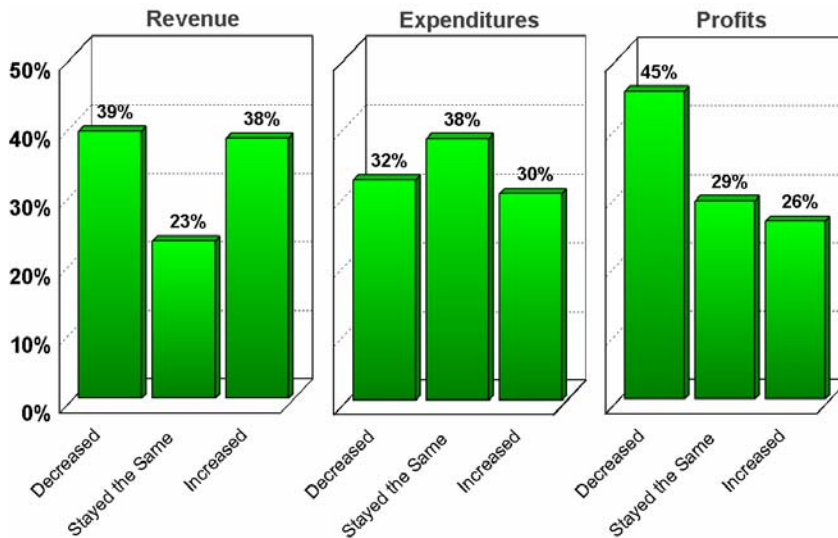


**Revenues, Expenditures, and Profits
 Profits Down in Last Year**



The O'Neil Associates/ASBA 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 (45%) than increased (26%).

This occurred despite flat revenues and expenditures. An equal proportion reported an increase (39%) in revenue as reported a decrease (38%) in revenue. A similar situation held for expenditures; the proportion reporting decreased expenditures (32%) was almost exactly equal to the proportion reporting increased expenditures (30%).

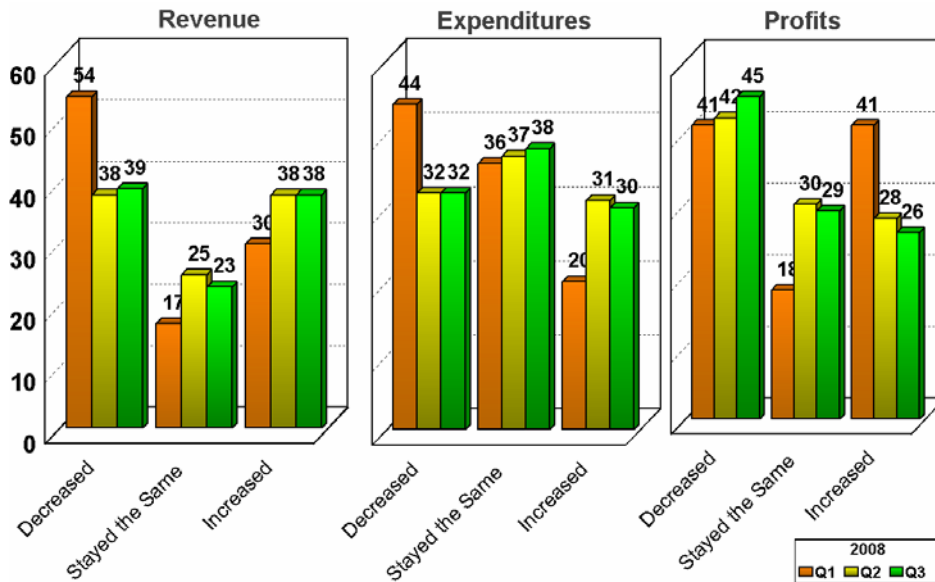
These results are taken from the Q3 O'Neil Associates/ASBA Arizona Economic Indicators Monitor. This project provides insights to support business leaders in companies of all sizes to make key economic decisions, as well as sharing small business attitudes on major political issues. O'Neil Associates, a national public opinion research firm based in Tempe, sent surveys to ASBA's membership of 3,000 small businesses across the state as it did at the end of Q1 and Q2 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%.

Results of this survey may be cited freely with the proviso that they be cited as the "O'Neil Associates/ASBA Arizona Economic Indicators Monitor"

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Changes Over Time

When we compare the revenues, expenditures, and profits from over time, we note that in Q1 revenue was reported as decreasing, but that these revenues have been flat for the last two quarters.



In Q1 2008, profits were flat because businesses were able to cut expenditures in an amount consistent with revenue decrease. Since then, however, they have not been able to cut expenditures at a rate sufficient to keep up with decreasing revenues. As a result, the 41% who reported increased profits in Q1 dropped dramatically in Q2 to 28% and 26% in Q3. As a result, the

proportion with decreased profits (45%) this quarter exceeded those with increased profits (26%) by a substantial margin.

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 (as was evident in Q1 of this year), 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. The figures for Q2 and Q3 reflect the patterns that occur when we are further into an economic downturn and businesses now tend to report that overall profits are down.”

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

- [**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.
- [**ASBA**](#), the Arizona Small Business Association, is the leading voice for small businesses in the State of Arizona.

For a complete copy of all **O'Neil Associates/ASBA 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.



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