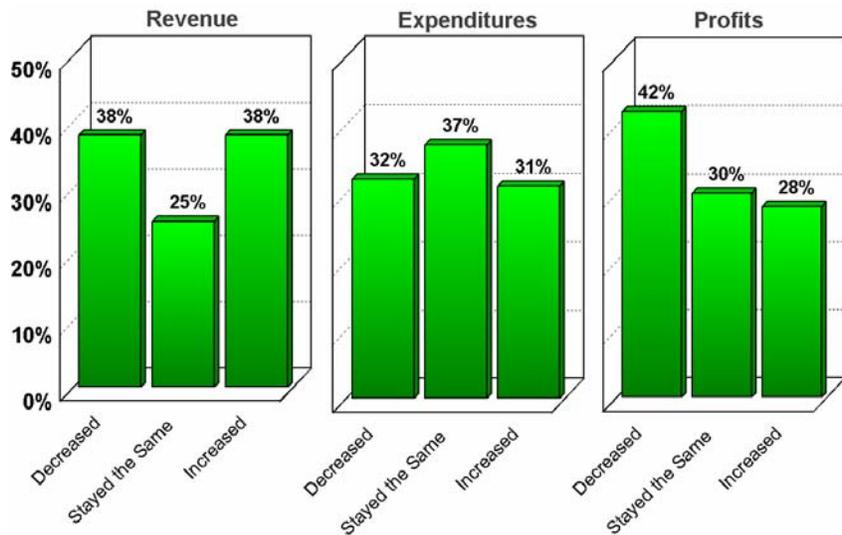


**Revenues, Expenditures, and Profits  
 Profits Down in Last Year**

The Silver State Bank/ASBA/O'Neil Associates Arizona Economic Indicators Monitor asked small business owners about the revenues, expenditures, and profits of their businesses over the past 12 months. This quarter, small businesses reported that their profits were more likely to have decreased (42%) than increased (28%). Thus for every two businesses with increased profits, there were three whose profits had declined.



This occurred despite flat revenues and expenditures. An exactly equal proportion (38%) reported an increase in revenue as reported a decrease in revenue. A similar situation held for expenditures; the proportion reporting decreased expenditures (31%) was almost exactly equal to the proportion reporting increased expenditures (32%).

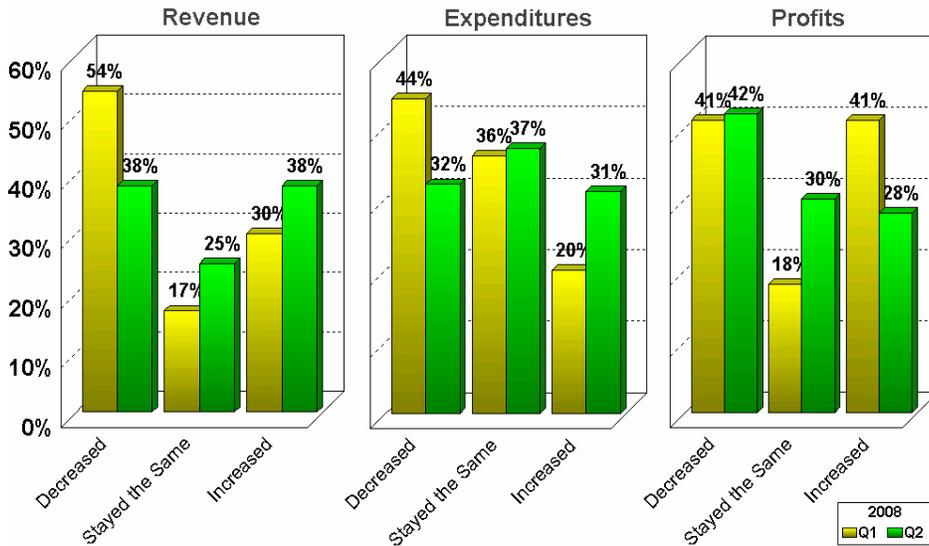
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 These results are taken from the Q2 **Silver State Bank/ASBA/O'Neil Associates Arizona Economic Indicators Monitor**. This project provides insights to support business leaders in companies of all sizes to make key economic decisions, as well as sharing small business attitudes on major political issues. **O'Neil Associates**, a national public opinion research firm based in Tempe, sent surveys to ASBA's membership of 3,000 small businesses across the state in late June as it did at the end of Q1 2008. The survey covered a wide range of economic issues, including business performance, revenue and job growth, and overall business confidence ratings. Results provide insights into the perceptions of business owners on the economic health and vitality of the Arizona economy. The survey has a margin of error (at the 95% confidence level) of approximately +/-6%. Silver State Bank President Mike Thorell said: "This release continues our efforts to inform the business community about significant economic, social, and political trends affecting Arizona."  
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**Results of this survey may be cited freely with the proviso that they be cited as the "Silver State Bank/ASBA/O'Neil Associates Arizona Economic Indicators Monitor"**

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## Changes in the last Quarter

When we compare the revenues, expenditures, and profits from this quarter to last, we note that in Q1 revenue was reported as decreasing. At that time, however, profits were flat because businesses were evidently able to cut expenditures by an amount consistent with revenue decreases.



The 12 month backward look by these same businesses in Q2, however, represented a period during which businesses apparently could not cut expenditures quickly enough to maintain profits in a declining economy. The 41% who reported increased profits in Q1 dropped dramatically to 28% in Q2. As a result, the

proportion with decreased profits (42%) this past quarter exceeded those with increased profits (28%).

According to the poll's director, Dr. Michael O'Neil:

*“This looks to us like a fairly typical pattern in a declining economy. On the front end of an economic downturn, businesses are able to maintain their profits by cutting expenditures. As the economic situation deteriorates further, however, there is a limit to how much expenditures can be cut. Evidently, we have passed the period where that is the case and businesses now tend to report that overall profits are down.”*

The Silver State Bank/ASBA/O'Neil Associates Arizona Economic Indicators Monitor is made possible by a cooperative effort of

- [\*\*Silver State Bank\*\*](#) is Nevada's largest small business lender and has recently expanded its operations in Arizona.
- [\*\*ASBA\*\*](#), the Arizona Small Business Association, is the leading voice for small businesses in the State of Arizona.
- [\*\*O'Neil Associates\*\*](#), a national public opinion research firm based in Tempe, has done over 1700 public opinion and marketing research projects since 1981. These include surveys and focus group projects for a wide array of businesses throughout the country.

For a complete copy of all **Silver State Bank/ASBA/O'Neil Associates Arizona Economic Indicators Monitor** reports released to date, as well as opinion research reports on an array of other topics visit <http://www.oneilresearch.com/publicdomain> or click on the banner below.



For Further Information or to schedule media interviews contact *via email*:

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