

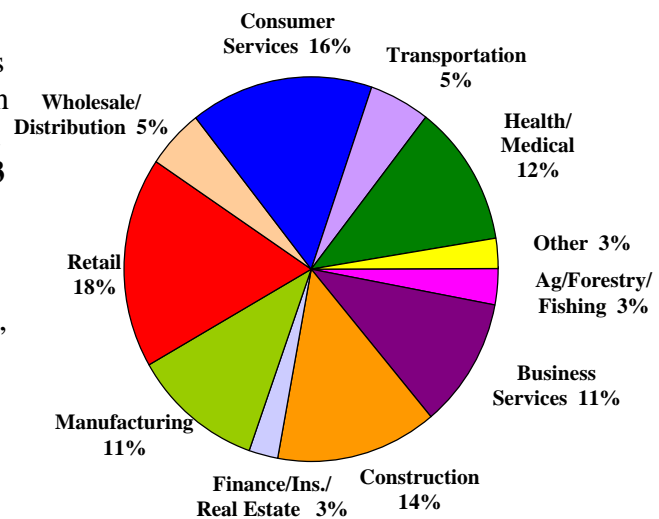
Each year, the SBTDC undertakes a statewide business needs assessment survey of an important segment of North Carolina's small business economy. The purpose of this study is to better understand current needs and challenges with regard to planning, marketing, financing, management, and other areas of business development, in order to improve services and promote change. This year's study sought to learn the needs of high growth businesses in North Carolina. Surveys were issued in 2002 and 2003, and the sample was drawn from firms who experienced employment growth of at least 150% between the 4th Quarter of 1996 and the 4th Quarter of 2000.

Characteristics of a High Growth Company

The High Growth Companies in North Carolina represent a wide variety of industries and business types. Of those responding to the survey, no one industry constituted more than 18 percent of the total responses. The top business sectors reporting were: Retail, Consumer Services, Construction, Health & Medical, Manufacturing, and Business Services.

The majority of the fast growing businesses surveyed started very small – with a median of 2 full-time employees and one part-time. Today, these **firms employ a median of 13 full-time workers and 2 part-time workers**. The median firm surveyed has been in operation for 16 years and was **initially capitalized with \$30,000**. Today, these **companies averaged sales of over \$4.0 million - 74 percent more than in 1998**.

Only 35 percent began operations with a formal business plan. However, perhaps prior experience and education substituted for extensive formal planning – **43 percent owned at least one other business** and **60 percent hold a Bachelor's degree or higher**.



Needs & Performance

For many high growth firms, the slow economic times of the last two years have had significant effects on their business. Over a quarter of the surveyed businesses reported a decline in their company's "growth" since January 2002 – **33 percent characterized their "growth" as rapidly declining or slowly declining**. On a higher note, however, **40 percent claimed that "growth" was steady**. Despite the recent economic slump, these businesses are fairly optimistic about the future. **Eighty-five percent responded that they are either "very confident" or "fairly confident" about future growth**.

Out of 26 possible business issues, high growth companies identified the **top five issues** they perceived to be **important to the success of their business**:

- **Hiring quality employees**
- **Controlling costs**
- **Motivating employees**
- **Training employees**
- **Wise use of capital**

Although some business issues were considered very important. They are not necessarily the same areas that companies feel a need for help. The top five business issues where high growth companies perceived a **need for assistance**:

- **Tax issues**
- **Financial management and analysis**
- **Developing compensation and benefits packages**
- **Tracking marketing effectiveness**
- **Time and project management**

Despite some of the problems with their current location, the vast majority - **56 percent would choose not to move from their location**. An additional **34 percent would stay in their county, but relocate to an improved facility**. Only two percent would choose to relocate outside of North Carolina if they could change their location.

Location Problems	% Major	% Major or Minor Problem
State & local taxes	32%	69%
Education/skills of available workforce	34%	67%
Supply of available workers	28%	65%
Costs of facilities/land	22%	59%
Environmental regulations	12%	45%
Local labor costs	9%	44%
Access to education/training	13%	43%
Government/community support	10%	40%

Finally, growing companies keep an eye toward **continuous improvement**. Out of 10 possible choices, high growth companies identified the **top five business improvements** they would make:

- **Improve compensation** **47%**
- **Increase training** **47%**
- **Improve facility** **45%**
- **Improve technology** **38%**
- **Improve domestic marketing** **34%**