrease in sales (tied at 38%); in 2021, however, just 13% saw a sales decrease while 72% reported higher sales. Just 4% project a sales decrease in 2022 (down from 17%), while 84% expect higher sales (up steeply from 60% the previous year). Twenty-three percent reported lower profits (down from 40% in 2020) and 58% increased profitability (up 20 points from the previous year). Looking ahead, 6% expect lower profits in 2022 (down from 20%) and 65% project an increase in profits (compared to the previous year's 58%). Although 24% of respondents reported a workforce reduction and 12% a wage reduction in 2020, in 2021 just 13% saw a decrease in their workforce and a mere 5% reported lower wages. In contrast, in 2020 only 20% had increased their workforce and 50% their wages; in 2021, 48% saw a workforce increase and 79% increased wages. Respondents expect this to continue in 2022; 4% project a workforce decrease (a drop of 10 points) and 2% lower wages (down from 4%), while 69% expect a higher number of employees (up from 40%) and 79% project higher wages (up from 64%).

The talent shortage was the most significant issue facing business leaders in Northeast Wisconsin, followed by a supply shortage and employee absences (the only factor to make the top three in the previous year) as a distant third. The percentage of companies whose overall business performance fell short of expectations dropped

steeply from 43% in 2020 to just 16% in 2021, while 51% did better than expected (up 15 points over the previous year). Performance below expectations was largely attributed to a supply shortage, with a talent shortage and higher operating costs following closely and tied for second place. The PPP loan program was the top reason for better-than-expected performance, followed by increased prices, with improved internal efficiencies a distant third.

Diversifying client base was the top strategy implemented in 2021, followed by creating or expanding a company-tailored leadership training curriculum and a near-tie in third place for cross-training employees and creating a process for generating innovative business ideas. The top priority in 2022 will be increasing the workforce, followed by client base diversification and creating or expanding a leadership training curriculum tailored to the company. The most important areas of concern seem to be finding new talent and higher inflation, with the continued impact of COVID-19 also making the top three challenges for 2022. Nonetheless, optimism for the coming year is strong, with just 6% expecting worse overall business performance (down from 13%), and 70% expecting to do better (up from 62%).



Not surprisingly, some of the challenges observed in other areas have affected Northeast Wisconsin as well. As PBS (7/22/21) reported, “Northeast Wisconsin businesses [are] hard-pressed for workers” as the labor shortage affects capacity and significantly increases costs. The U.S. Bureau of Labor Statistics (October 2021) indicates that the unemployment rate in Northeast Wisconsin is lower than the state average (and substantially lower than the national average) in spite of strong hiring. A shortage of truck drivers and warehouse space, combined with the supply chain disruptions, has exacerbated the problem (NBC26, 11/1/21). As reflected by the results of the First Business Bank survey, business leaders are taking these challenges into consideration as they plan their strategies for the year ahead.



#### RELATED RESOURCES

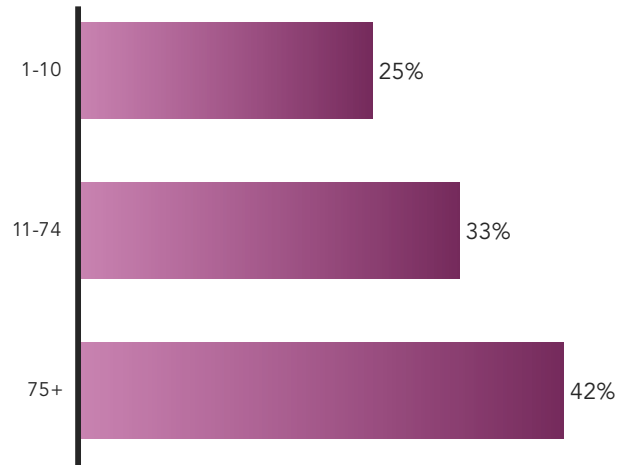
##### **Video: 2021 Wisconsin Manufacturing Report**

A quarter of the workforce in Northeast Wisconsin is employed in advanced manufacturing industries, which are struggling with an aging skilled workforce, supply chain woes, and other challenges. The [2021 Wisconsin Manufacturing Report](#), sponsored by First Business Bank, provides an in-depth look at this foundational industry, including the outlook and key issues impacting businesses in manufacturing.

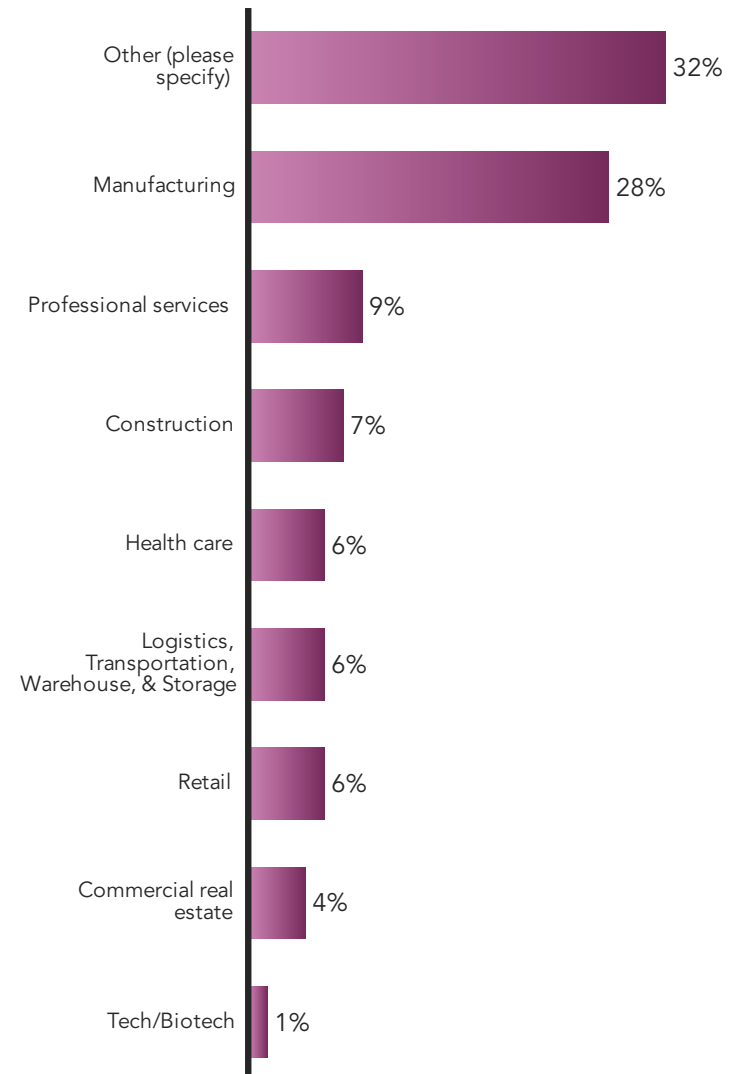
Learn more at [firstbusiness.bank/resources](https://firstbusiness.bank/resources).

## DEMOGRAPHICS

### Number of Employees:

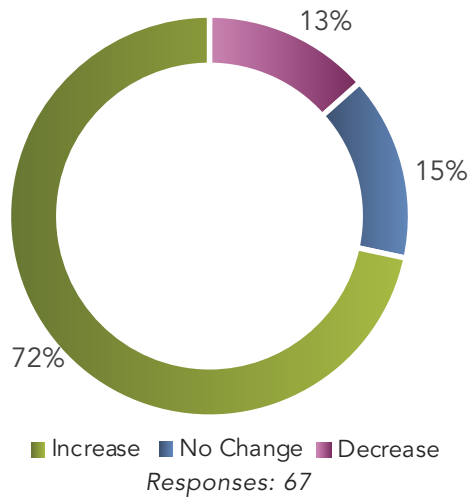


### Primary Business Type:

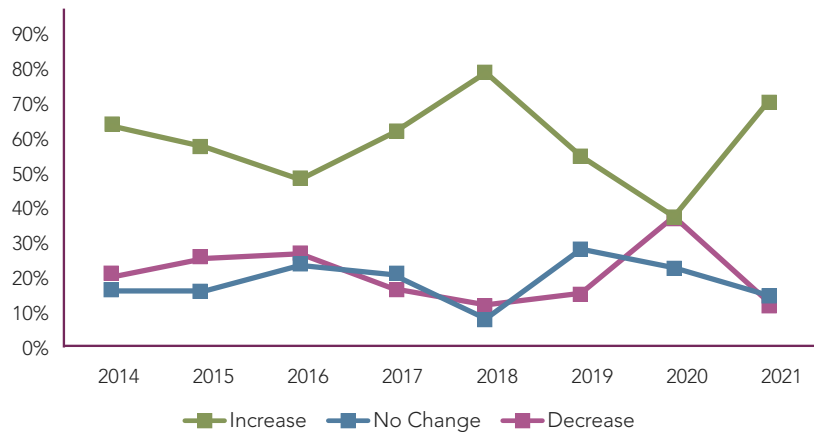


## RESULTS

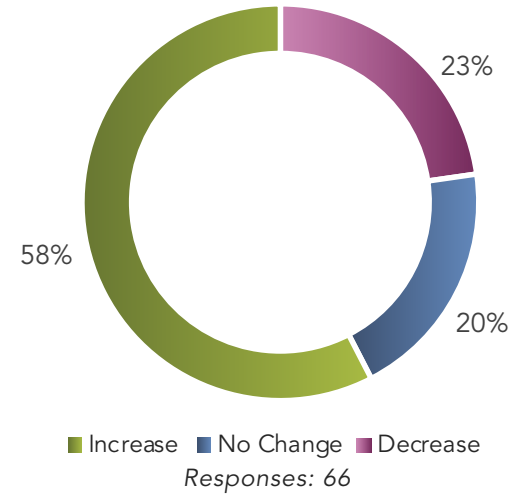
**Sales Revenue:** Compared to last year, please indicate what changed in your organization this year.



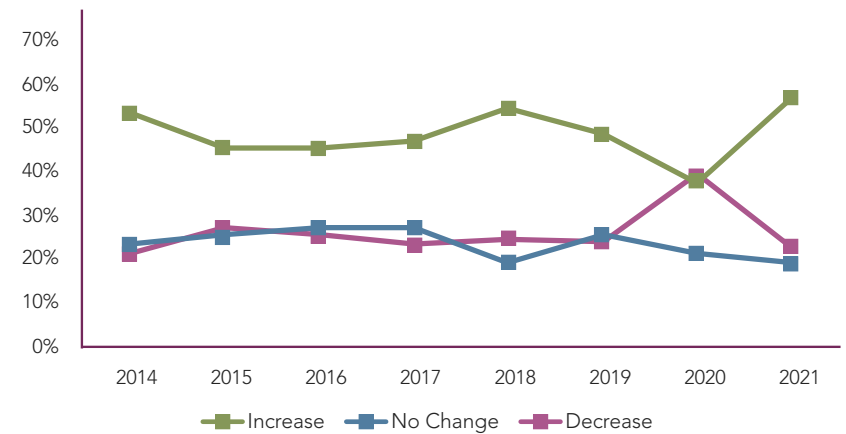
**Sales Revenue: Actual**



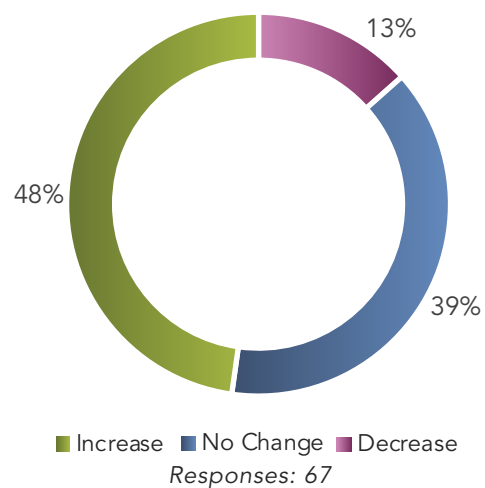
**Profitability:** Compared to last year, please indicate what changed in your organization this year.



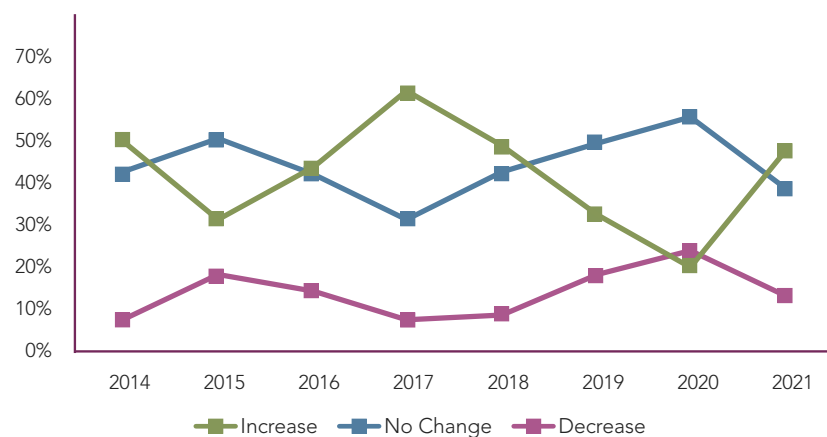
**Profitability: Actual**



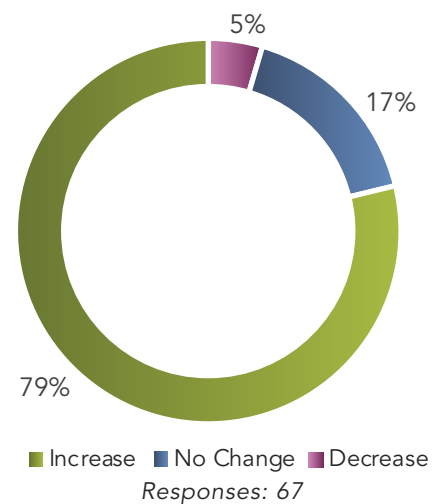
**Number of Employees:** Compared to last year, please indicate what changed in your organization this year.



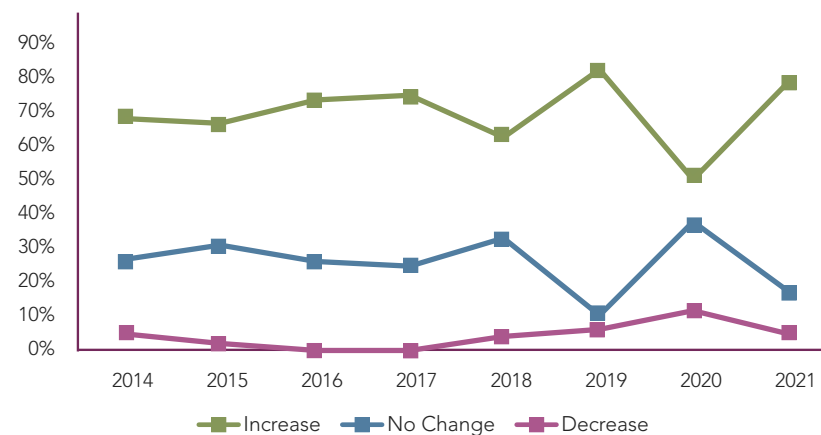
**Number of Employees: Actual**



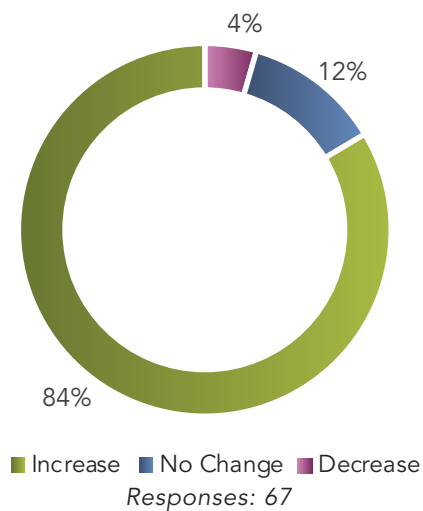
**Wages:** Compared to last year, please indicate what changed in your organization this year.



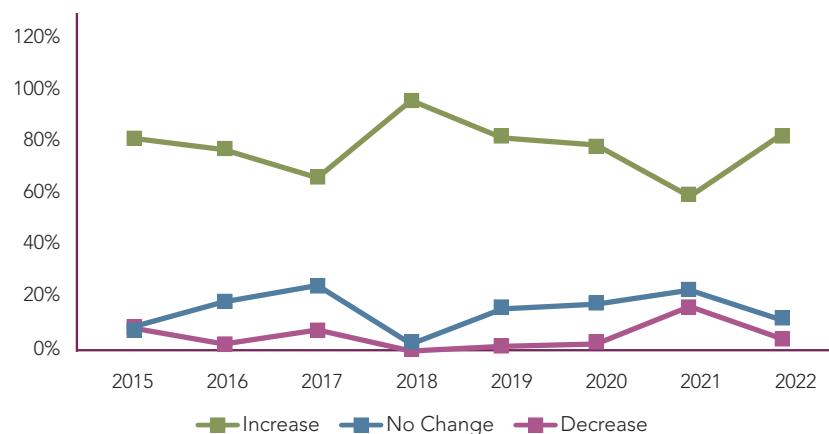
**Wages: Actual**



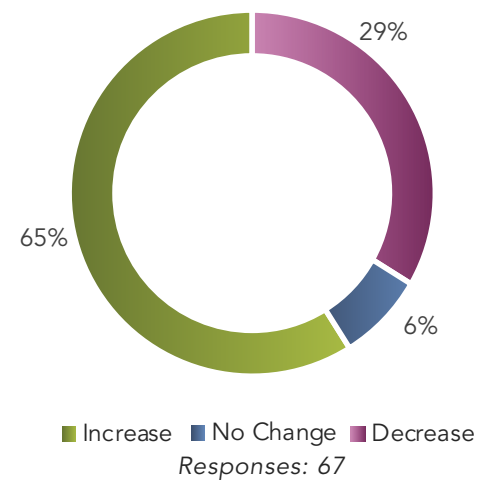
**Sales Revenue:** Compared to this year, please indicate what changes you forecast in your organization for next year.



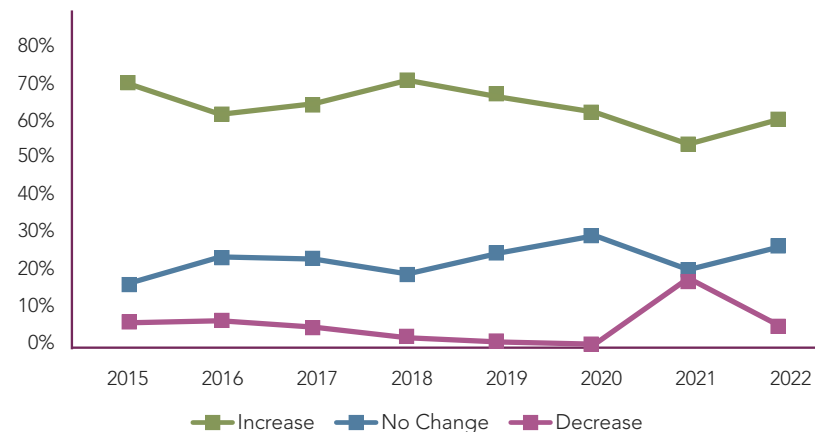
**Sales Revenue: Predicted**



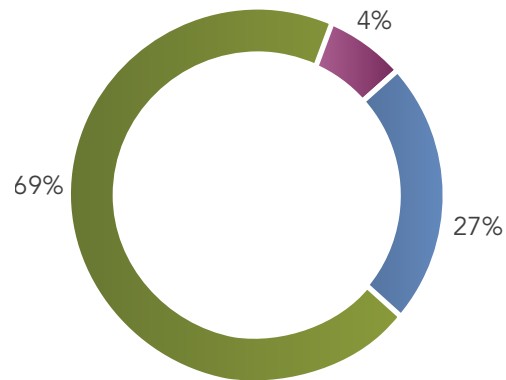
**Profitability:** Compared to this year, please indicate what changes you forecast in your organization for next year.



**Profitability: Predicted**

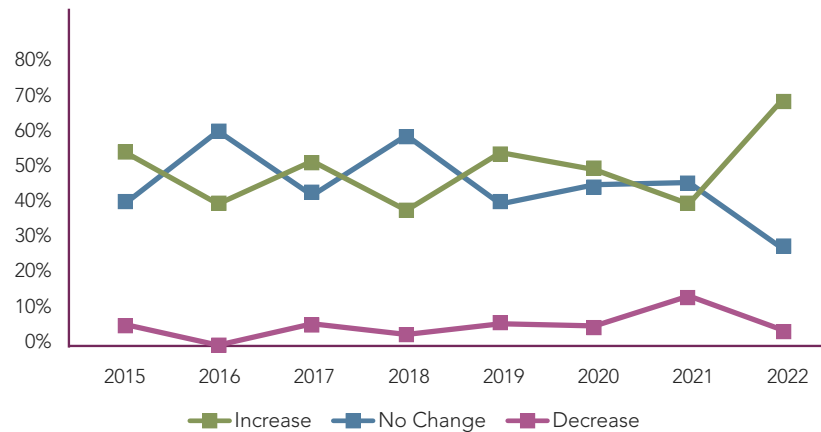


**Number of Employees:** Compared to this year, please indicate what changes you forecast in your organization for next year.

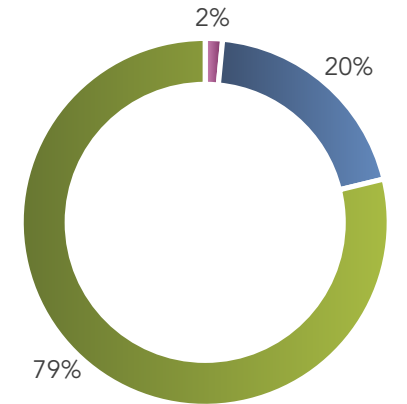


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Responses: 67

**Number of Employees: Predicted**

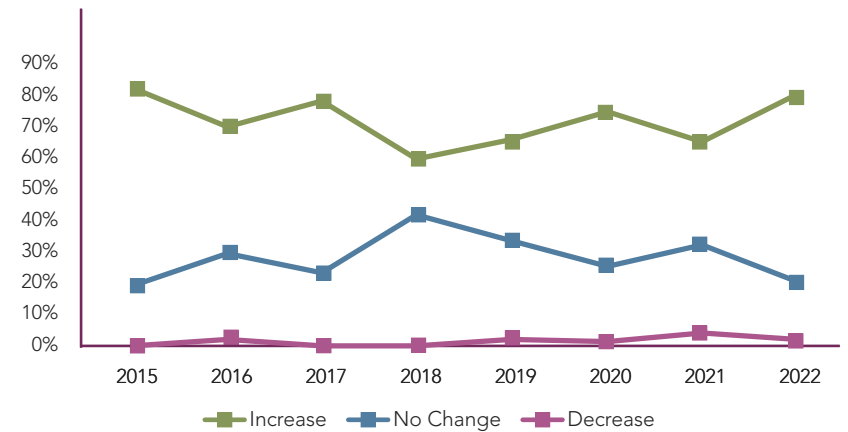


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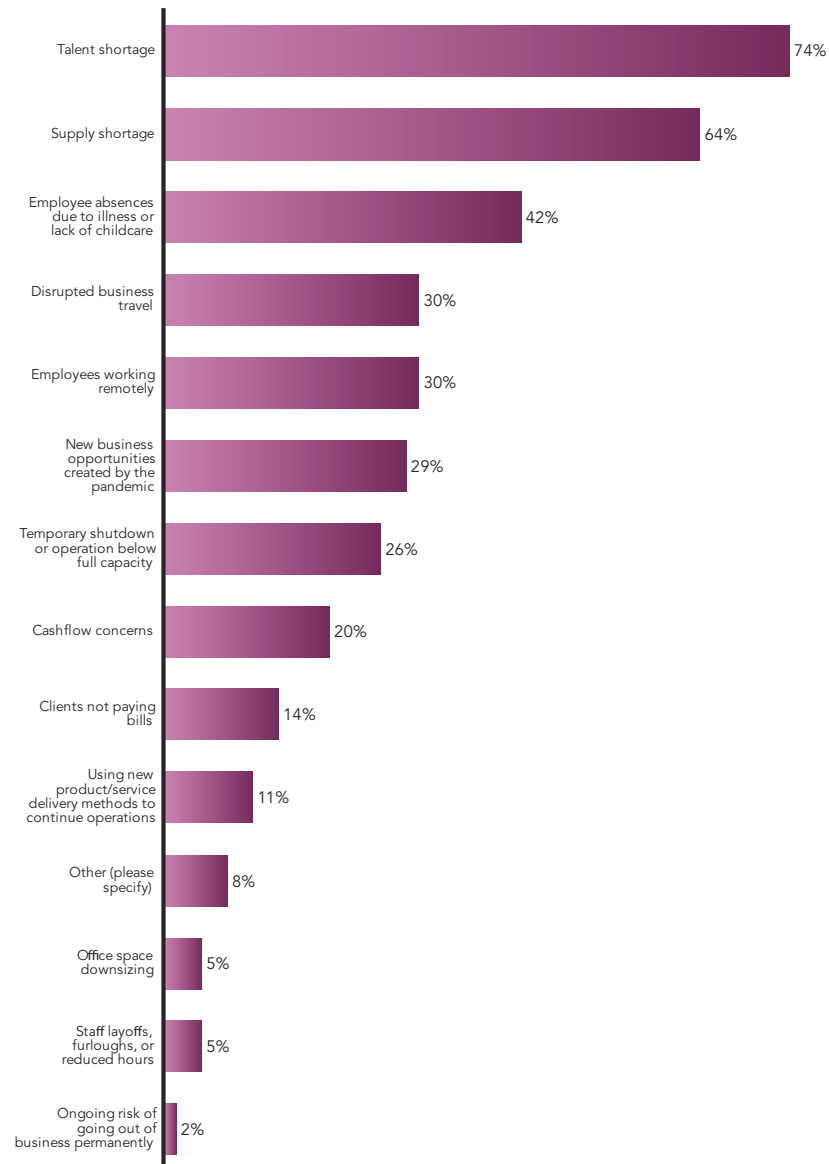


■ Increase ■ No Change ■ Decrease  
Responses: 66

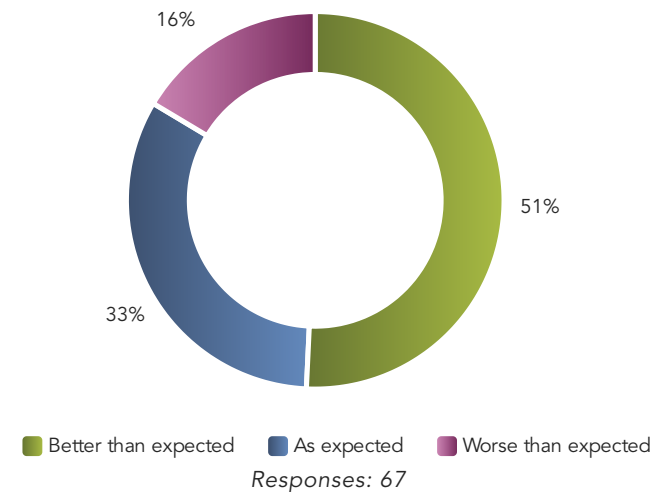
**Wages: Predicted**



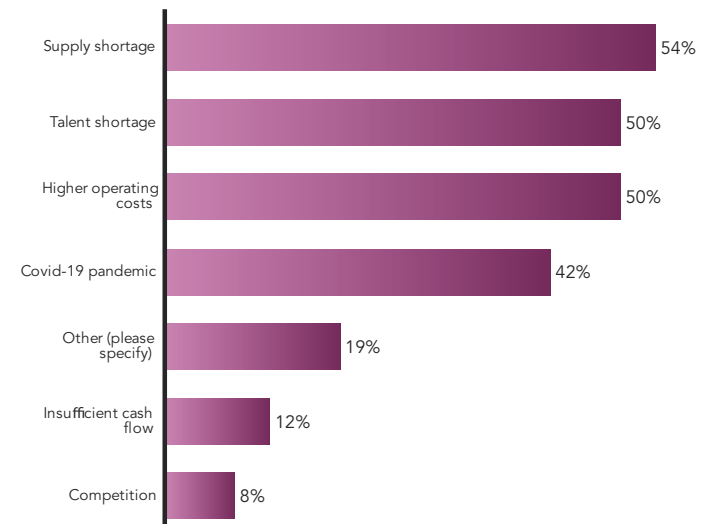
**Issues:** Which of the following issues affected your organization this year? (check all that apply)



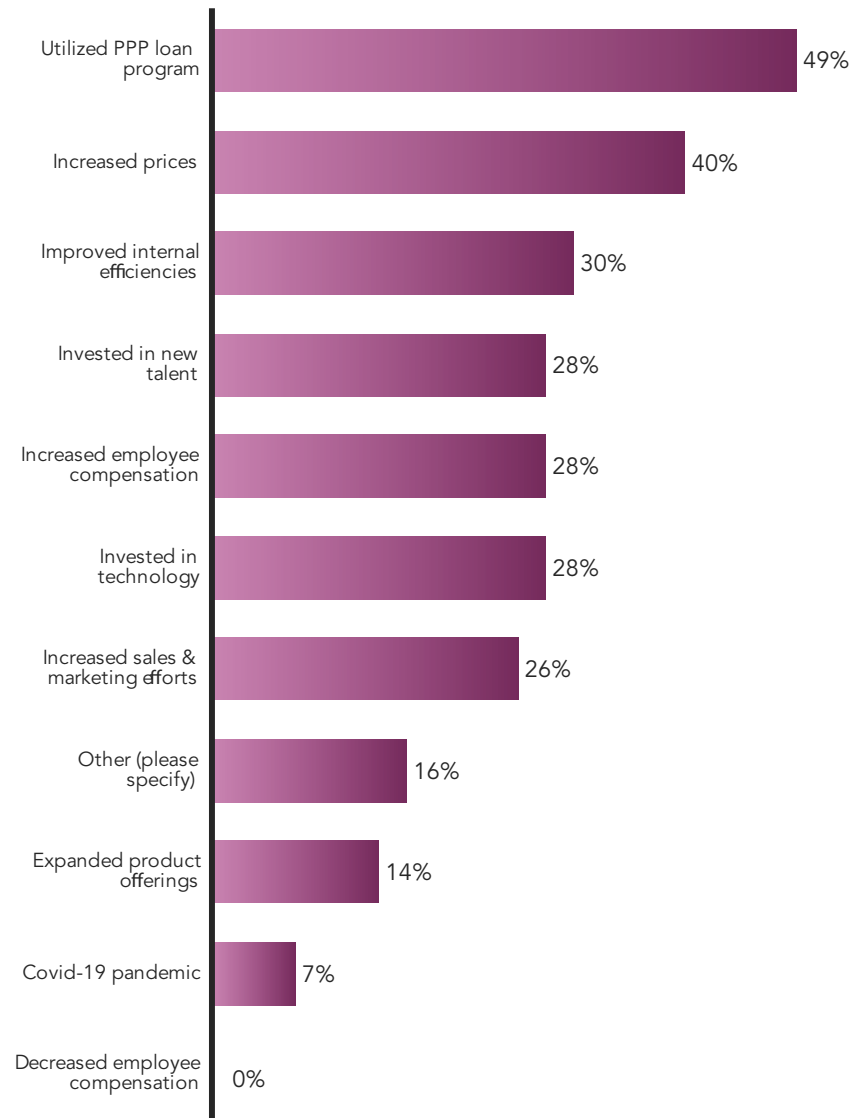
**Performance:** How was your overall business performance this year compared to your expectations?



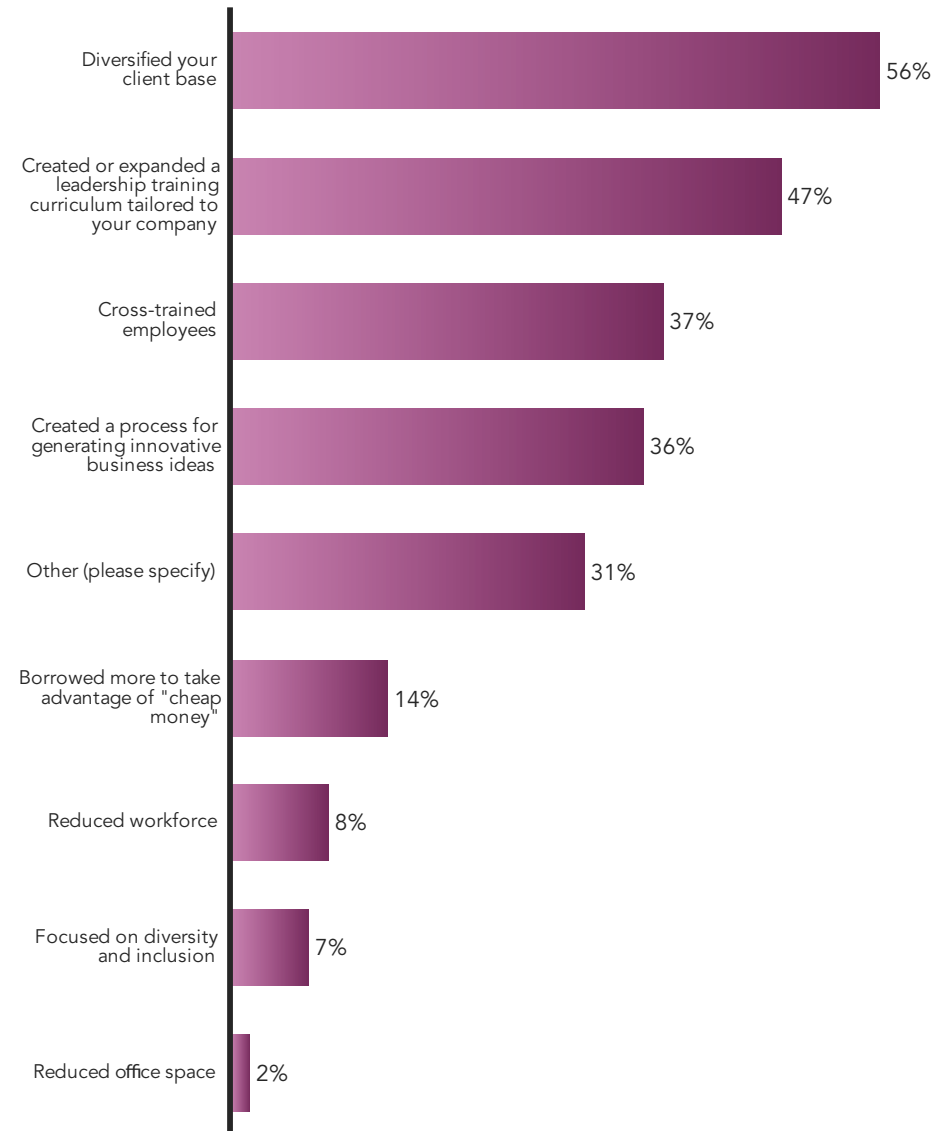
**Performance:** If your business performed below expectations this year, what are the TOP THREE things you attribute this lower performance to?



**Performance:** If your business performed above expectations this year, what are the TOP THREE things you attribute this improved performance to?

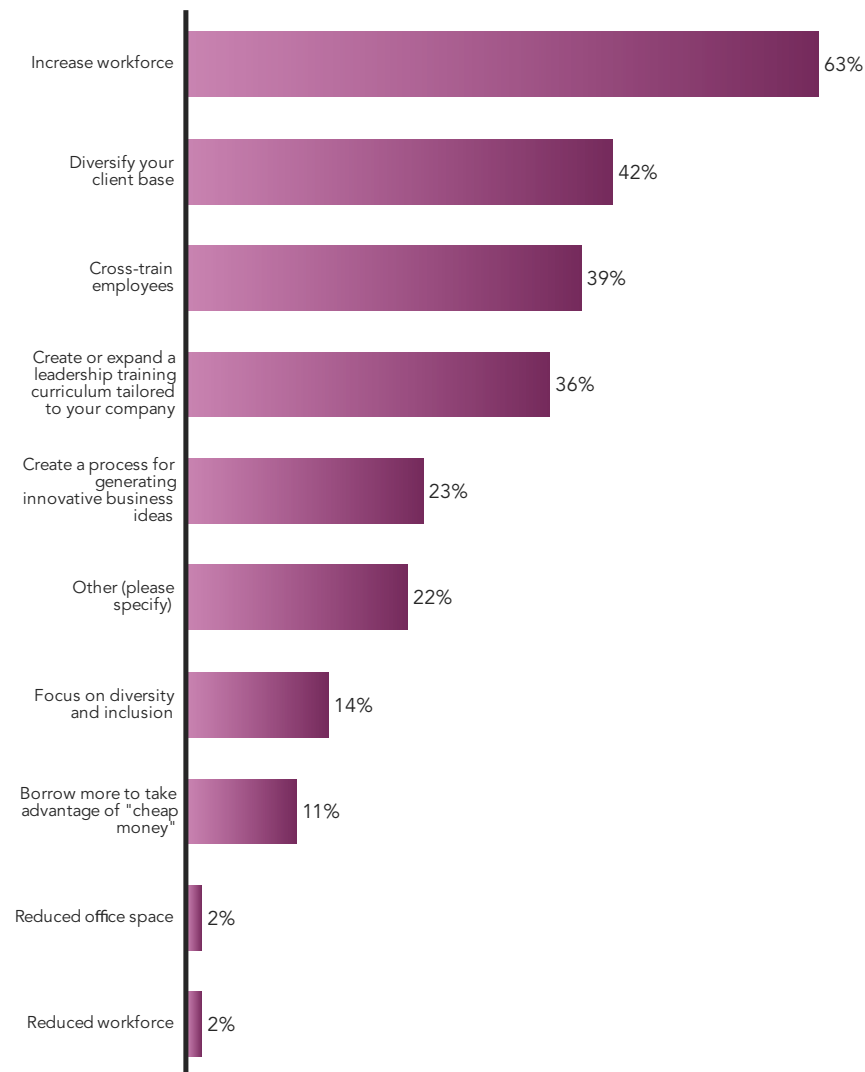


**Strategies:** What are the TOP THREE STRATEGIES you implemented this year?

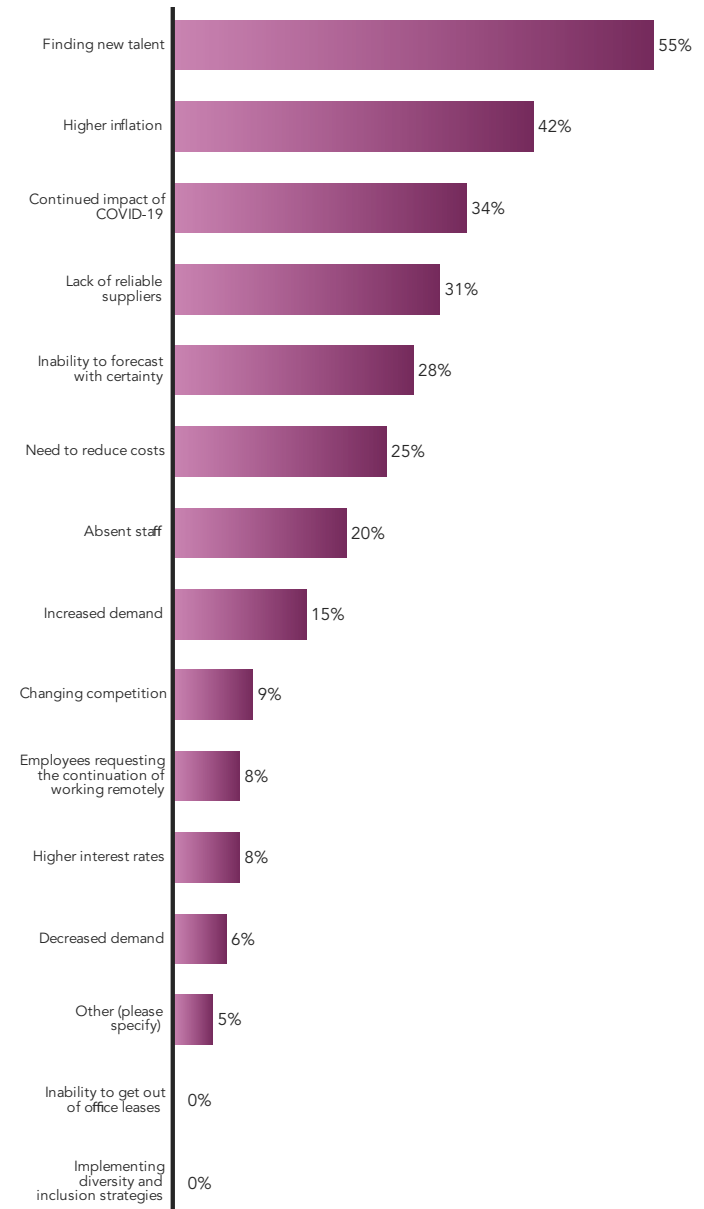




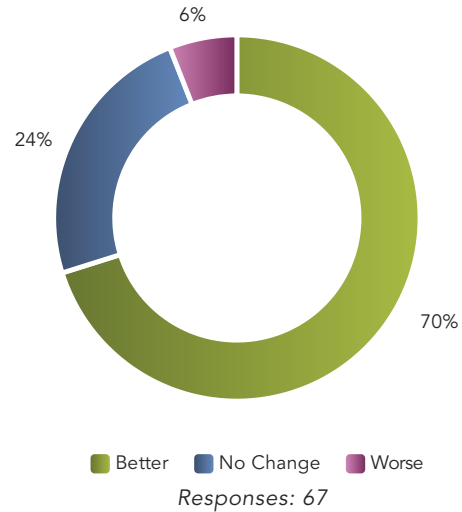
**Future Strategies:** What are the TOP THREE STRATEGIES you plan to implement next year?



**Challenges:** What are the TOP THREE CHALLENGES you see for next year?



**2022:** Do you think your business will perform better or worse overall next year compared to this year?



**2022:** Why?



# BUSINESS STATISTICS & TRENDS REPORT

# RESULTS KANSAS CITY METRO

Following a rough year that saw 44% of Kansas City Metro companies reporting a decrease in sales and just 38% reporting an increase in 2020, the rebound was strong in 2021 with just 16% reporting lower sales and 66% reporting a sales increase. The sales outlook for 2022 is positive, as well; just 6% project lower sales (down from 13%) and 75% expect a sales increase (up from 71%). Although in 2020 31% saw a decline in profits, that number dropped to just 19% in 2021, while 72% reported higher profitability compared to just 44% in 2020. Just 9% expect lower profits in 2022 (down 2 points), and 66% project an increase in profits (down just 1 point from the previous year). In 2020, 24% of companies reported a workforce decrease, which dropped to 13% in 2021; the percentage reporting a workforce increase remained unchanged at 44%. Just 3% reported lower wages (down from 14%) and 75% reported a wage increase (up 23 points over the previous year). Three percent project a decrease in their workforce in 2022 (down just one point), and the percentage of those who project an increase remains unchanged at 56%. None project a wage decrease in the coming year (down from 9%), and 78% expect wages to increase (up 11 points).

The talent shortage overshadows all other issues that business leaders in Kansas City Metro had to contend with in 2021, with a supply shortage and employees working remotely (the only factor that made the top three in 2020) tied for second place. In terms of overall

business performance, the percentage of companies that performed below expectations was unchanged at 29%, but the percentage of those exceeding expectations jumped 11 points to 58%. Performance below expectations was attributed equally to a talent shortage, supply shortage, higher operating costs, and the pandemic, while performance exceeding expectations was mostly the result of investments in new talent, followed by increased prices. By far the top strategy implemented in 2021 was client base diversification, with cross-training employees and creating a process for generating innovative business ideas also making the top three. Diversifying the client base will remain the top priority in 2022, with increasing the workforce and creating a process for generating innovative business ideas also being among the top strategies to be implemented in the coming year. Finding new talent and higher inflation are expected to be the top challenges in 2022, followed by the continued impact of the pandemic. Business leaders are more cautious about their predictions for the coming year, with just 3% expecting to do worse than they did in 2021 (up one point), and 69% projecting a better year (down from 84% the previous year).

According to the U.S. Bureau of Labor Statistics (August 2021) employment increased in the Kansas City Metro area across nearly every industry. Nonetheless, the spike in demand for goods and services has resulted in worker and supply shortages as well as inflation (NPR Missouri, 11/7/21). These challenges are expected to continue well into 2022, which is consistent with the First Business Bank survey results, and business leaders in Kansas City will have to develop strategies to address their effects.



#### RELATED RESOURCES

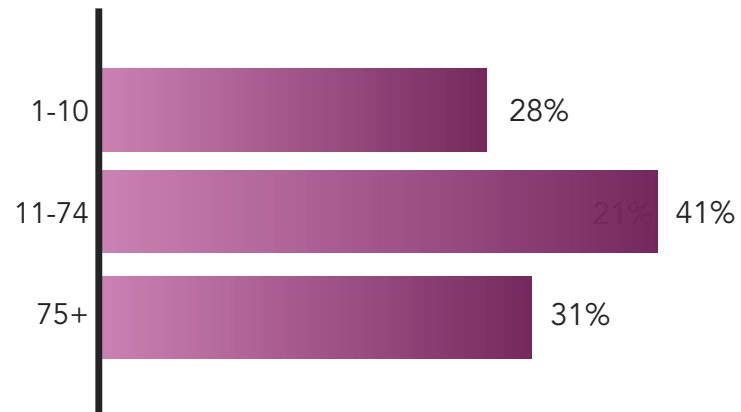
##### **Video: Today's Stories Of Successful Business Exits**

With a record-breaking number of mergers and acquisitions in the past year, many business leaders are contemplating how much their business is worth and what's involved in arranging a successful sale. As a bank that primarily focuses on business, our experience partnering with businesses that have successfully sold allows us to bring you value-added content surrounding this popular topic. In the video conversation, [Today's Stories of Successful Business Exits](#), you'll hear from an M&A lawyer, a business owner who has been there, and an expert from First Business Bank about important aspects to keep in mind and the most common ways that deals go south along with how to prepare to sell your business.

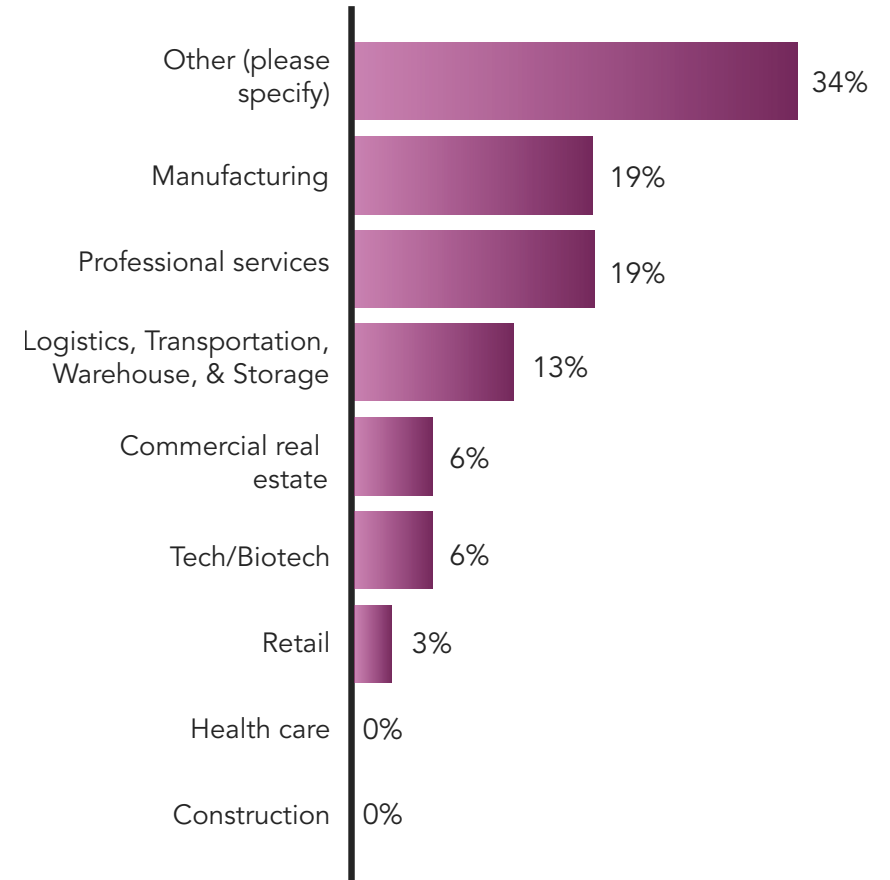
Learn more at [firstbusiness.bank/resources](https://firstbusiness.bank/resources).

## DEMOGRAPHICS

### Number of Employees:

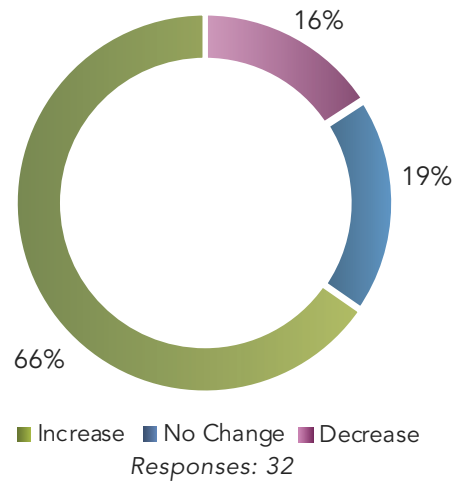


### Primary Business Type:

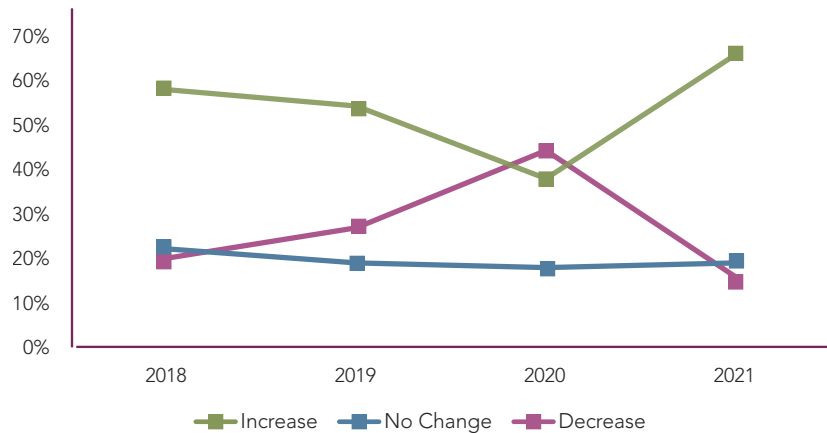


## RESULTS

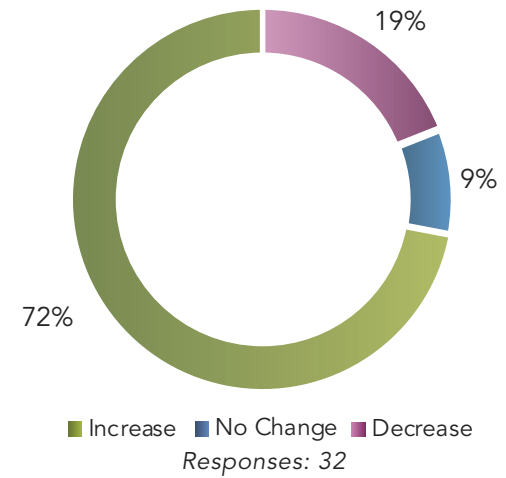
**Sales Revenue:** Compared to last year, please indicate what changed in your organization this year.



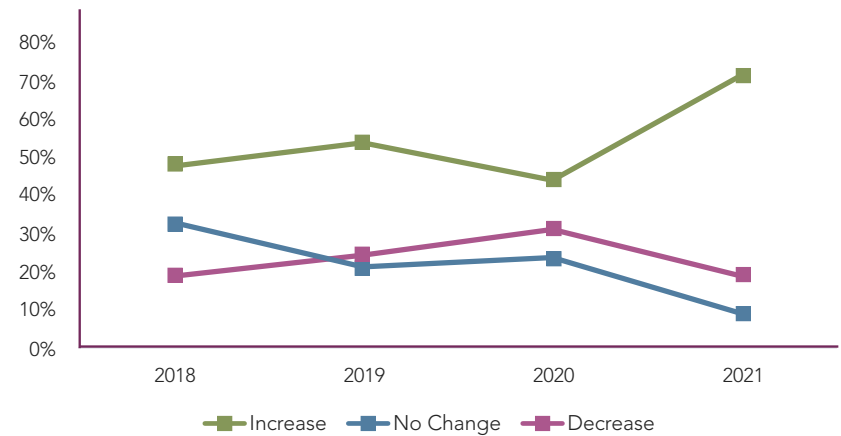
**Sales Revenue: Actual**



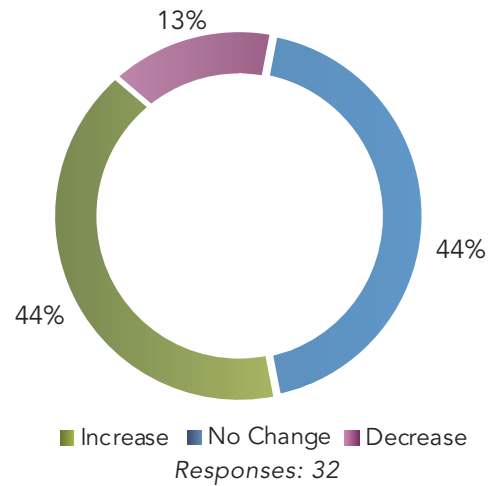
**Profitability:** Compared to last year, please indicate what changed in your organization this year.



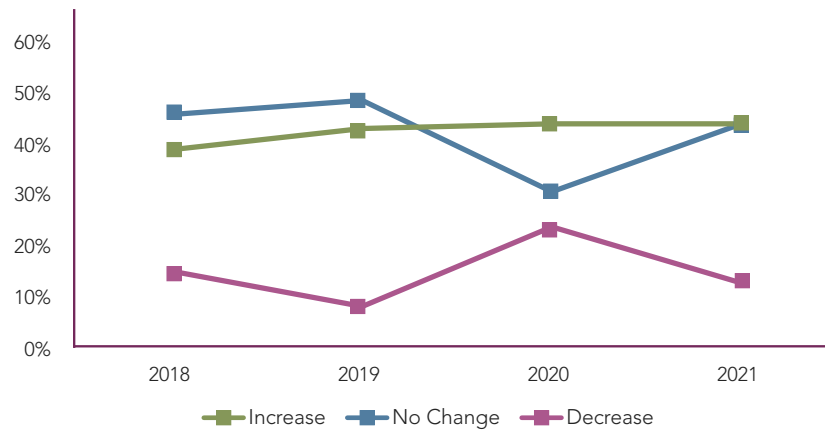
**Profitability: Actual**



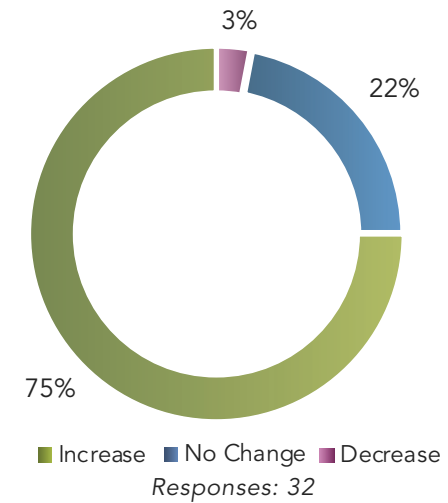
**Number of Employees:** Compared to last year, please indicate what changed in your organization this year.



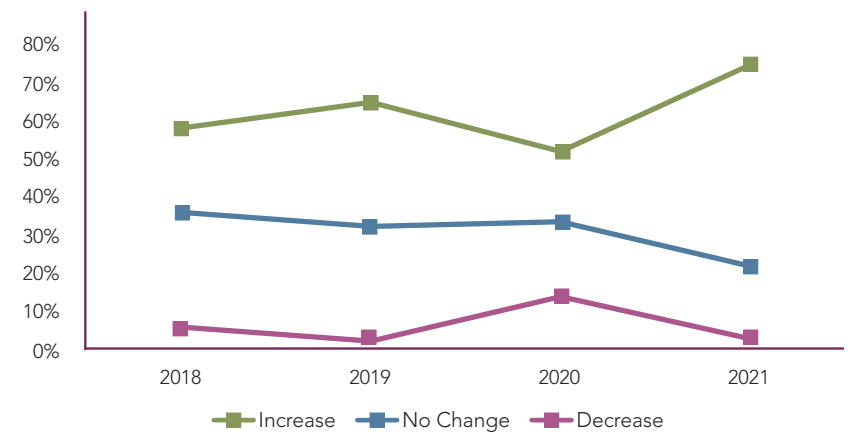
**Number of Employees: Actual**



**Wages:** Compared to last year, please indicate what changed in your organization this year.

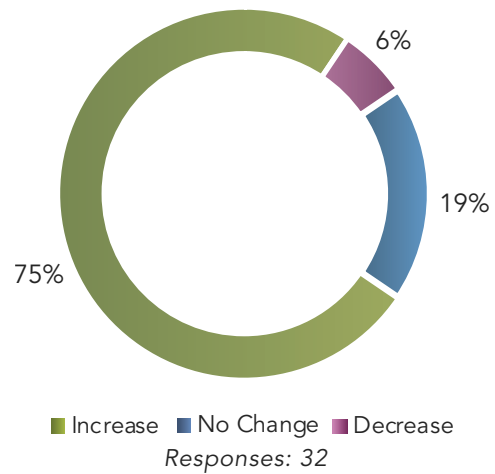


**Wages: Actual**

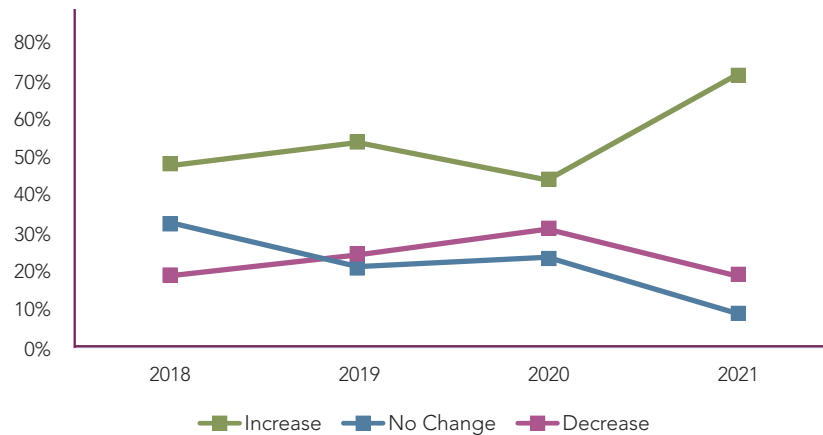




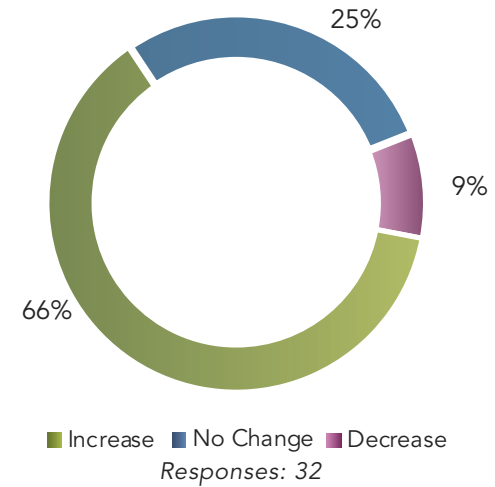
**Sales Revenue:** Compared to this year, please indicate what changes you forecast in your organization for next year.



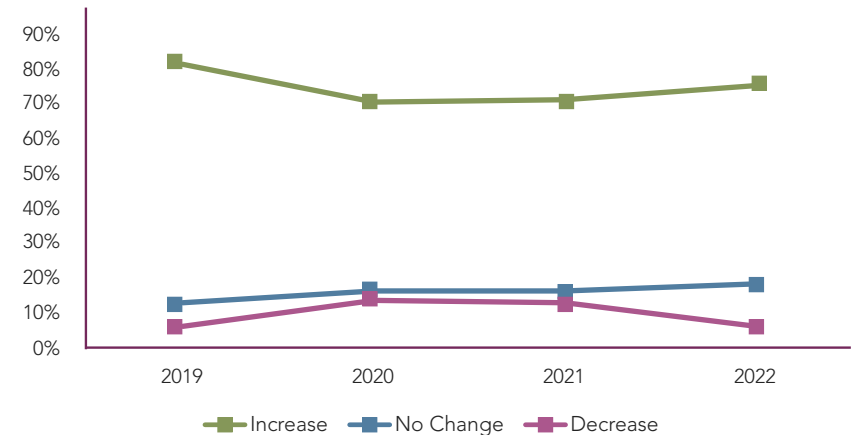
**Sales Revenue: Predicted**



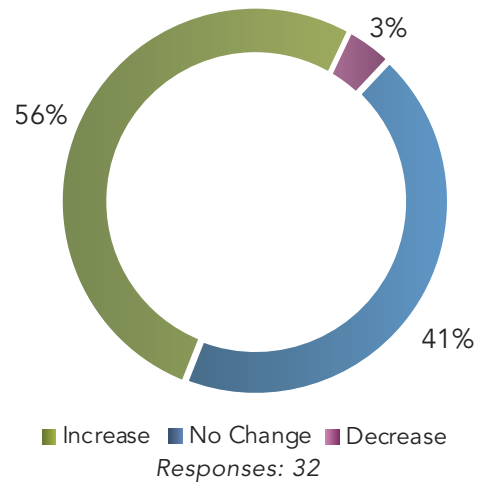
**Profitability:** Compared to this year, please indicate what changes you forecast in your organization for next year.



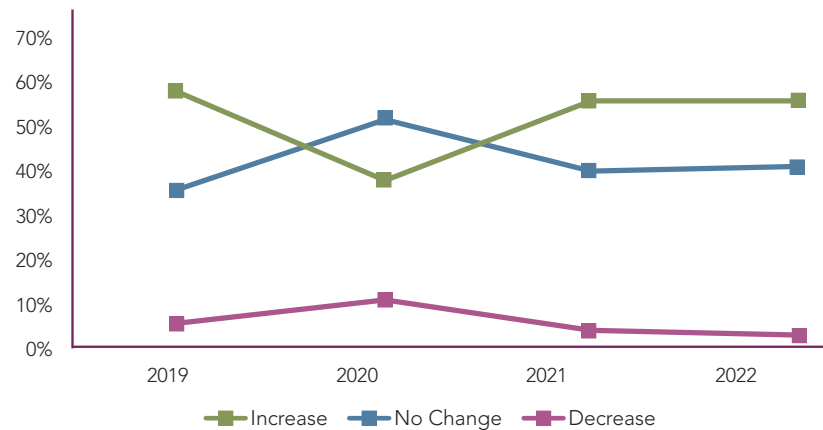
**Profitability: Predicted**



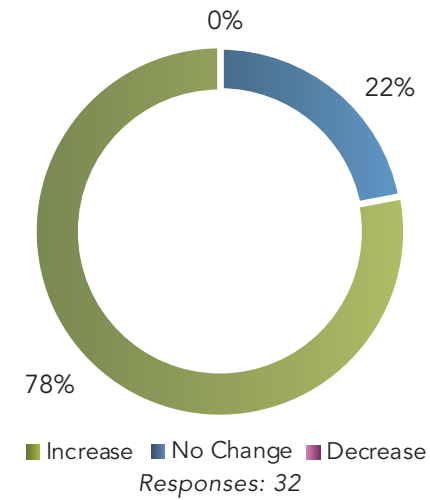
**Number of Employees:** Compared to this year, please indicate what changes you forecast in your organization for next year.



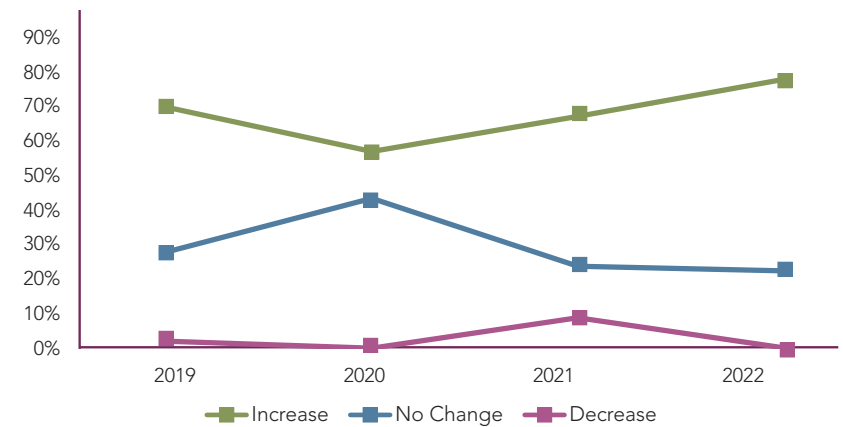
#### Number of Employees: Predicted



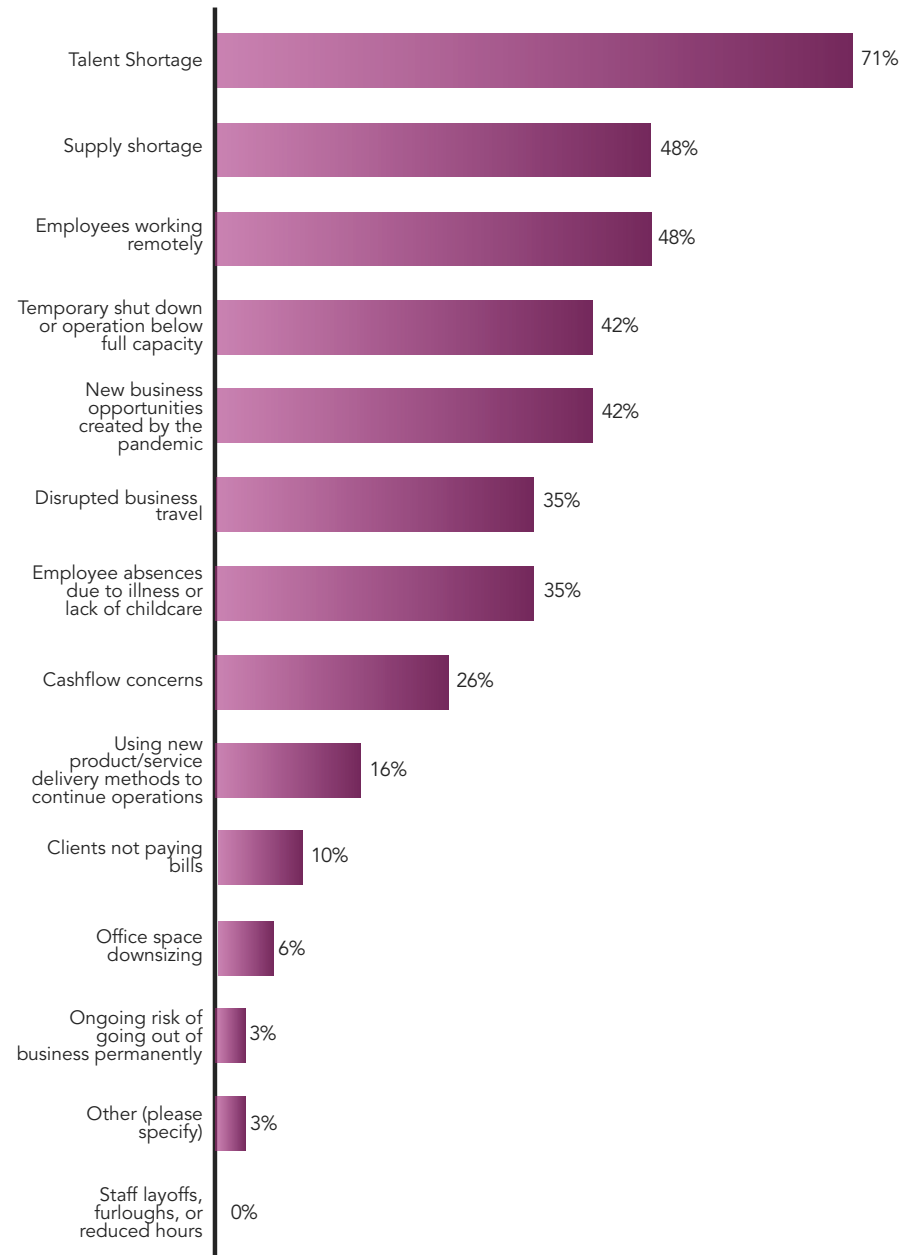
**Wages:** Compared to this year, please indicate what changes you forecast in your organization for next year.



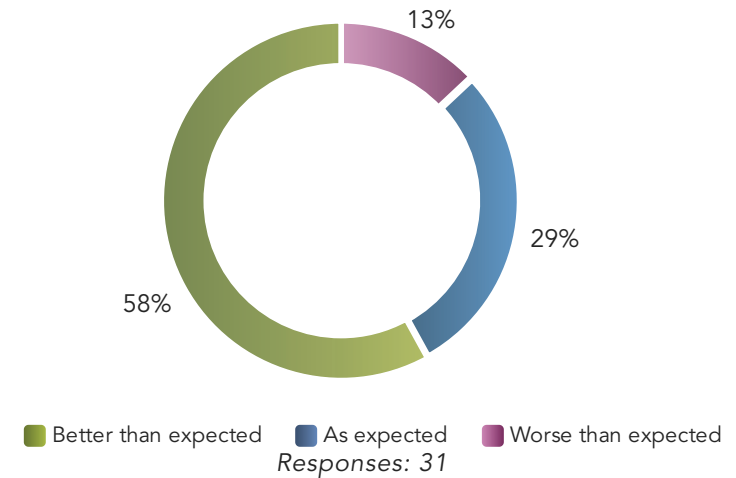
#### Wages: Predicted



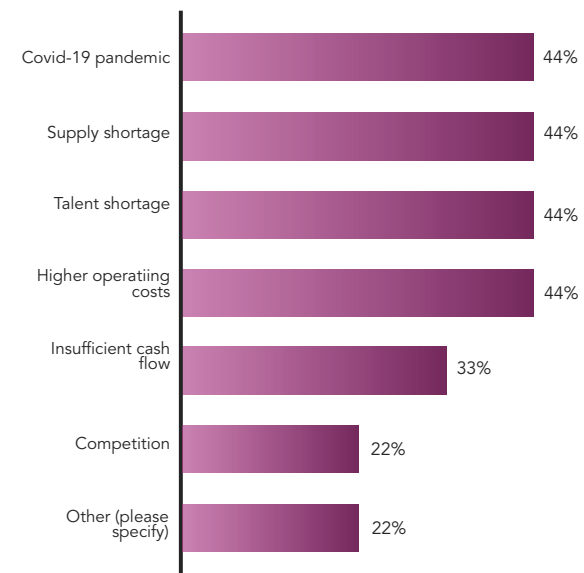
**Issues:** Which of the following issues affected your organization this year? (check all that apply)



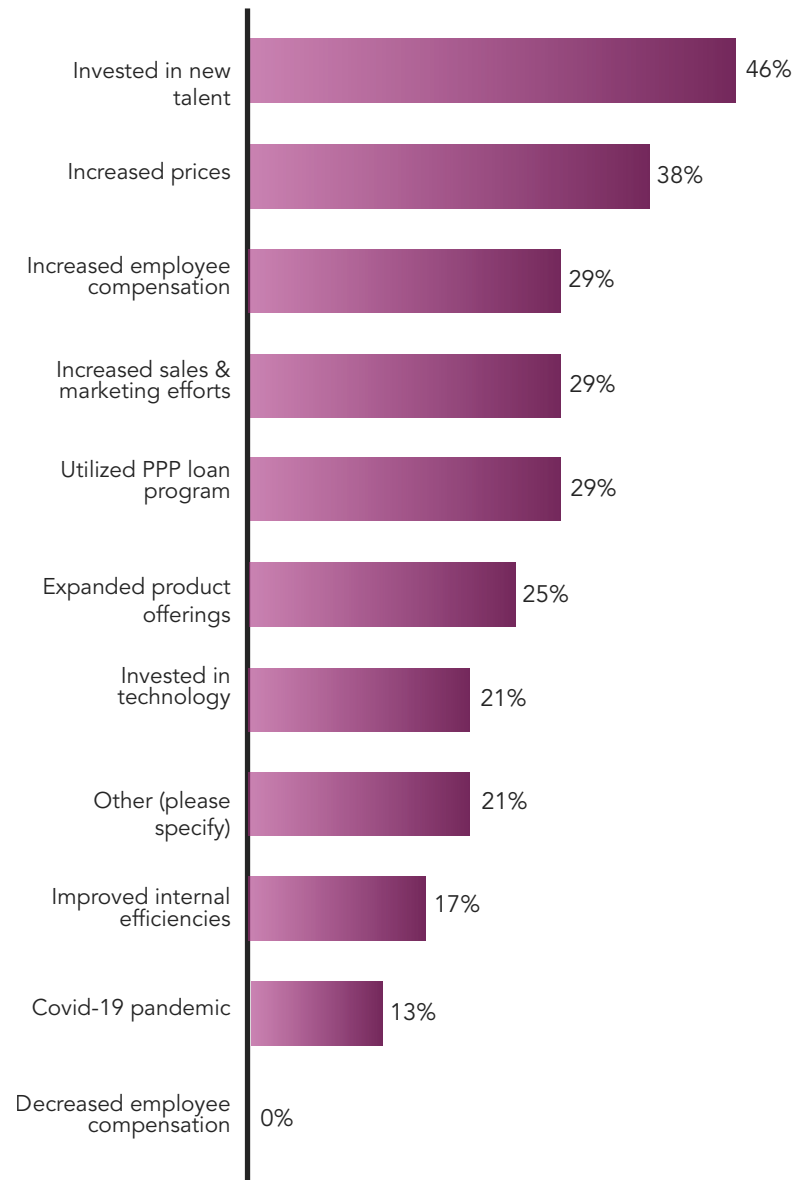
**Performance:** How was your overall business performance this year compared to your expectations?



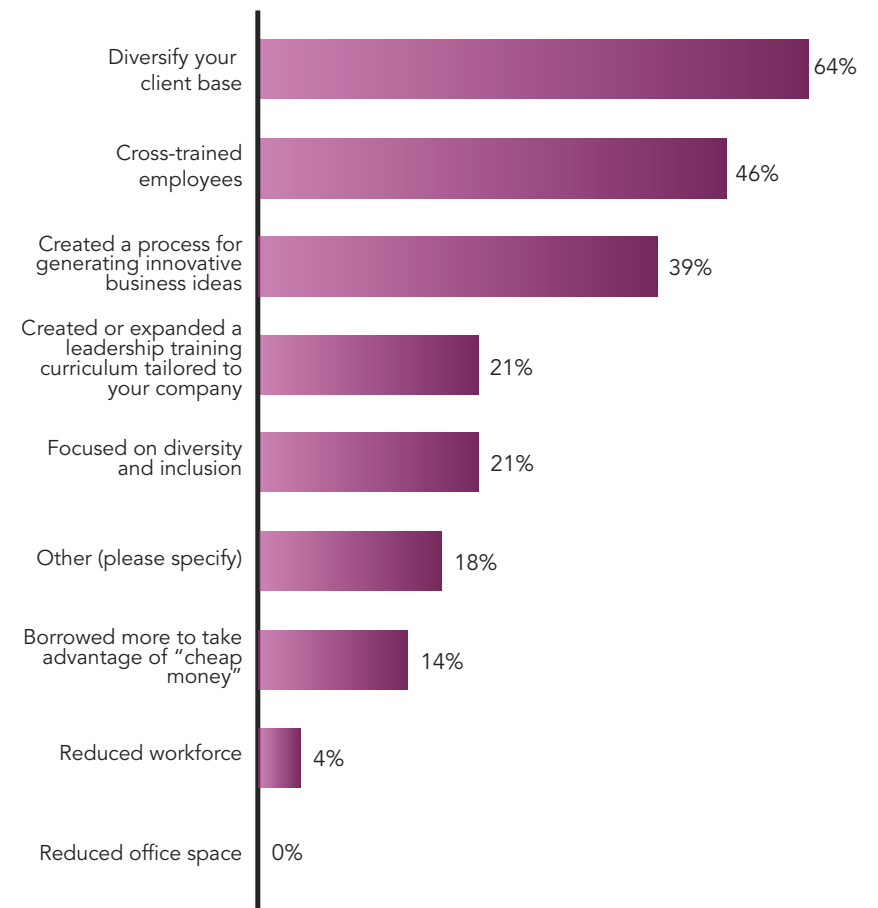
**Performance:** If your business performed below expectations this year, what are the TOP THREE things you attribute this lower performance to?



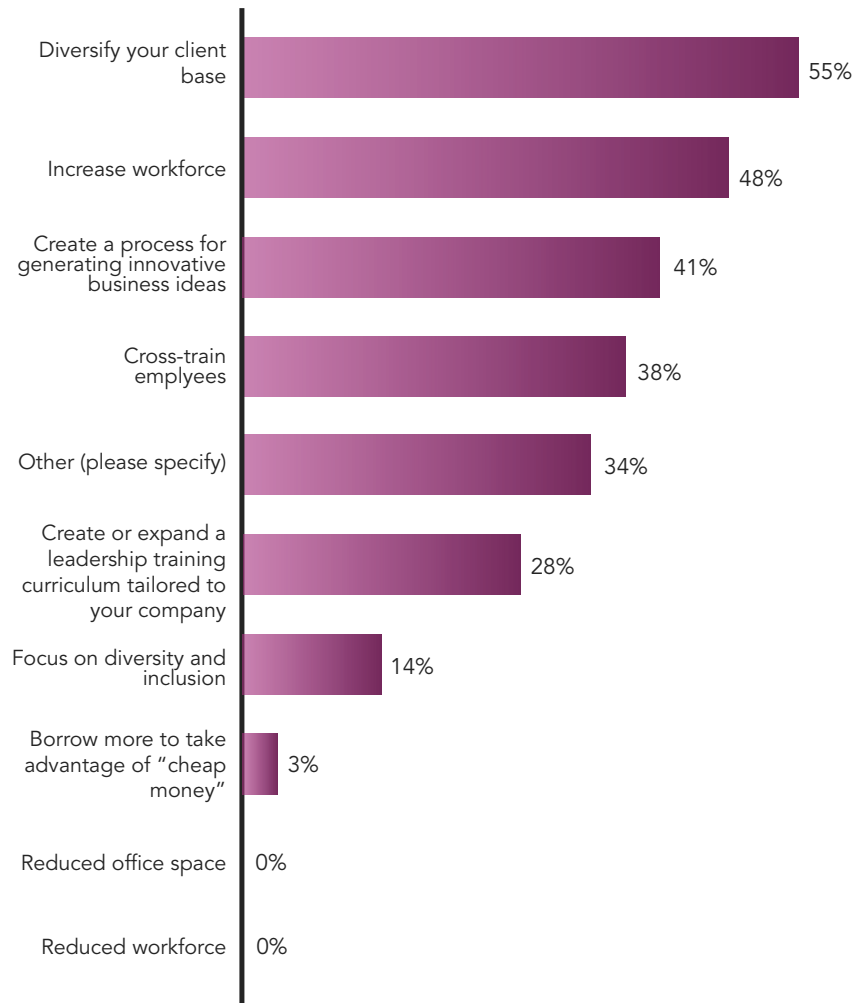
**Performance:** If your business performed above expectations this year, what are the TOP THREE things you attribute this improved performance to?



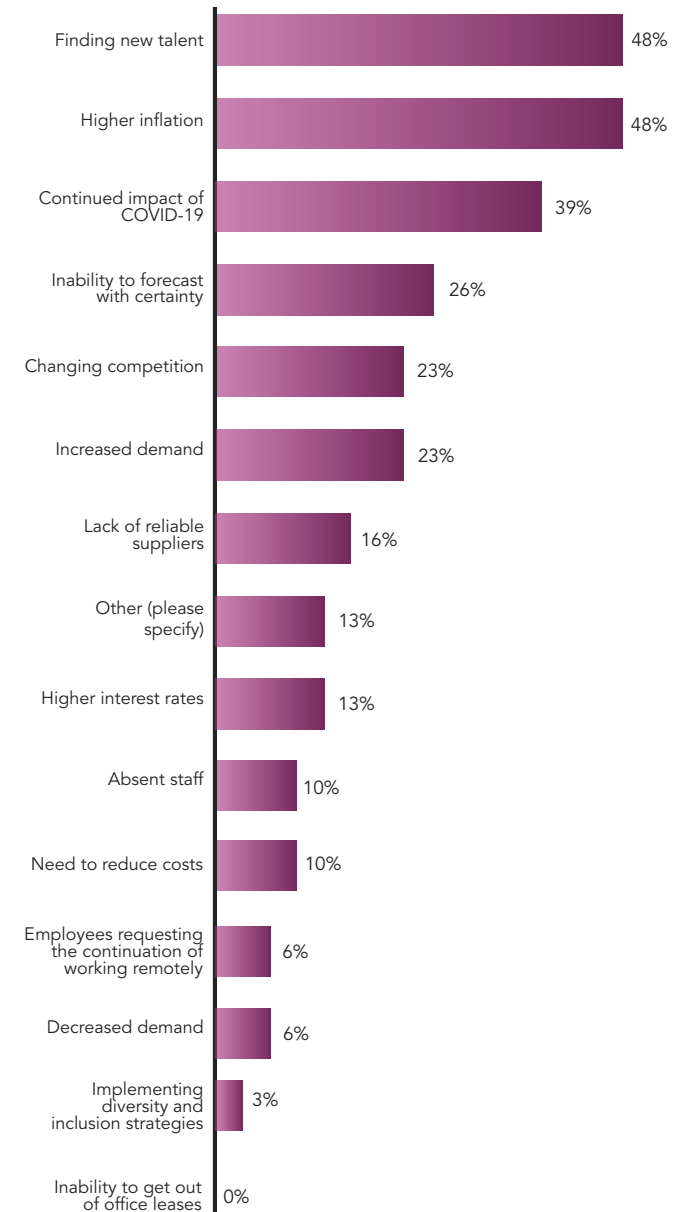
**Strategies:** What are the TOP THREE STRATEGIES you implemented this year?



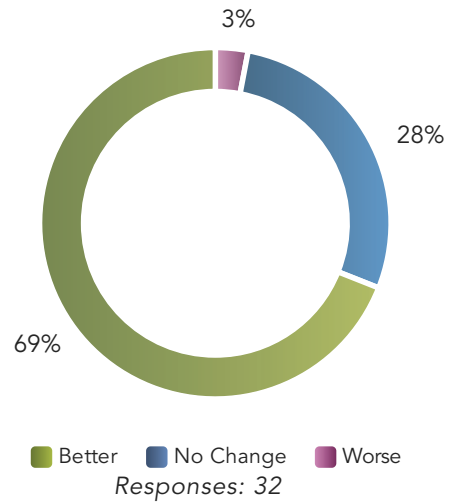
**Future Strategies:** What are the TOP THREE STRATEGIES you plan to implement next year?



**Challenges:** What are the TOP THREE CHALLENGES you see for next year?



**2022:** Do you think your business will perform better or worse overall next year compared to this year?



## 2022: Why?



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