

2023

NEVADA  SMALL BUSINESS CO.™

THE
10TH
ANNUAL
SMALL BUSINESS SURVEY



TABLE OF CONTENTS

ECONOMY	2
NEVADA	4
STATE OF BUSINESS	8
WORKFORCE	10
OUTLOOK	13
COMMUNITY	16



The Small Business Survey is conducted annually by Applied Analysis as commissioned by Nevada State Bank. All percentages are rounded to the nearest tenth. Totals may not sum due to rounding.

You can find additional resources and the monthly Economic Briefing, prepared by Applied Analysis, at NevadaSmallBusiness.com

WELCOME TO THE 2023 EDITION OF OUR ANNUAL NEVADA STATE BANK SMALL BUSINESS SURVEY.

For the past 10 years, through diverse economic conditions, Nevada State Bank has been taking the pulse of Nevada's business owners and executives in order to help them with strategic planning and decision-making. I'm proud to present the results of the tenth annual Nevada State Bank Small Business Survey, conducted in January 2023, and to share insights from business leaders across the state.

Although this year's results reflect the uncertainty of the national economy, they also illustrate the underlying optimism of Nevadans, who believe our state will be able to once again weather whatever economic storms may come our way. Businesses shared their priorities on education funding and affordable housing for the Legislature this session and weighed in on interest rates and their response to inflation. A realistic but quiet optimism is reflected in their expectation of increased business revenues and sales and a return to profitability.

Here are a few additional highlights from the pages ahead:

- While less than 28.0 percent of respondents think the national economy is headed in the right direction, more than 53.0 percent think Nevada's economy is headed in the right direction, a 10.0 percent increase over last year.
- More than 1 in 4 small businesses reported that Nevada's economic environment has improved over the past year and nearly half (47.4 percent) expect it to improve further in 2023.
- The single most important challenge remains hiring and retaining quality employees, and the majority still find it difficult to find employees locally.
- More than 39.2 percent of respondents said they had fully recovered to pre-COVID-19 levels, and those who hadn't yet recovered predicted they would reach pre-pandemic levels in another year.
- Businesses continue to support their communities, with 64.5 percent budgeting for annual charitable giving.

If the past 10 years have shown us anything, it's that successful business leaders need to be nimble in addressing economic changes and innovative in finding ways to overcome obstacles. I believe Nevada businesses have not only the creativity but also the drive and determination to succeed in 2023 and beyond.

Nevada State Bank is proud to stand beside our business leaders every step of the way. I hope the data and insights provided in this report will prove to be valuable resources for our clients, our business community, and Nevada decision-makers.

IT MATTERS **WHO** YOU BANK WITH®

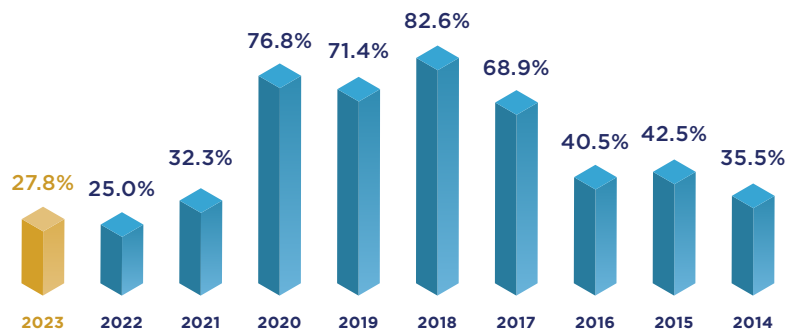
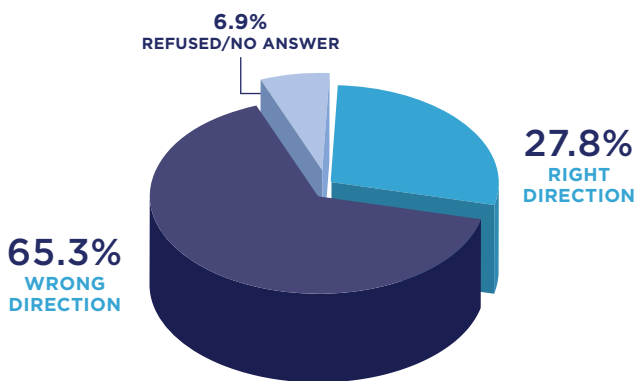


TERRY A. SHIREY
President and CEO, Nevada State Bank

ECONOMY

Small businesses are pessimistic about where the national economy is headed, but remain generally positive regarding the local economy. Sentiment regarding the direction of the national economy increased slightly over the last year, with just over 1 in 4 small businesses (27.8 percent) reporting that they believe the national economy is heading in the right direction, up slightly from 25.0 percent in 2022. However, this is still nearly a 50.0 percent differential from pre-pandemic optimism.

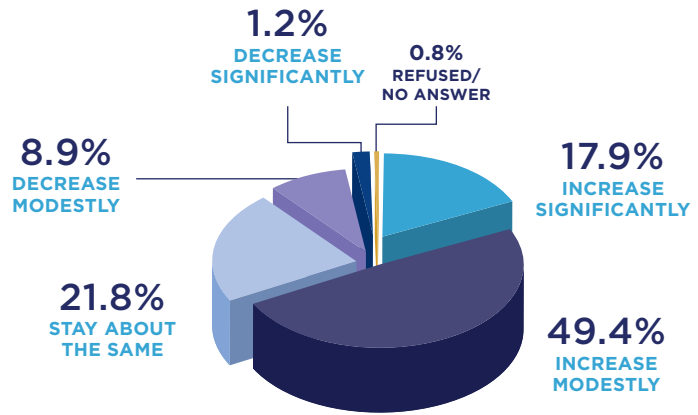
DO YOU BELIEVE THE NATIONAL ECONOMY IS GENERALLY HEADED IN THE RIGHT DIRECTION OR THE WRONG DIRECTION?



% RIGHT DIRECTION

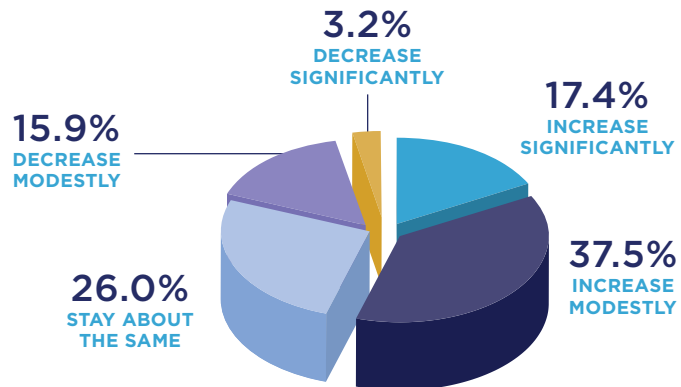
More than two-thirds of small businesses (67.3 percent) expect interest rates to increase in 2023, a decline from 2022.

IN 2023, DO YOU EXPECT INTEREST RATES TO...?



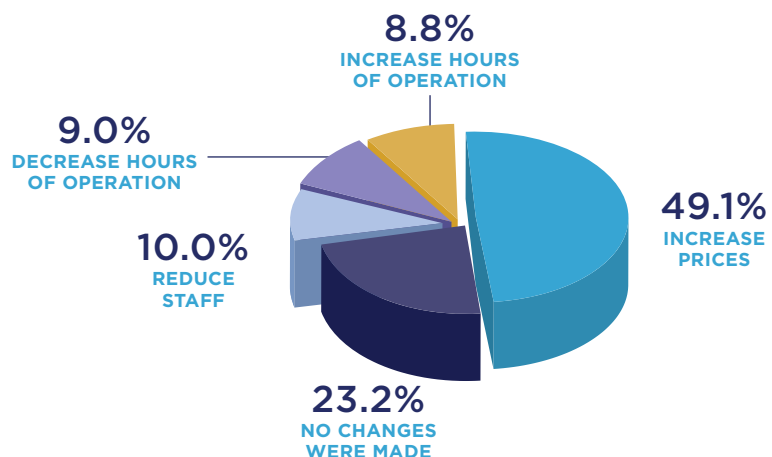
In addition, more than half (54.9 percent) of the respondents expect inflation to increase by the end of 2023, also a decrease from 2022.

DURING THE PAST SEVERAL MONTHS, INFLATION HAS BEEN ELEVATED. BY THE END OF 2023, DO YOU EXPECT INFLATION TO...?



Small businesses adapted to high inflation in 2022 with price increases and changes to hours of operation. Nearly half of small businesses (49.1 percent) responded to last year's high levels of inflation with price increases. Interestingly, more small businesses reported no changes due to inflation (23.2 percent) than any response besides price increases. The next most popular response was a change in operating hours (17.8 percent), with respondents split between increasing operating hours and decreasing them, garnering 8.8 and 9.0 percent of responses, respectively.

IN 2022, IN RESPONSE TO THE RECORD-HIGH INFLATION, HAVE YOU HAD TO...?





NEVADA

The economy is top-of-mind for Nevada small businesses today. When asked to rate business-related factors on a scale of 1 to 7, with 1 being of little concern and 7 being of high concern, small businesses rated the economy the highest concern, with 33.1 percent rating it with a 7 overall. The costs of goods/services purchased was ranked second and healthcare costs came in third. Healthcare costs have ranked among the top three concerns for small business owners in Nevada every year dating back to 2016 except 2022 when they fell to fourth.

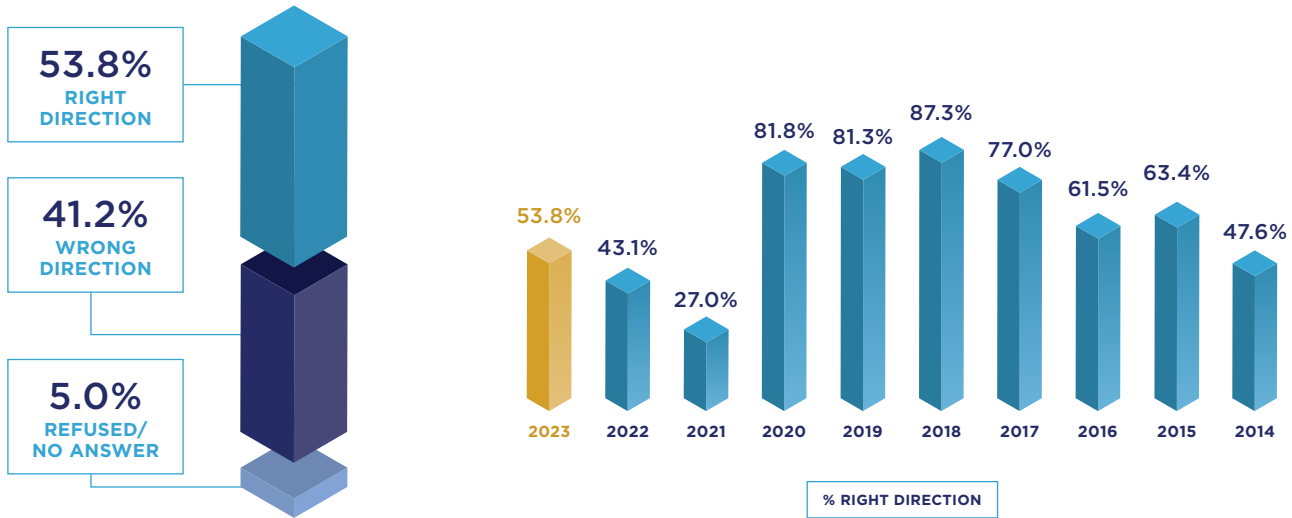
TOP THREE CONCERNS OF SMALL BUSINESS OWNERS
RANKED PER YEAR BY MEAN

	FIRST	SECOND	THIRD
2023	THE ECONOMY	COSTS OF GOODS/ SERVICES PURCHASED	HEALTHCARE COSTS
2022	COSTS OF GOODS/ SERVICES PURCHASED	THE ECONOMY	RETAINING & HIRING QUALIFIED EMPLOYEES
2021	THE ECONOMY	GOVERNMENT REGULATION	HEALTHCARE COSTS & BUSINESS TAXES <i>TIED</i>
2020	HEALTHCARE COSTS	RETAINING & HIRING QUALIFIED EMPLOYEES	GOVERNMENT REGULATION
2019	HEALTHCARE COSTS	GOVERNMENT REGULATION	BUSINESS TAXES
2018	HEALTHCARE COSTS	BUSINESS TAXES	GOVERNMENT REGULATION
2017	HEALTHCARE COSTS	BUSINESS TAXES	GOVERNMENT REGULATION
2016	BUSINESS TAXES	HEALTHCARE COSTS	GOVERNMENT REGULATION
2015	HEALTHCARE COSTS	GOVERNMENT REGULATION	BUSINESS TAXES
2014	BUSINESS TAXES	LAWS & REGULATIONS	COST OF GOODS

IN 2014, HEALTHCARE COSTS WAS
NOT INCLUDED AS AN OPTION.

Small businesses reported increased positivity relative to the Nevada economy, with over half (53.8 percent) believing that Nevada’s economy is headed in the right direction, more than a 10.0 percent increase from 43.1 percent in 2022.

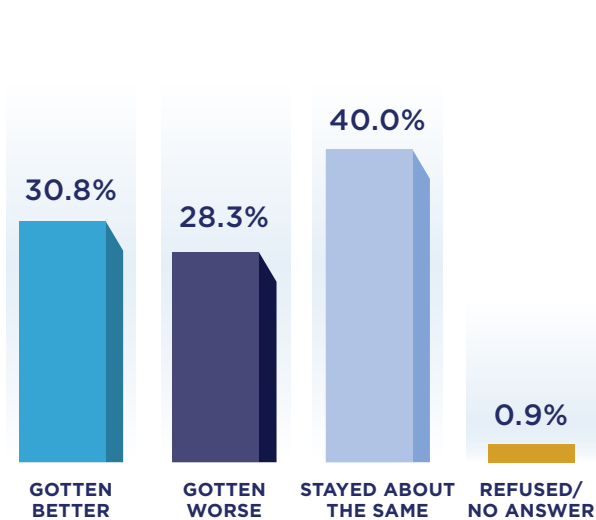
WOULD YOU SAY THE NEVADA ECONOMY IS GENERALLY HEADING IN THE RIGHT DIRECTION OR THE WRONG DIRECTION?



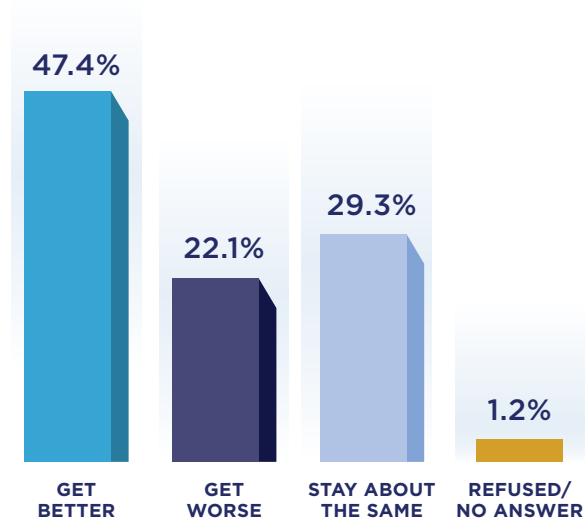
The business environment in Nevada has improved during the past year, but concerns about the future persist. While respondents were split regarding the business environment in Nevada over the past year, there was a significant increase in respondents reporting that the environment has improved. More than 1 in 4 small businesses (30.8 percent) reported the business environment in Nevada has gotten better over the past year, an increase from 27.5 percent from the prior year. However, a nearly equal share believe it has gotten worse, just over 28.0 percent.

Looking forward, small businesses were more optimistic than the prior year, with nearly half of respondents (47.4 percent) expecting the business environment to get better, an increase from 38.7 percent from the prior year. Notably, nearly 1 in 4 remain pessimistic.

THINKING BACK OVER THE PAST YEAR, WOULD YOU SAY THE BUSINESS ENVIRONMENT IN NEVADA HAS GOTTEN BETTER, GOTTEN WORSE OR STAYED ABOUT THE SAME?



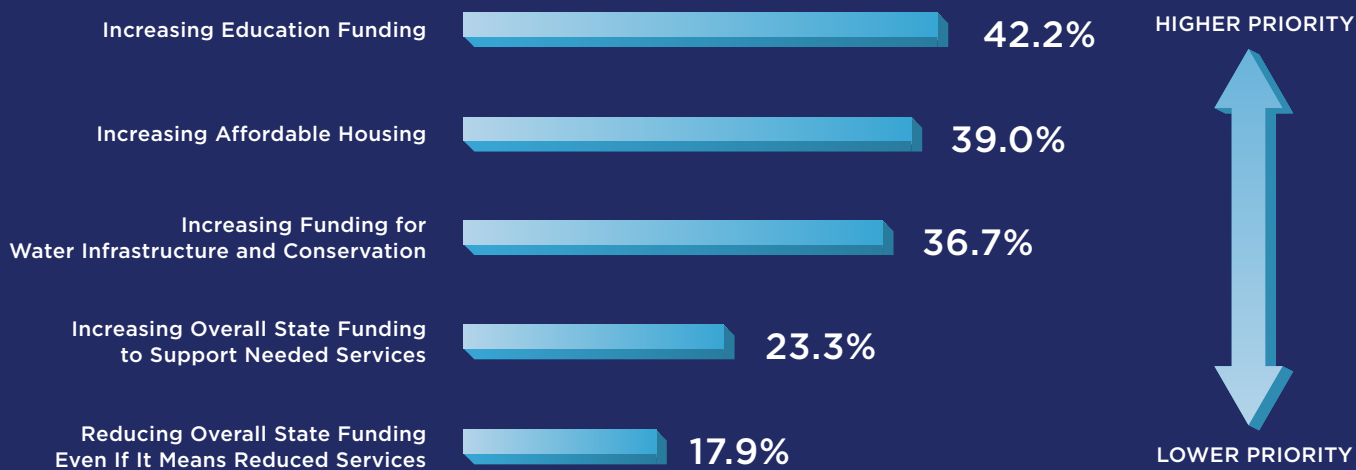
DO YOU EXPECT THE BUSINESS ENVIRONMENT IN NEVADA TO GET BETTER, GET WORSE OR STAY ABOUT THE SAME OVER THE NEXT 12 MONTHS?



Education funding and increasing affordable housing are top priorities for small businesses in Nevada's 2023 legislative session. Small businesses were asked to rate their priorities for the next legislative session in 2023 on a scale of 1 to 5, with 1 being a low priority and 5 being a high priority. More than 2 in 5 small businesses (42.2 percent) rated increasing education funding with a 5 in terms of priority and a similar proportion (39.0 percent) rated increasing affordable housing with a 5. These priorities were followed by increasing funding for water infrastructure and conservation.

Something interesting to note is that reducing the state's overall funding ranked last, so respondents are generally in favor of increasing funding during the 2023 session. While affordable housing ranked with high priority, this may be less of a concern if prices continue to drop.

WHAT PRIORITIES SHOULD THE STATE FOCUS ITS EFFORTS ON IN THE NEXT LEGISLATIVE SESSION IN 2023?



N = 403

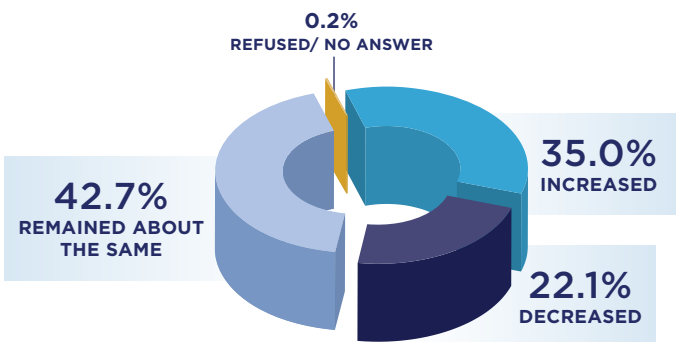




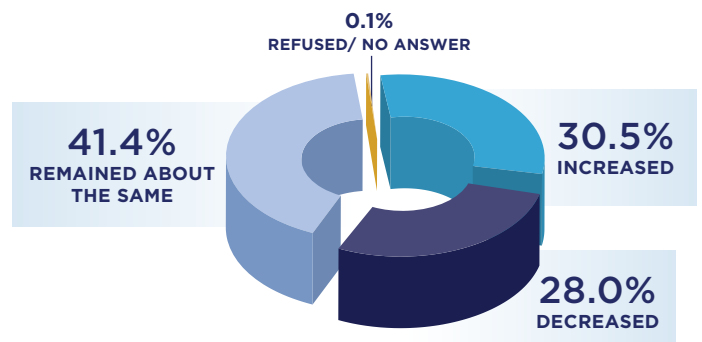
STATE OF BUSINESS

Small business sales and profitability have remained about the same over the past year, but are expected to pick up in the next 12 months. Over the past year, more than 2 in 5 small businesses (42.7 percent) reported flat business revenues and a roughly equal proportion (41.4 percent) reported unchanged profitability, a notable change from the prior year's reports of rising revenues and profits.

IN THE PAST 12 MONTHS, HAVE YOUR BUSINESS **REVENUES OR SALES** INCREASED, DECREASED, OR REMAINED ABOUT THE SAME?

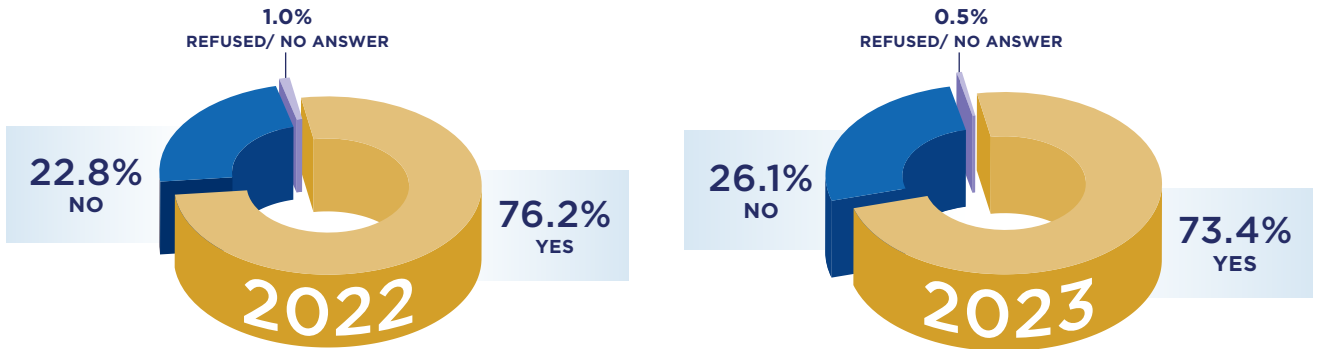


IN THE PAST 12 MONTHS, HAS YOUR BUSINESS' **PROFITABILITY** INCREASED, DECREASED, OR REMAINED ABOUT THE SAME?



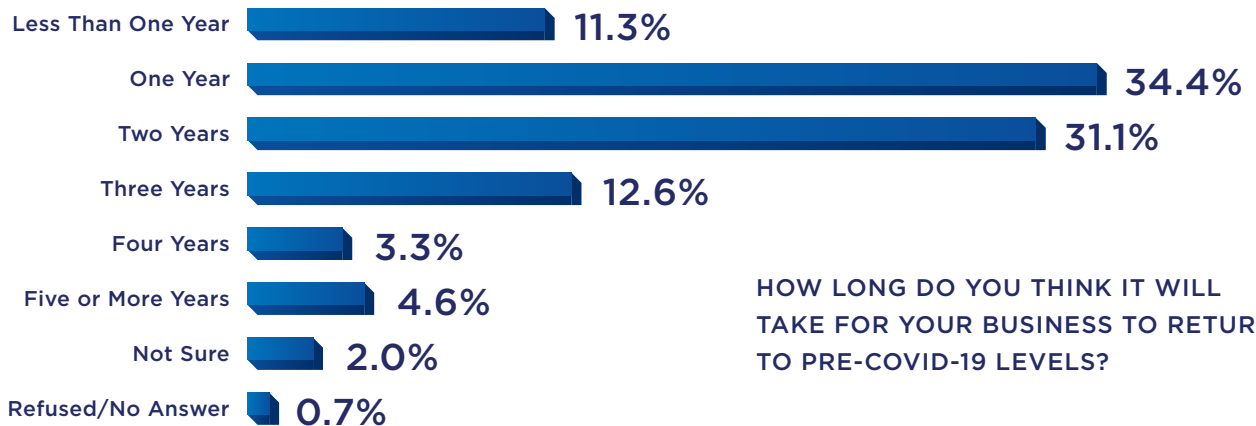
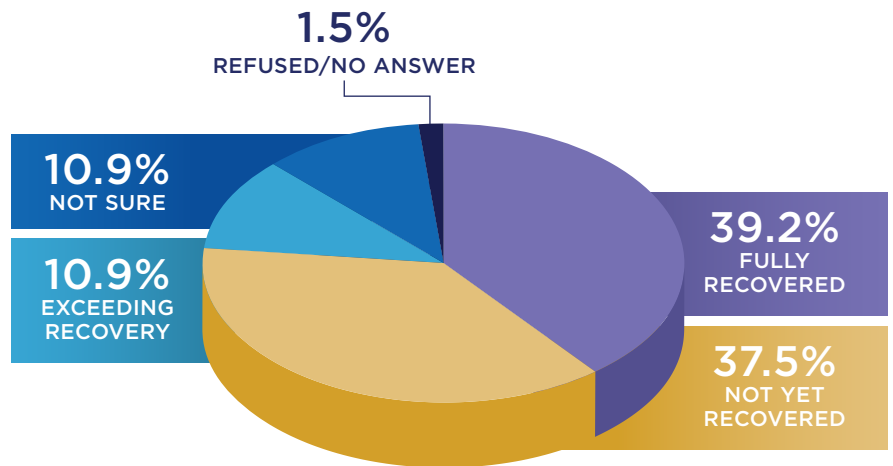
Inflation and supply chain challenges are top-of-mind for small businesses. More than half of small businesses (54.9 percent) expect inflation to increase moderately or significantly by the end of 2023. Additionally, nearly 3 in 4 small businesses (73.4 percent) experienced supply chain challenges or delays in the past year.

DID YOUR BUSINESS EXPERIENCE SUPPLY CHAIN CHALLENGES OR DELAYS?

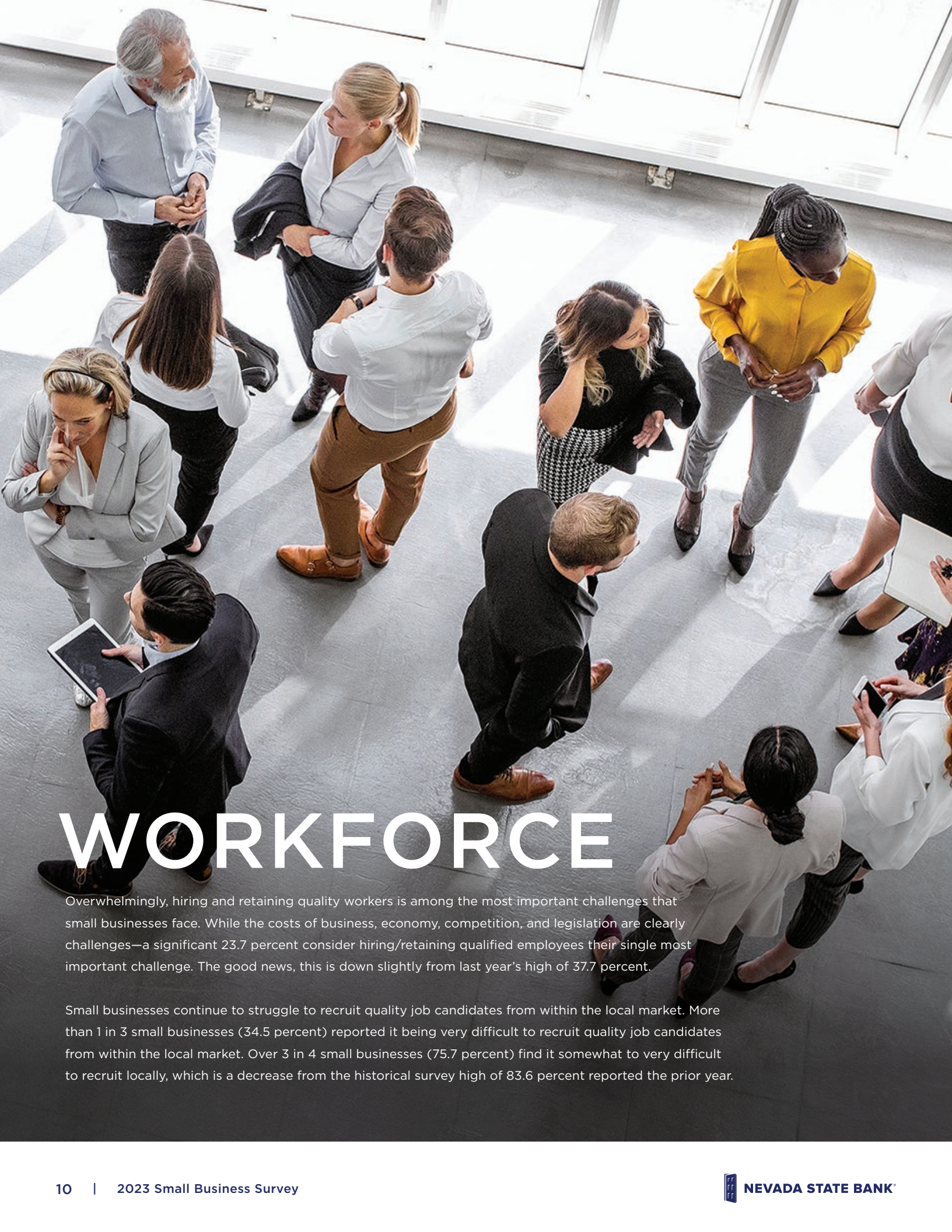


The general sentiment is that businesses are still a year away from returning to pre-COVID-19 business volumes. Nearly 2 in 5 (37.2 percent) small businesses reported they have yet to fully recover from the impacts of COVID-19, though just over 1 in 10 businesses have already exceeded pre-COVID-19 levels. Of small businesses that were not yet operating at pre-COVID-19 levels, the general sentiment is that it would take an additional year for their business to return to pre-pandemic levels.

IN THE 2022 REPORT, BUSINESSES RESPONDED THAT IT WOULD TAKE AN AVERAGE OF 2 YEARS TO RETURN TO PRE-COVID LEVELS. **HOW CLOSE ARE YOU TODAY?**



HOW LONG DO YOU THINK IT WILL TAKE FOR YOUR BUSINESS TO RETURN TO PRE-COVID-19 LEVELS?



WORKFORCE

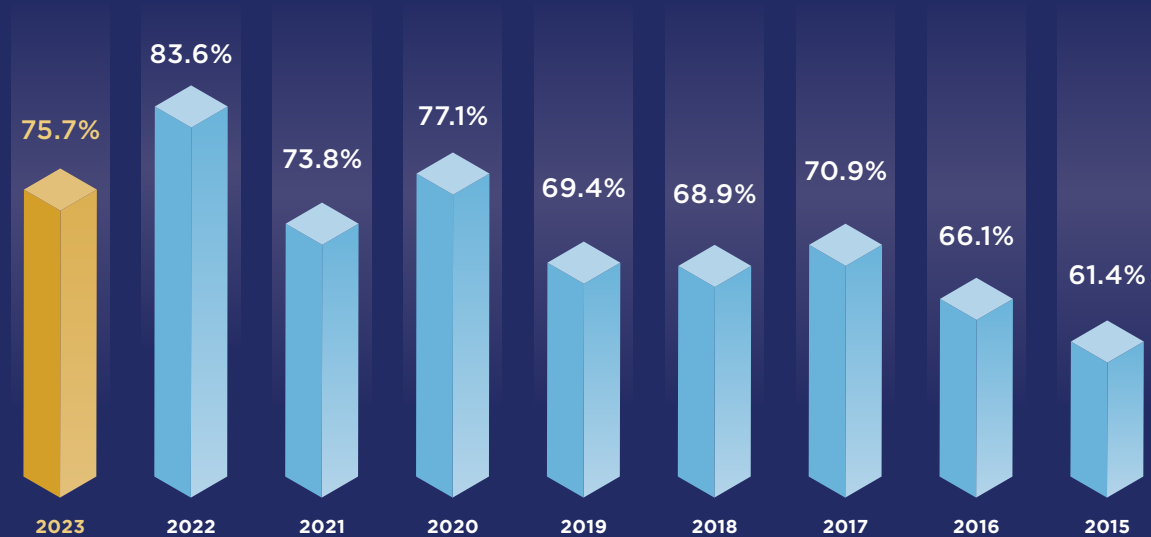
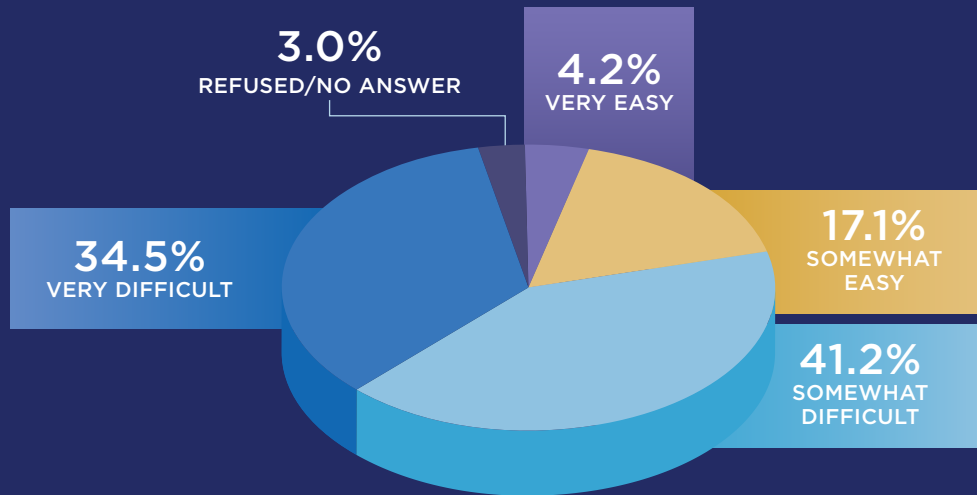
Overwhelmingly, hiring and retaining quality workers is among the most important challenges that small businesses face. While the costs of business, economy, competition, and legislation are clearly challenges—a significant 23.7 percent consider hiring/retaining qualified employees their single most important challenge. The good news, this is down slightly from last year's high of 37.7 percent.

Small businesses continue to struggle to recruit quality job candidates from within the local market. More than 1 in 3 small businesses (34.5 percent) reported it being very difficult to recruit quality job candidates from within the local market. Over 3 in 4 small businesses (75.7 percent) find it somewhat to very difficult to recruit locally, which is a decrease from the historical survey high of 83.6 percent reported the prior year.

WHAT IS THE SINGLE MOST IMPORTANT CHALLENGE YOU FACE AS A SMALL BUSINESS TODAY? (TOP FIVE ANSWERS BELOW)



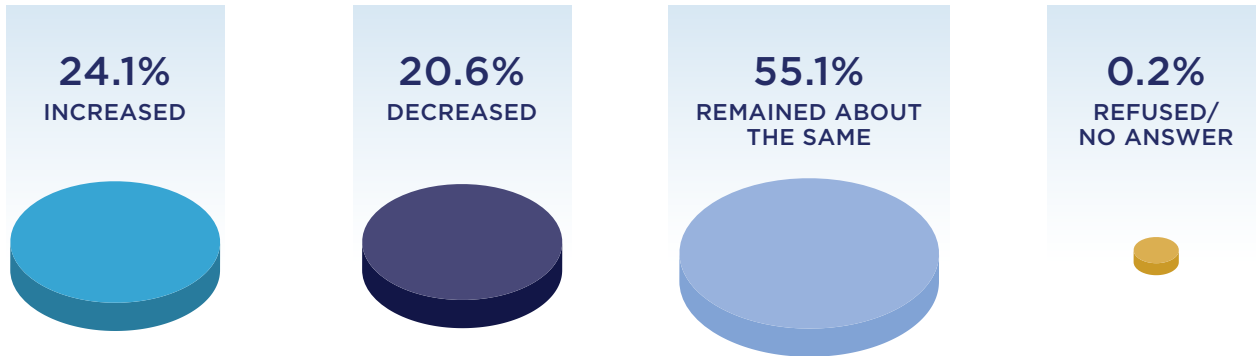
HOW EASY OR DIFFICULT IS IT FOR YOU TO RECRUIT QUALITY JOB CANDIDATES FROM WITHIN YOUR MARKET?



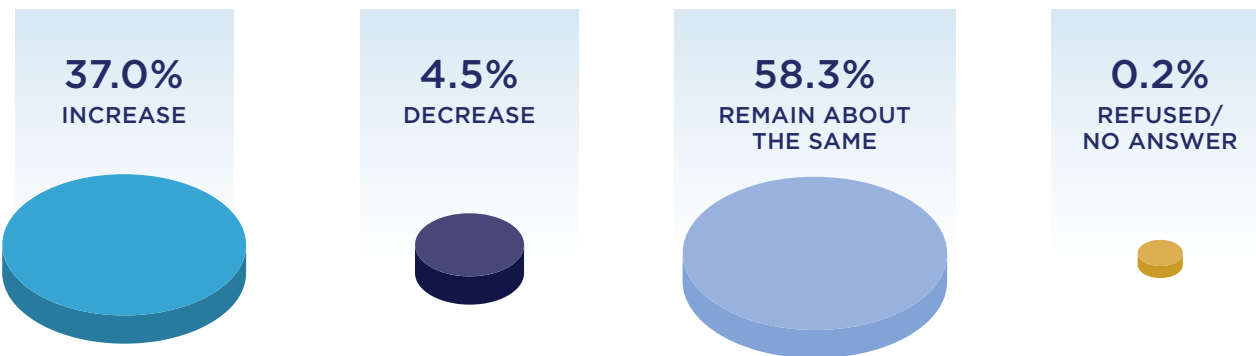
% SOMEWHAT OR VERY DIFFICULT

Staffing levels within Nevada small businesses have remained about the same over the past year and conditions are not expected to change in 2023. More than 3 in 4 small businesses reported either increasing (24.1 percent) or keeping their employment base the same (55.1 percent) over the past year. This is slightly higher than what was reported last year, when 20.3 percent of small businesses said that they had increased their headcount. That said, it appears that in coming months, small businesses are planning on making investments in their staffing levels. Nearly 2 in 5 small businesses (37.0 percent) are planning to increase their workforce in 2023.

COMPARING YOUR CURRENT WORKFORCE TO YOUR WORKFORCE FROM 12 MONTHS AGO, HAS IT INCREASED, DECREASED, OR REMAINED ABOUT THE SAME?

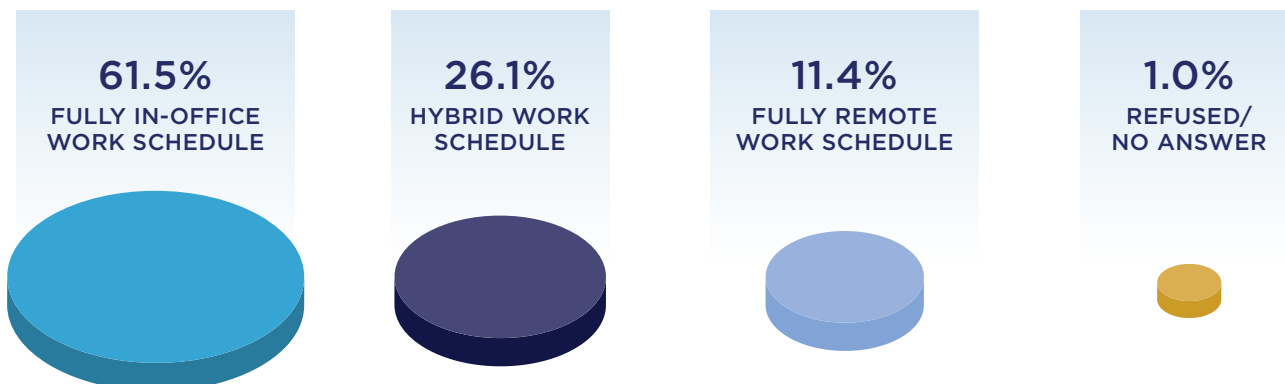


IN THE NEXT 12 MONTHS, DO YOU PLAN TO INCREASE YOUR NUMBER OF EMPLOYEES, DECREASE YOUR NUMBER OF EMPLOYEES, OR KEEP YOUR EMPLOYEE BASE THE SAME?



REGARDING WORK ENVIRONMENT, WHICH OF THE FOLLOWING SCENARIOS BEST DESCRIBES YOUR EMPLOYEE'S CURRENT WORK SCHEDULE?

More than 3 in 5 respondents indicated that their employees are working fully in-office schedules.

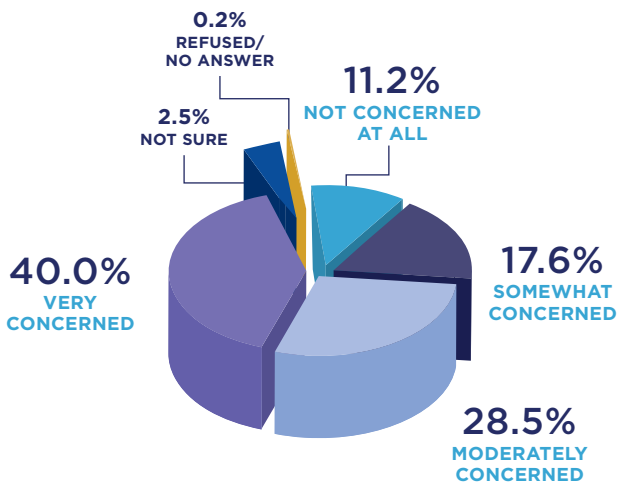




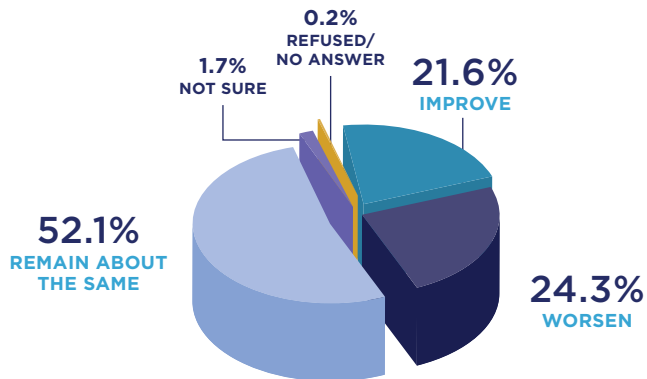
OUTLOOK

Small business respondents are realistic, but there are notes of optimism, and some trends show incremental improvements. Housing affordability is expected to remain a concern for small businesses amid high and rising interest rates. Roughly 2 in 5 small businesses (40.0 percent) are very concerned with housing affordability and more than 1 in 4 small businesses are moderately concerned (28.5 percent). However, only 1 in 4 (24.3 percent) respondents expect the availability of workforce housing to worsen, a substantial decrease from 41.9 percent last year. This trend could be associated with the change in home prices over the last few years. Since home prices are more affordable overall, respondents may be less concerned with the availability of workforce housing.

HOW CONCERNED ARE YOU ABOUT HOUSING AFFORDABILITY? ARE YOU...?



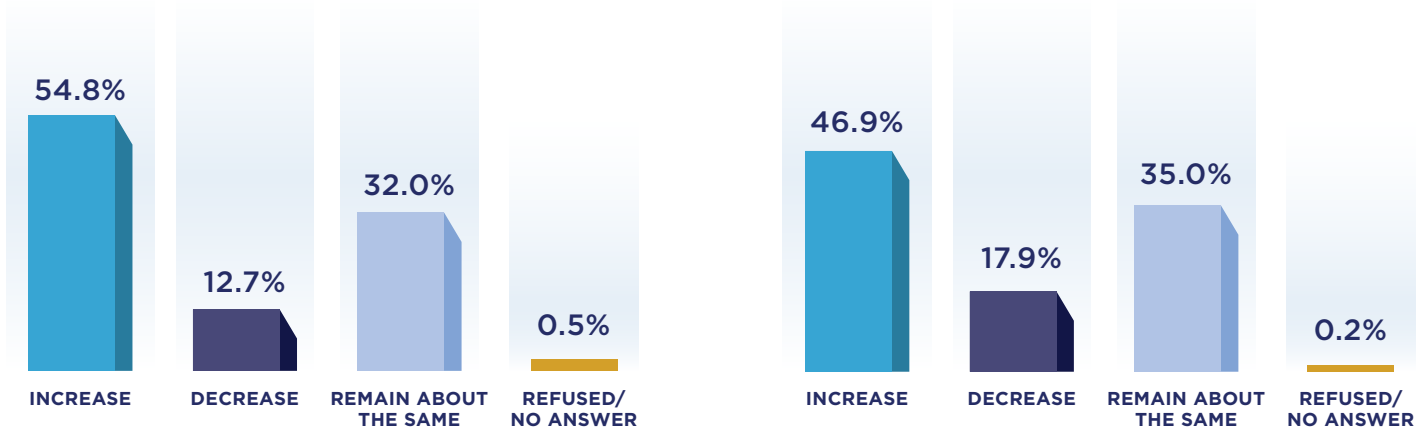
DO YOU EXPECT THE AVAILABILITY OF WORKFORCE HOUSING TO IMPROVE, WORSEN, OR REMAIN ABOUT THE SAME?



On an optimistic note, more than half (54.8 percent) of respondents believe they will experience an increase in their business revenues or sales in the next 12 months, and another 32.0 percent expect them to remain the same. Similarly, almost half of respondents believe their profitability will increase in the next year, also a slight increase (4.5 percent) from 2022. Another 35.0 percent expect them to stay the same during the next 12 months.

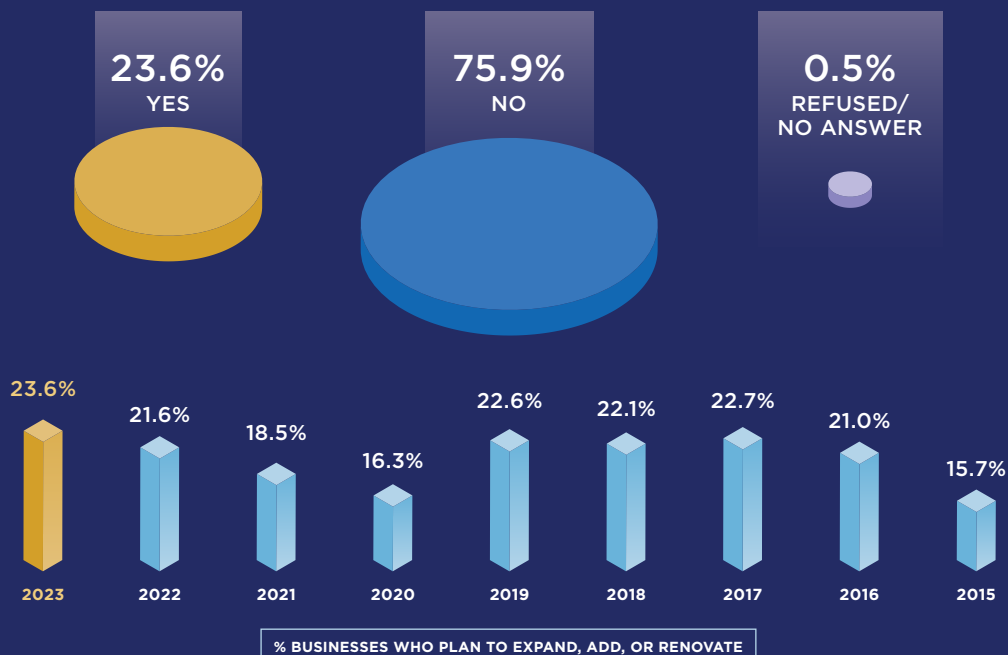
DO YOU BELIEVE YOUR BUSINESS REVENUES OR SALES WILL INCREASE, DECREASE, OR REMAIN ABOUT THE SAME IN THE NEXT 12 MONTHS?

DO YOU BELIEVE YOUR BUSINESS' PROFITABILITY WILL INCREASE, DECREASE, OR REMAIN ABOUT THE SAME IN THE NEXT 12 MONTHS?

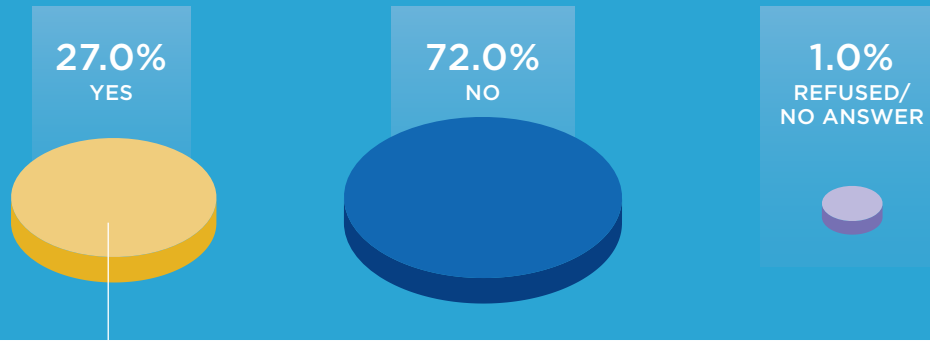


More than one-fifth (23.6 percent) of respondents plan to expand their workspace, add a new building or renovate their current location in the next year. This is up 2.0 percent from 2022 and a historical high, which could signify renewed optimism for respondents who expect to see increases in their business overall within the next year. In addition, 1 in 4 (27.0 percent) respondents plan on applying for some type of financing over the next year, an increase from the prior year and the highest share in six years. This indicates that they are optimistic about future opportunities to expand and grow their business.

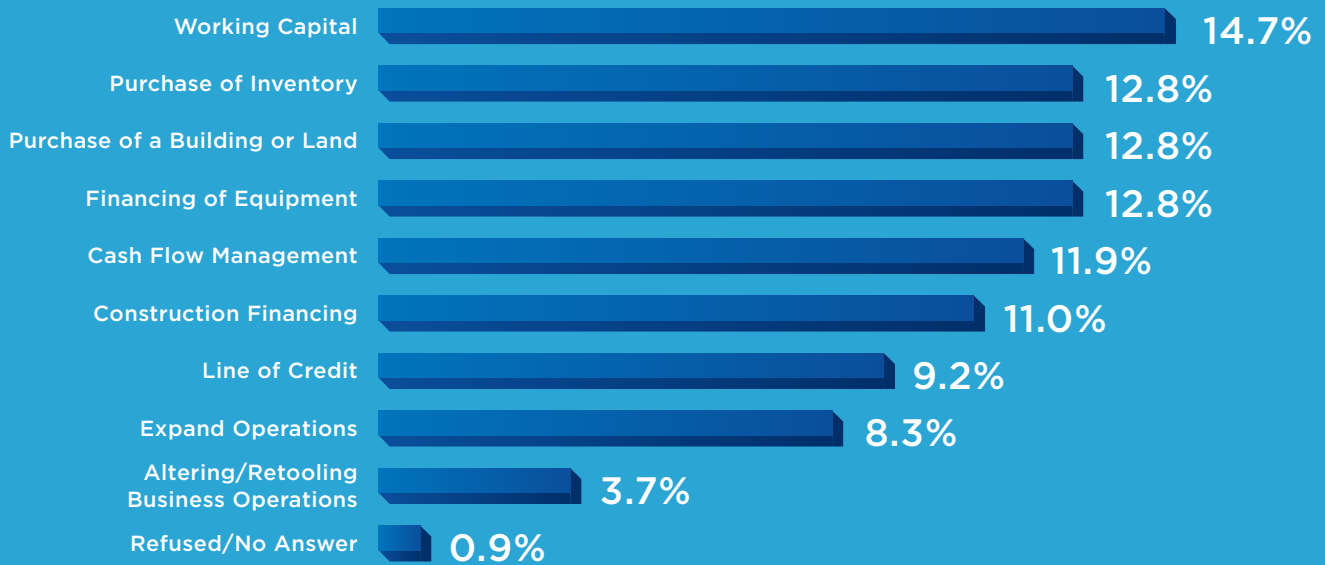
DO YOU PLAN TO EXPAND YOUR WORKSPACE, ADD A NEW BUILDING, OR RENOVATE A CURRENT LOCATION IN THE NEXT 12 MONTHS?



DO YOU ANTICIPATE APPLYING FOR A LOAN, A CREDIT LINE, OR ANY OTHER TYPE OF FINANCING OVER THE NEXT 12 MONTHS?



OF THE 27.0 PERCENT WHO WILL BE FINANCING...WHAT IS THE PRIMARY PURPOSE OF THE FINANCING YOU ARE LOOKING TO SECURE?

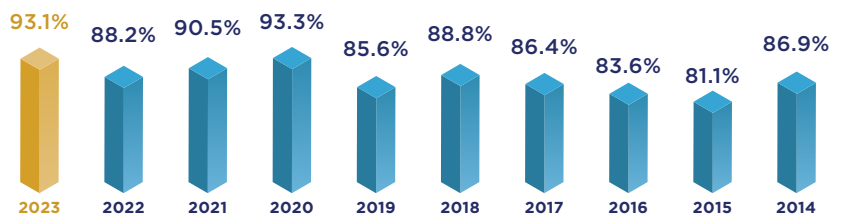
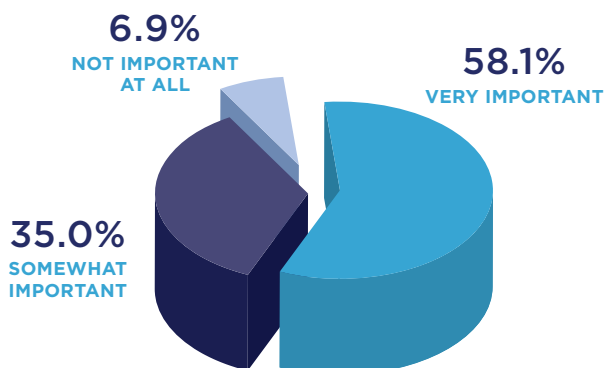


Note: This is a multiple response question. Sample size reflects the number of respondents, not responses.

N = 109

HOW IMPORTANT IS YOUR BANKING RELATIONSHIP TO THE SUCCESS OF YOUR SMALL BUSINESS?

More than 9 in 10 respondents say their banking relationship is “somewhat to very important” to the success of their small business, an increase of nearly 5.0 percent from the prior year.



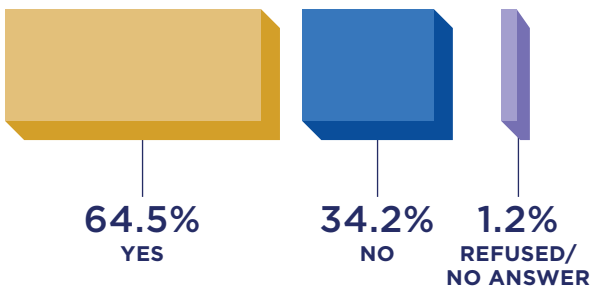
% SOMEWHAT OR VERY IMPORTANT



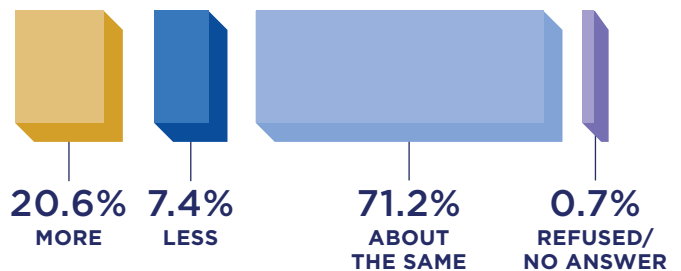
COMMUNITY

Nevada small businesses remain committed to the community through charitable giving. Nearly two-thirds of small businesses (64.5 percent) budget for charitable giving each year. Roughly 1 in 5 small businesses (20.6 percent) gave back more to the community this year than last year, while 71.2 percent gave the same as last year. In-kind donations of goods and services (80.4 percent), cash donations (68.7 percent) and sponsorships (59.1 percent) are the most common ways that small businesses choose to give back to their communities. The social causes or community needs that are most important to small businesses are centered around homelessness, poverty, and housing (16.8 percent), youth, family and women's services (15.1 percent), and community involvement (15.1 percent).

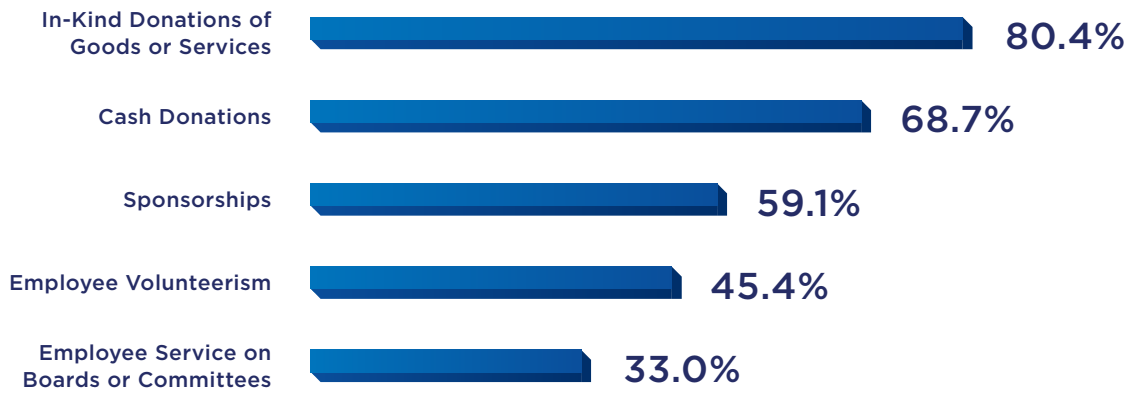
DOES YOUR BUSINESS BUDGET FOR CHARITABLE GIVING EACH YEAR?



WOULD YOU SAY YOUR BUSINESS IS GIVING BACK TO THE COMMUNITY MORE, LESS, OR ABOUT THE SAME AS LAST YEAR?

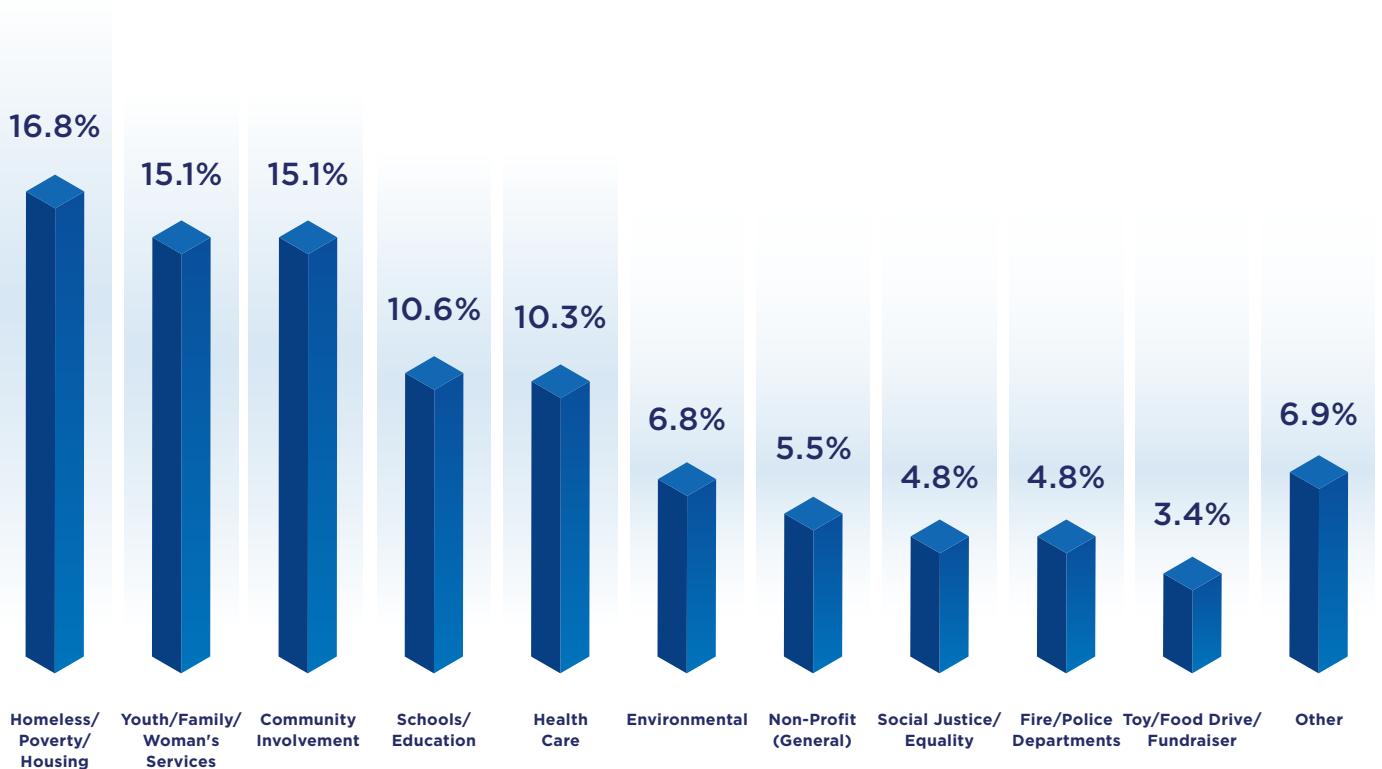


WHICH OF THE FOLLOWING WAYS, IF ANY, DOES YOUR BUSINESS GIVE BACK TO THE COMMUNITY?



Note: This is a multiple choice question. Data represents those who indicated they gave back to the community.

WHICH SOCIAL CAUSE OR COMMUNITY NEED IS MOST IMPORTANT TO YOUR ORGANIZATION?



Note: This is an open-ended question. Sample size reflects the number of respondents, not responses. Data represents those who indicated they have a social cause or community need that is most important to their organization.

N = 403

2023 SMALL BUSINESS SURVEY

A DECADE OF NEVADA BUSINESS INSIGHTS

Download all surveys from previous years at
NEVADASMALLBUSINESS.COM/SURVEY

You can also visit NevadaSmallBusiness.com for more
information, additional resources, and the latest
economic trends affecting our state.

IT MATTERS **WHO** YOU BANK WITH®

NEVADA  SMALL Σ
BUSINESS CO. TM



A division of Zions Bancorporation, N.A. Member FDIC