



December 15, 2017

**Highlights**

At 14.2, Business Outlook Index continues bouncing along in positive territory



Downturn in outlook for business conditions compared to October



However, large firms are more optimistic



More companies consider the priorities of Millennial employees important than unimportant



When Millennial priorities are valued, satisfaction with these workers is higher

**Business Confidence Remains Fairly Steady Looking to 2018**

*Companies that focus on the needs of Millennials have greater satisfaction with these employees*

The San Diego County Business Forecast, sponsored by San Diego Private Bank, shows November’s Business Outlook Index (BOI) continues its stay in positive territory at 14.2.

**Business Outlook Index Over Time**



Compared to October, expectations about the BOI’s business conditions component are not as positive, with fewer firms saying things will improve in the next three months and slightly more believing they will worsen. While the remaining factors (hiring, revenue projections, hours for employees) are holding steady, the BOI’s generally mediocre performance this month largely results from nervousness about industry business conditions. Companies in the press and media industry are less optimistic about future business conditions, as are companies experiencing new challenges related to increased competition which is mentioned by 6 percent of county businesses as a challenging issue this month.

Topping the list of challenges this month are tax and fee increases at 7 percent, and this concern has shot up from only 1 percent in October. California's gas tax increase, which went into effect at the beginning of November, is frequently mentioned, as is uncertainty over the Congressional tax plan, which at the time of this survey had not yet passed in the U.S. Senate. Indeed, one respondent whose concern is at the federal level told us a "loss of production tax credit in Congress" is pressing.

Although travel, hospitality and restaurant firms have been positive this year, they are not as cheery this month, posting a relatively low BOI of 5. Firms in the southern suburbs (National City, Chula Vista, Otay, San Ysidro) sit just on the negative side of the scale at -1, primarily because they predict revenues will fall. One industry expecting revenue gains are retail firms, no doubt a reflection of the seasonal buying uptick.

This month we asked how important it is for businesses to consider the priorities and desires of Millennials (those born between 1981 and 1997) when it comes to employee attraction, retention, and productivity. Thirty-six percent of firms say it is important, though only 11 percent strongly feel this way. On the other side, 26 percent say it is unimportant and 36 percent take the middle ground, believing that to be only somewhat important.

Company size is the key driver here. About half of firms with 12 or more employees say it is very or extremely important to consider the needs of Millennials, while 43 percent of firms with fewer than five workers say that's unimportant. Because larger firms generally have more experience with Millennial workers, it stands to reason that they would be more likely to consider this generation's priorities important.

Industry-wise, development and construction firms ascribe far less importance to the desires and priorities of Millennials. It is possible that the nature of that particular line of work is less dependent upon the desires of this generation. On the other hand, both arts and culture firms, as well as advertising and promotions firms, are more likely to consider the priorities of young adults, possibly seeing added value in this group's perspective.

But how satisfied are employers with Millennial workers? Generally, San Diego businesses have had good experiences with these young employees, as half of the companies report being satisfied and only 19 percent are dissatisfied. The remaining 31 percent have either had no experience with Millennial workers or are neutral about them.

*"In your experience, have you generally been satisfied or dissatisfied with Millennials who have worked at your company, or have you not had any employees of that generation work at your company?"*

### Millennial Employee Satisfaction



Survey results show the most important predictor of satisfaction with Millennial workers is the importance a company places on considering the priorities and desires of this generation. Sixty-two percent of firms who believe it is extremely important and nearly three-fourths who find it very important are satisfied with these young employees. On the contrary, 42 percent of firms who believe it is not at all important are dissatisfied. So, focusing on the needs of this generation pays off big in the form of greater satisfaction. Still, firms who find it somewhat or not that important are more satisfied with Millennials than not, suggesting that members of this young generation are doing well even when less concern is attached to their priorities. The lesson, however, is that the more importance firms place on Millennials' priorities, the more satisfied firms are with this group.

### **About the Business Forecast**

The San Diego County Business Forecast, sponsored by [San Diego Private Bank](#), is a scientific look at where our region's economy is headed. The survey for this month's installment was fielded November 15-29, 2017 by [Competitive Edge Research & Communication](#) using responses from 200 randomly selected members of the San Diego, East County, Alpine, Escondido, Lakeside, Vista, Santee, Encinitas and National City Chambers of Commerce. One-third of the members were invited to complete the survey online. Those members who initially did not respond were invited to complete the survey over the phone.

The Business Outlook Index™ (BOI) is comprised of four self-reported assessments regarding the next three months: Will a respondent's business increase or decrease its number of employees, experience an increase or a decrease in revenue, increase or decrease the number of hours its employees work, and experience an improvement or a worsening of business conditions. For each assessment, definite and positive responses are scored 100, probable and positive responses are scored 50, neutral responses are scored 0, probable and negative responses are scored -50 and definite and negative responses are scored -100. The scores are summed and divided by 4 to get a range for the BOI of -100 to +100, with zero being a neutral outlook. Visit <http://sdchamber.org/businessforecast> to see past Business Forecasts.

### **About San Diego Private Bank and Private Bancorp of America, Inc.**

Private Bancorp of America, Inc. (OTCQX:PBAM), is the holding company for San Diego Private Bank. San Diego Private Bank, provides a Distinctly Different banking experience through unparalleled service and creative funding solutions to high net worth individuals, professionals, locally owned businesses and real estate entrepreneurs. Clients are serviced by experienced personal bankers through offices in Coronado, San Diego, La Jolla, Beverly Hills and Newport Beach as well as efficient electronic banking offerings. The Bank also offers various portfolio and government guaranteed lending programs, including SBA and cross-border Export-Import Bank programs. San Diego Private Bank is a SBA Preferred Lender and provides a full array of sophisticated treasury management and deposit products. [www.sandiegoprivatebank.net](http://www.sandiegoprivatebank.net) Please contact Paul Azzi, EVP and Market President at [Paul@sandiegoprivatebank.net](mailto:Paul@sandiegoprivatebank.net) to discuss your financial service needs.

### **About the Encinitas Chamber of Commerce**

The Encinitas Chamber has been powering the business community in Encinitas for over 50 years. We are the gateway to local networking and community events. We hope you have enjoyed reading the San Diego Business Forecast. For more information about our Chamber, send us an email or give us a call at (760) 753-6041.