

2022 SMALL BUSINESS SURVEY

NEVADA SMALL BUSINESS CO.



**NSB**<sup>®</sup>

NEVADA STATE BANK

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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](https://NevadaSmallBusiness.com)

## WELCOME TO THE 2022 EDITION OF OUR ANNUAL NEVADA STATE BANK SMALL BUSINESS SURVEY.

As Nevada's economy seems to be emerging from the chaos of the past two years, our business community is planning for, and building, the future of Nevada. In that spirit, I'm excited to present the results of the ninth annual Nevada State Bank Small Business Survey, conducted in January 2022, and to share insights from our business leaders.

Despite the challenges they've faced in the aftermath of the COVID-19 pandemic and related shutdowns, the 400-plus business owners and executives we surveyed believe 2022 will be better than last year. Nearly 78 percent think the business environment in Nevada will improve or stay the same this year.

In previous surveys, Nevada businesses were concerned with issues like the national economy, government regulations, and healthcare costs. While these problems remain, supply-chain disruptions present a new challenge this year, while hiring and retaining qualified employees was the top concern in today's tight labor market.

- Over the past year, 42.6 percent of respondents increased business sales and revenues, and roughly 1 in 3 reported increased profitability.
- More than 80 percent of small businesses experienced supply-chain challenges or delays in 2021, and the majority expect these issues to continue to impact their businesses during 2022.
- Hiring and retaining quality workers remains the single most important challenge small businesses face, a 16 percent increase from 2021.
- Of small business respondents who felt they were not yet operating at pre-COVID-19 levels, most predicted it will take about 2 years for their business to return to pre-COVID-19 levels.

Successful business executives have become adept at overcoming obstacles, finding ways to address new problems, and persevering through whatever comes their way. I believe in the stamina and tenacity of our Nevada businesses, and NSB will be beside them every step of the way.

Nevada State Bank is happy to present this annual survey as a resource for our clients, our business community, and Nevada decision makers. I hope the data and insights provided here will help you with strategic planning and decision making over the coming months and years.

IT MATTERS **WHO** YOU BANK WITH®



**TERRY A. SHIREY**  
President and CEO, Nevada State Bank

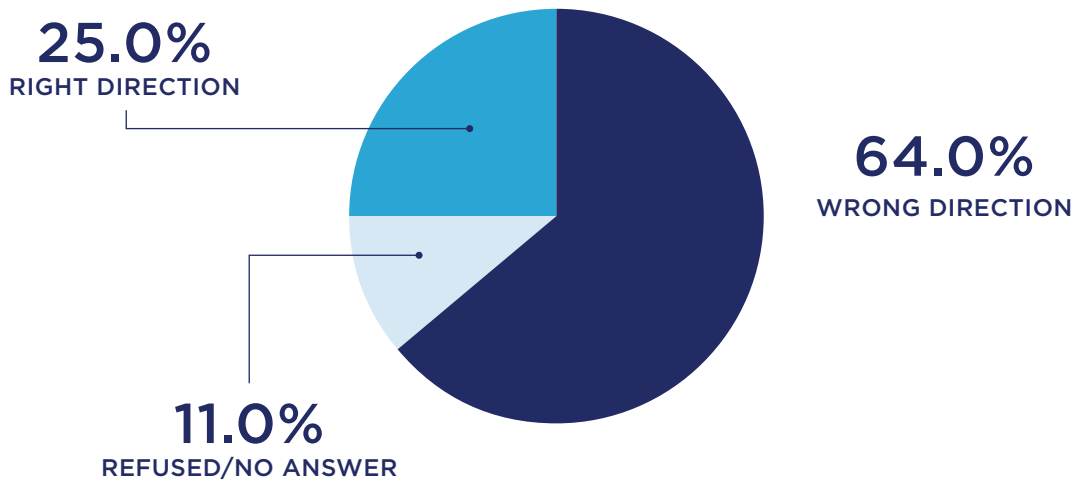


# ECONOMY

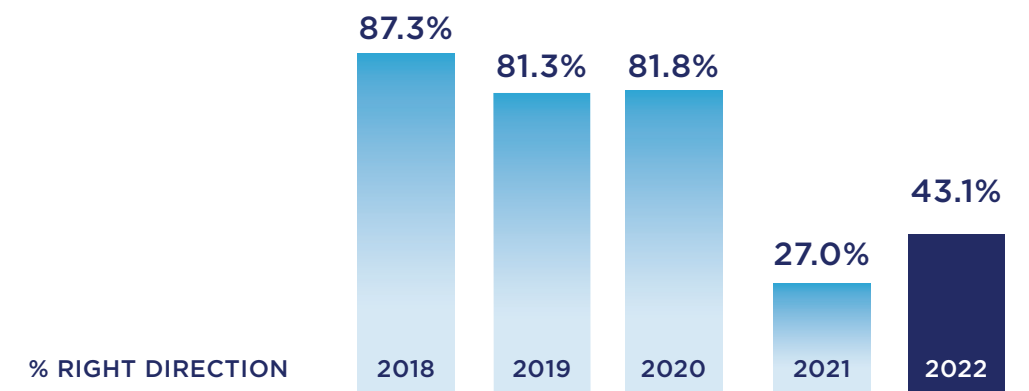
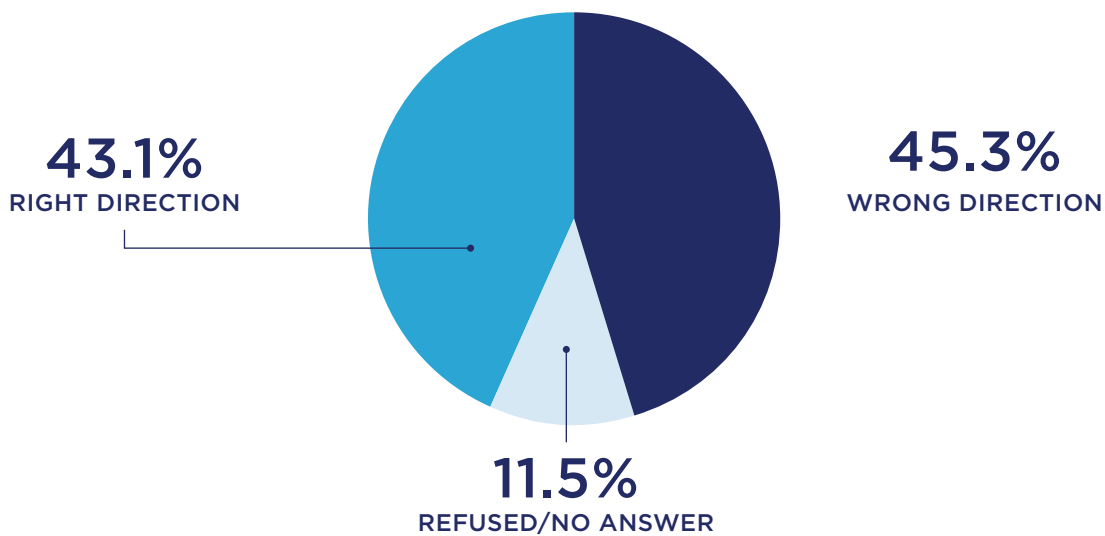
## **THE ECONOMY REMAINS A TOP ECONOMIC CONCERN FOR BUSINESSES IN NEVADA.**

Businesses remain generally pessimistic about where the national economy is headed, but they have a more positive mindset regarding the local economy. Sentiment regarding the direction of the national economy decreased for the second consecutive year with roughly 1 in 4 businesses (25.0 percent) reporting that they believe the national economy is heading in the right direction, a drop from 32.3 percent from 2021. However, businesses reported increased positivity relative to Nevada's economy, with over 2 in 5 (43.1 percent) believing that Nevada's economy is headed in the right direction, an increase from 27.0 percent from the prior year.

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



WHAT ABOUT THE **NEVADA ECONOMY**? WOULD YOU SAY IT IS GENERALLY HEADING IN THE RIGHT OR THE WRONG DIRECTION?



# DO YOU BELIEVE THE CHANGE IN THE PRESIDENTIAL ADMINISTRATION IN 2021 HAD A POSITIVE, NEGATIVE OR NEUTRAL IMPACT ON YOUR BUSINESS?

14.0%  
POSITIVE IMPACT



52.5%  
NEGATIVE IMPACT



31.4%  
NEUTRAL IMPACT

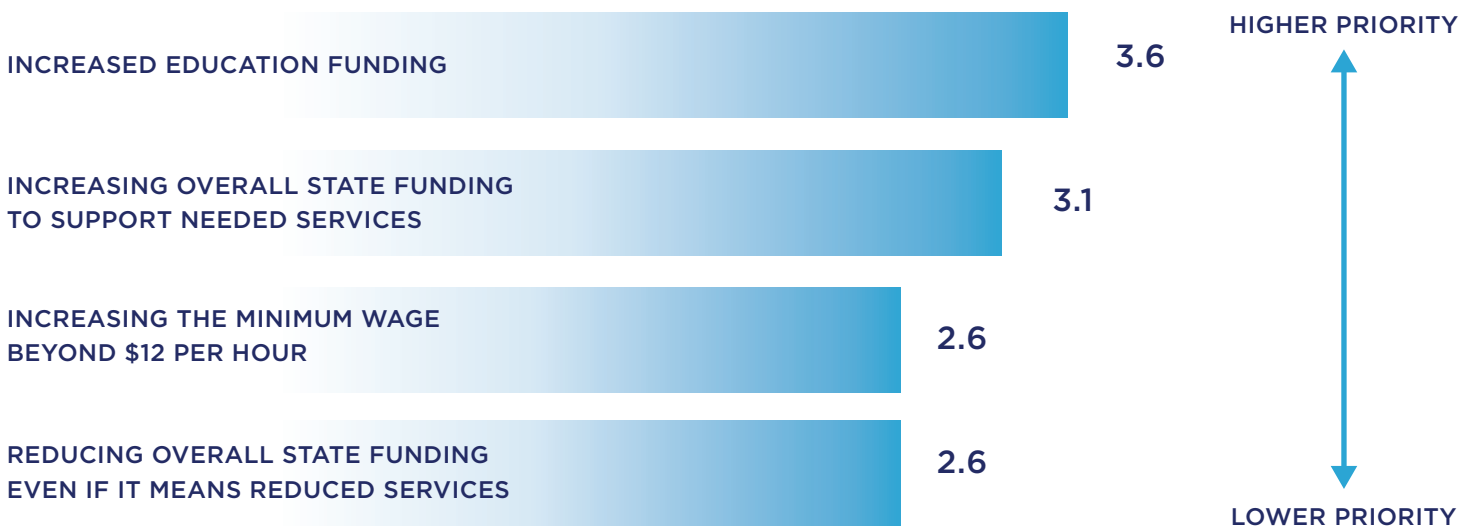


2.2%  
NO ANSWER/NOT SURE



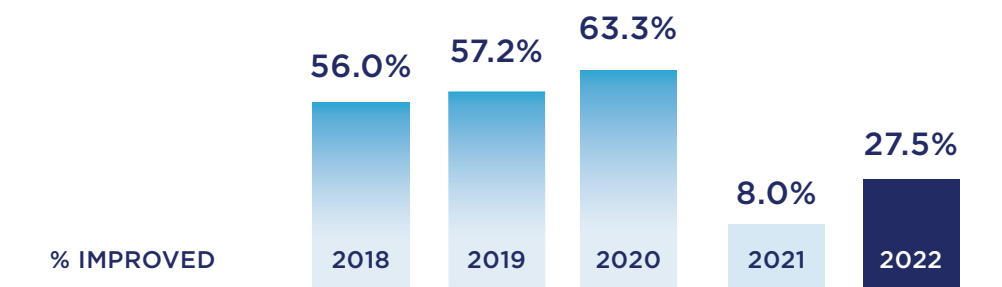
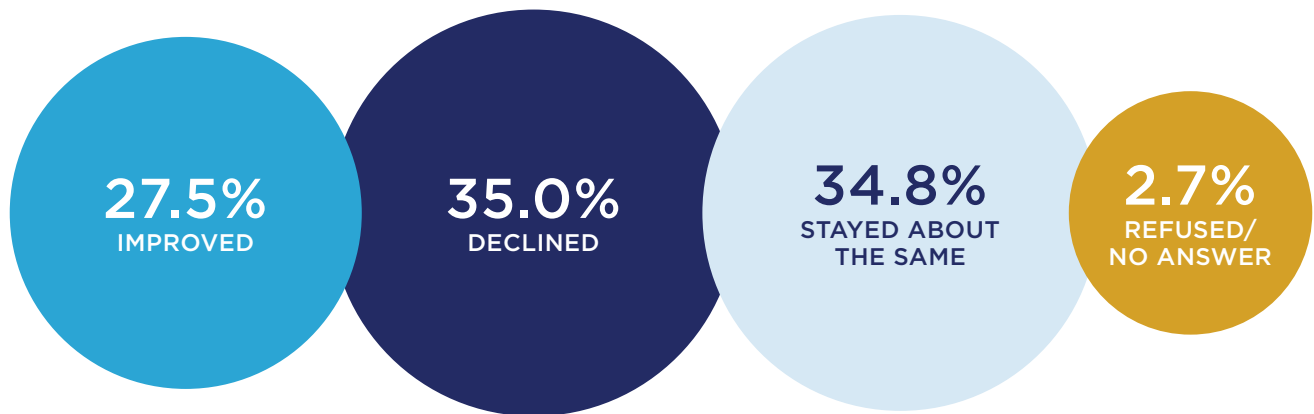
Over half of businesses surveyed (52.5 percent) believe the presidential administration change had a negative impact on their business, while 1 in 3 businesses (31.4 percent) felt it had a neutral impact.

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



Education funding is a priority for businesses in Nevada's next legislative session in 2023. 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. Over 2 in 5 businesses (43.9 percent) rated increasing education funding with a 5 in terms of priority. This priority was followed by increasing overall state funding to support needed services.

**THINKING BACK OVER THE PAST YEAR, HAS THE BUSINESS ENVIRONMENT IN NEVADA IMPROVED, DECLINED OR STAYED ABOUT THE SAME?**

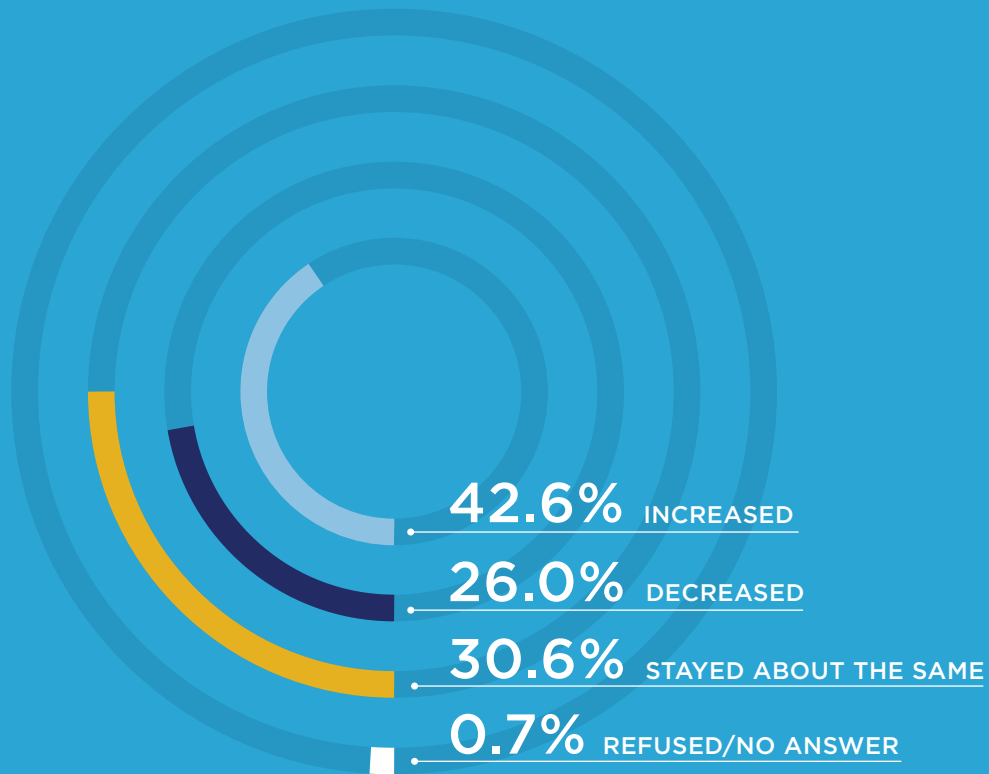


**DO YOU EXPECT THE BUSINESS ENVIRONMENT IN NEVADA TO GET BETTER, WORSE OR TO STAY ABOUT THE SAME OVER THE NEXT 12 MONTHS?**



The business environment in Nevada has improved during the past year compared to the prior 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. Over 1 in 4 businesses (27.5 percent) reported the business environment in Nevada getting better over the past year, an increase from 8.0 percent from the prior year, which was heavily impacted by the COVID-19 pandemic. Looking forward, businesses were a little more pessimistic than the prior year, with 2 in 5 (38.7 percent) expecting the business environment to get better, a drop from 47.0 percent from the prior year.

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



Small business sales and profitability have increased and are expected to continue on that trend over the next year. Over the past year, more than 2 in 5 businesses (42.6 percent) reported an increase in their business sales and revenues and roughly 1 in 3 (31.4 percent) reported an increase in their profitability, a notable increase.

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

31.4%  
INCREASED

28.9%  
DECREASED

37.7%  
STAYED ABOUT  
THE SAME

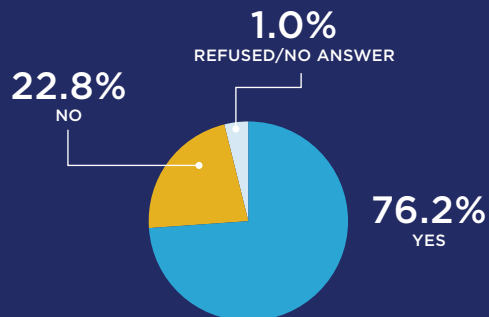
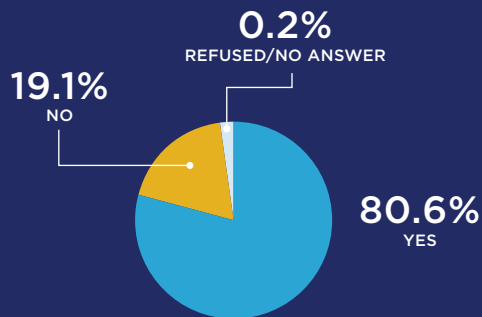
2.0%  
REFUSED/  
NO ANSWER





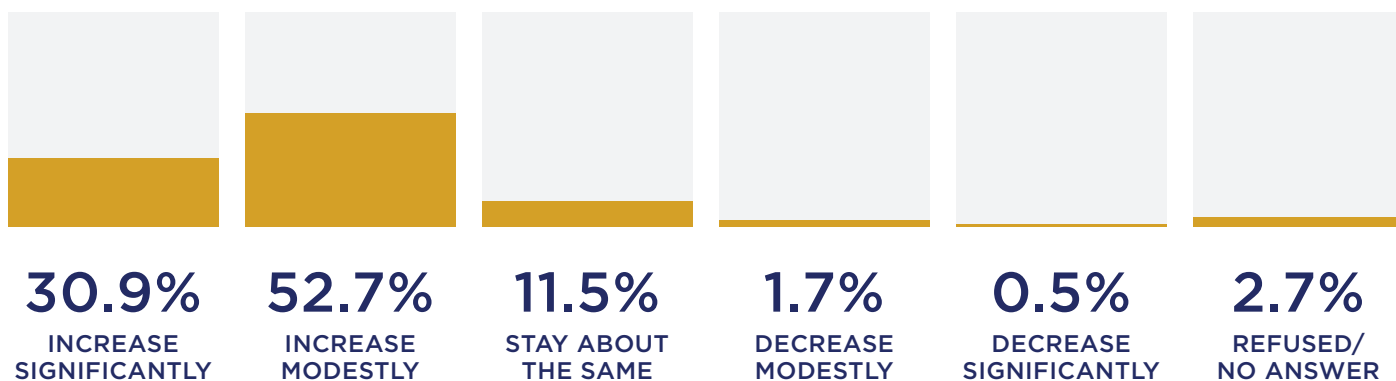
**DURING 2021 HAS YOUR BUSINESS EXPERIENCED SUPPLY-CHAIN CHALLENGES OR DELAYS?**

**DO YOU EXPECT SUPPLY-CHAIN CHALLENGES OR DELAYS TO IMPACT YOUR BUSINESS DURING 2022?**



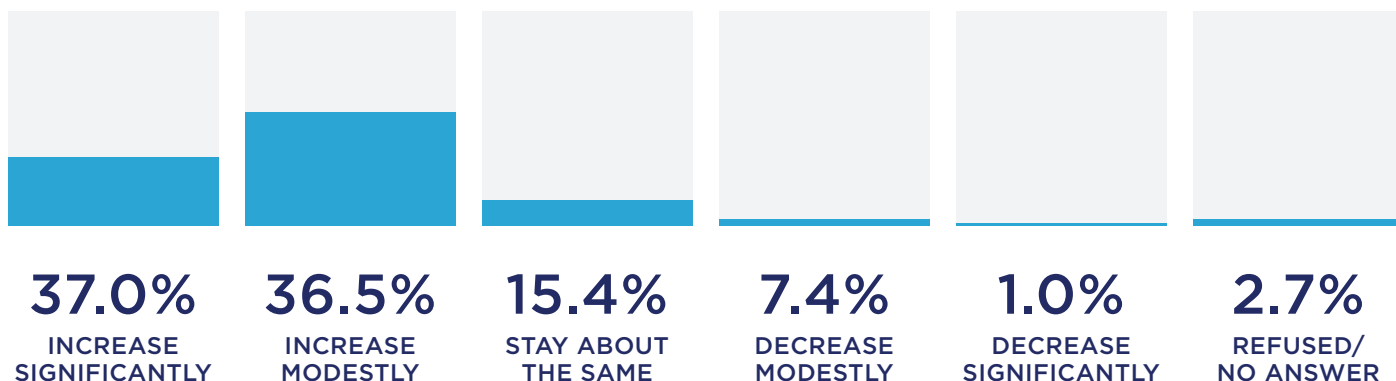
In 2021, 4 in 5 small businesses (80.6 percent) experienced supply-chain challenges or delays. As a result, over 3 in 4 small businesses (76.2 percent) expect supply-chain challenges or delays to continue to impact their businesses during 2022.

**IN 2022, DO YOU EXPECT INTEREST RATES TO...?**



Over 4 in 5 small businesses (83.6 percent) expect interest rates to increase in 2022. Furthermore, nearly 3 in 4 small businesses (73.5 percent) expect inflation to increase by the end of 2022.

**DURING THE PAST SEVERAL MONTHS, INFLATION HAS BEEN ELEVATED. BY THE END OF 2022, DO YOU EXPECT INFLATION TO...?**



# OUTLOOK



## **SUPPLY-CHAIN ISSUES APPEAR TO BE THE BIGGEST ECONOMIC CHALLENGE FACING BUSINESS TODAY.**

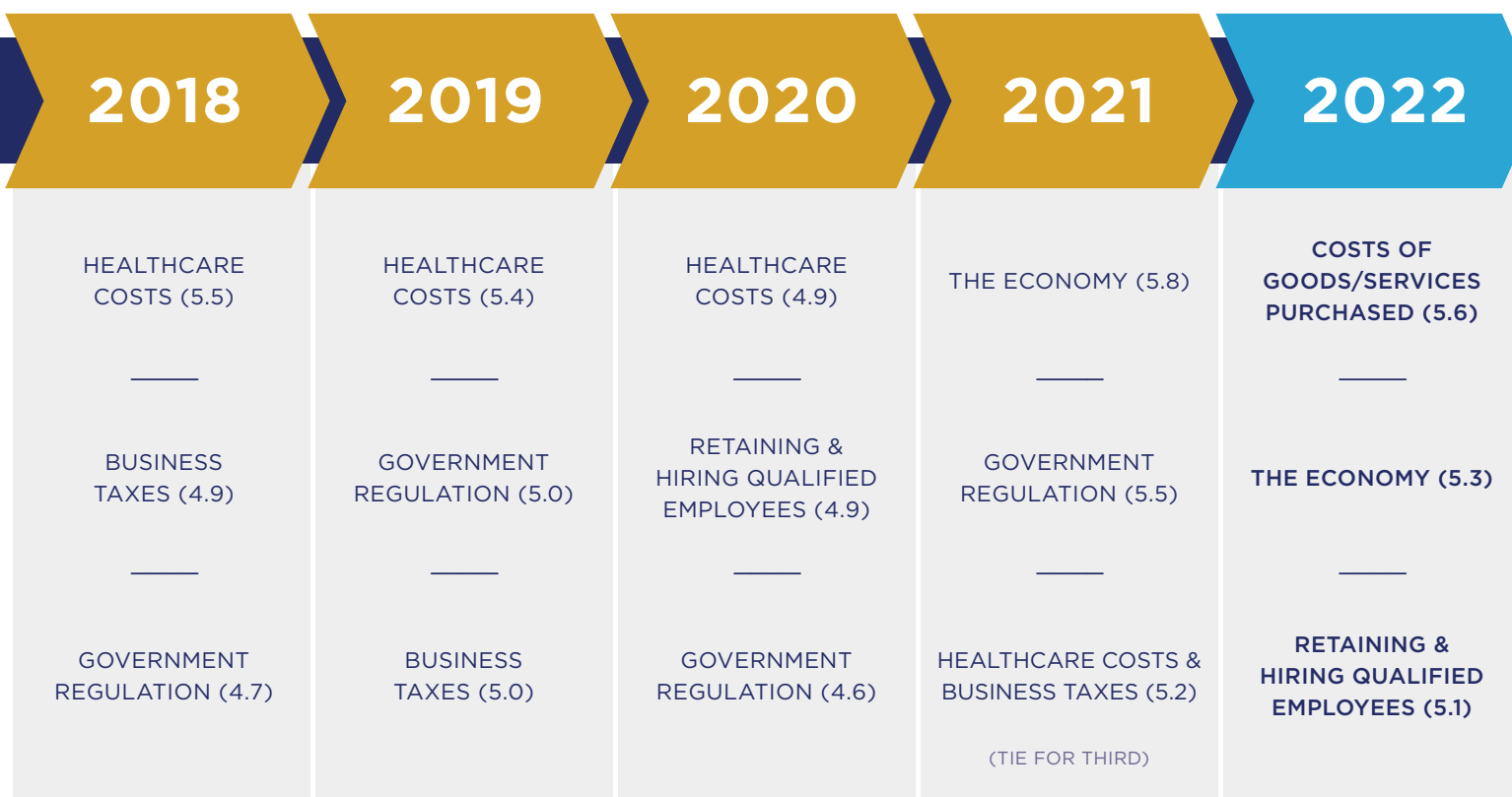
When asked to rate economic factors on a scale of 1 to 7, with 1 being of little concern and 7 being of high concern, small businesses rated the cost of goods and services purchased the highest concern, with 44.1 percent rating it with a 7 overall. The economy was ranked second, with retaining and hiring qualified employees coming in third. Healthcare costs and government regulation fell out of the top three concerns for the first time in the survey's history, reaching the fourth and fifth spots, respectively.

## HOW CONCERNED ARE YOU ABOUT THE FOLLOWING FACTORS?

FACTOR	MEAN	MEDIAN	
COSTS OF GOODS/SERVICES PURCHASED	5.6	6.0	
THE ECONOMY	5.3	5.0	
HIRING/RETAINING QUALITY EMPLOYEES	5.1	5.0	
HEALTHCARE COSTS	5.0	5.0	
GOVERNMENT REGULATION	4.9	5.0	
BUSINESS TAXES	4.8	5.0	
CASH FLOW/CASH MANAGEMENT	4.1	4.0	
HEALTH AND SAFETY CONCERNS CREATED BY COVID-19	4.0	4.0	
ATTRACTING CUSTOMERS/NEW BUSINESS	3.9	4.0	
ACCESS TO CAPITAL/FINANCING	3.5	3.0	
DIVERSITY OR SOCIAL JUSTICE CONCERNS	3.2	3.0	

Note: Scores are based on a scale from 1 to 7, where 1 is "not concerned at all" and 7 is "very concerned".

### TOP 3 RESPONSES BY YEAR (RANKED BY MEAN)

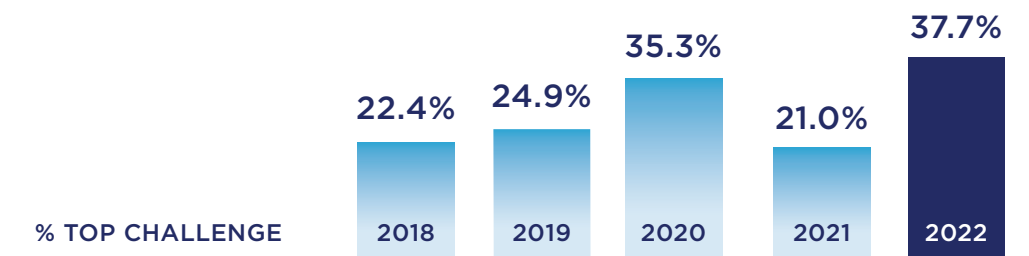


# EMPLOYMENT

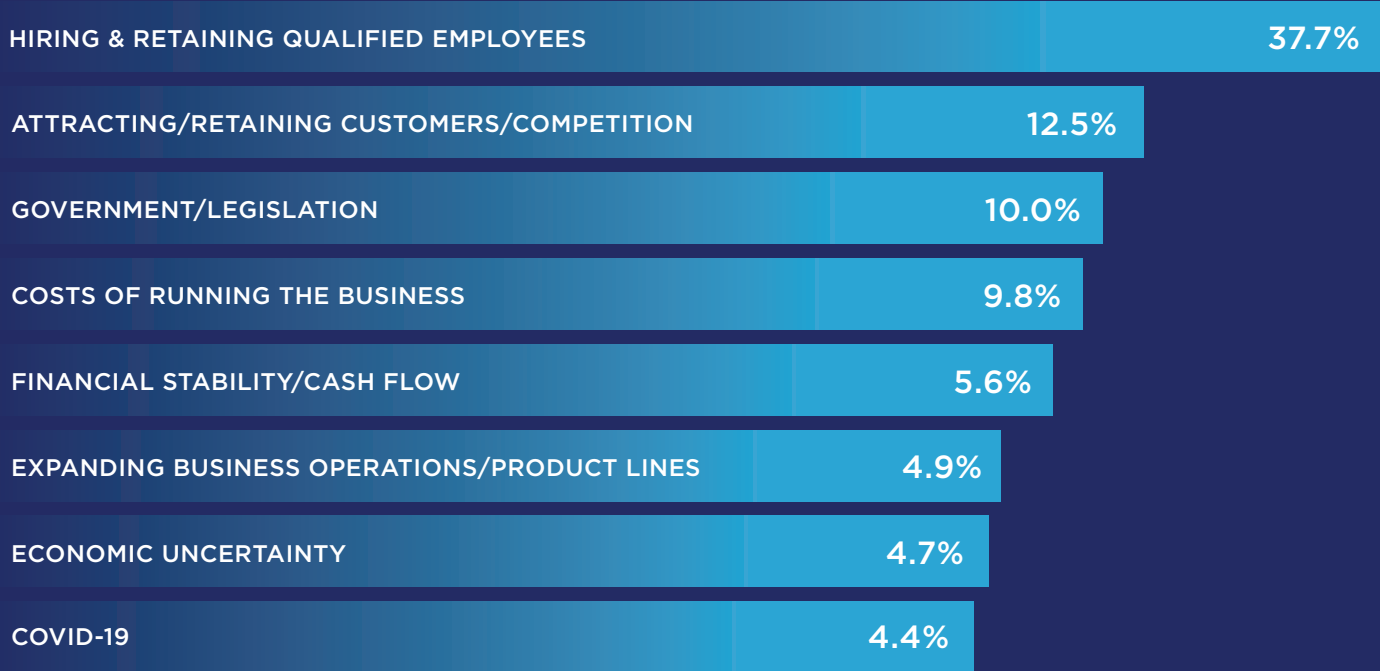


**OVERWHELMINGLY, HIRING AND RETAINING QUALITY WORKERS IS THE SINGLE MOST IMPORTANT CHALLENGE THAT SMALL BUSINESSES FACE.**

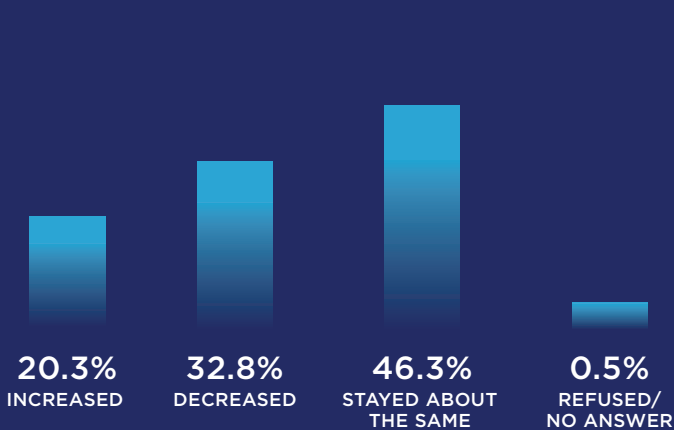
This year, 37.7 percent of respondents indicated this as a top challenge, up more than 16.0 percent from 2021, and exceeding our previous high of 35.3 percent in 2020.



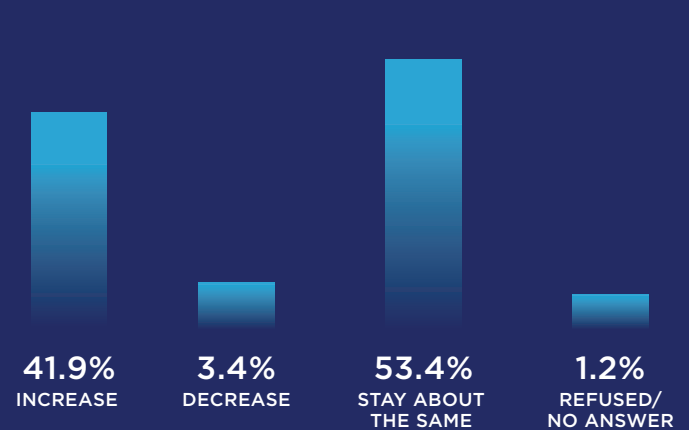
## WHAT IS THE SINGLE MOST IMPORTANT CHALLENGE YOU FACE AS A SMALL BUSINESS TODAY?



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

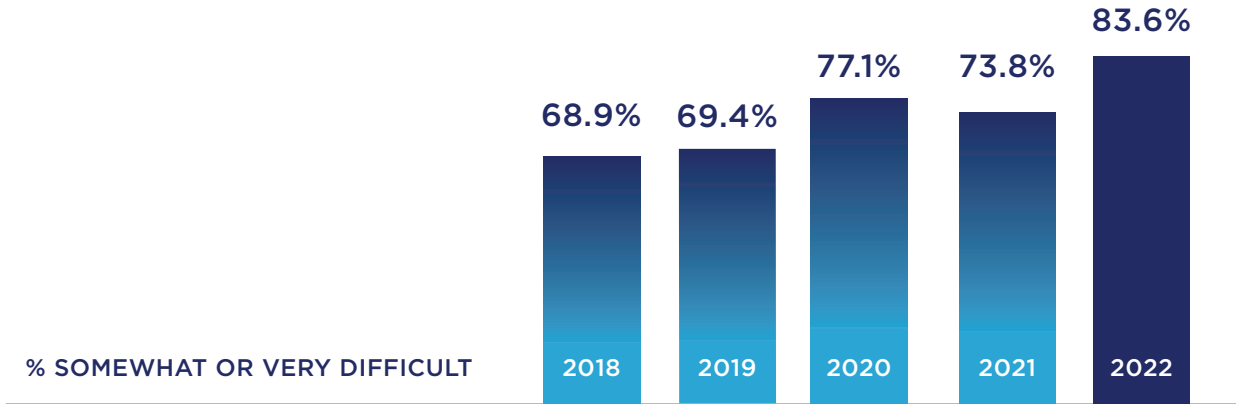


### IN THE NEXT 12 MONTHS, DO YOU PLAN TO INCREASE YOUR NUMBER OF EMPLOYEES, DECREASE YOUR NUMBER OF EMPLOYEES OR KEEP YOUR EMPLOYEE BASE THE SAME?



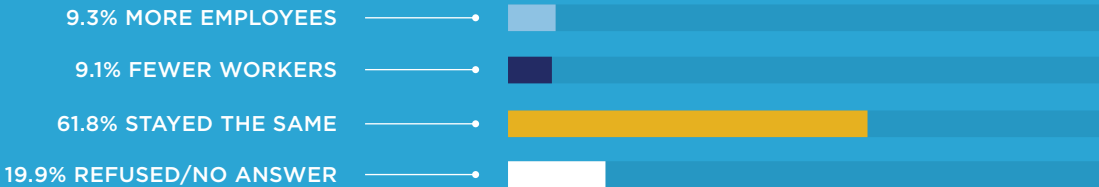
Staffing levels within businesses in Nevada have remained about the same over the past year but are expected to increase in 2022. Roughly 2 in 3 businesses reported either increasing (20.3 percent) or keeping their employment base the same (46.3 percent) over the past year. This is slightly less than what was reported last year, when roughly 30.0 percent of businesses said that they planned to increase their number of employees. That said, more than 2 in 5 businesses (41.9 percent) are planning to increase their workforce in 2022. As the overall economy continues its recovery, it appears that small businesses are making investments in their staffing levels.

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

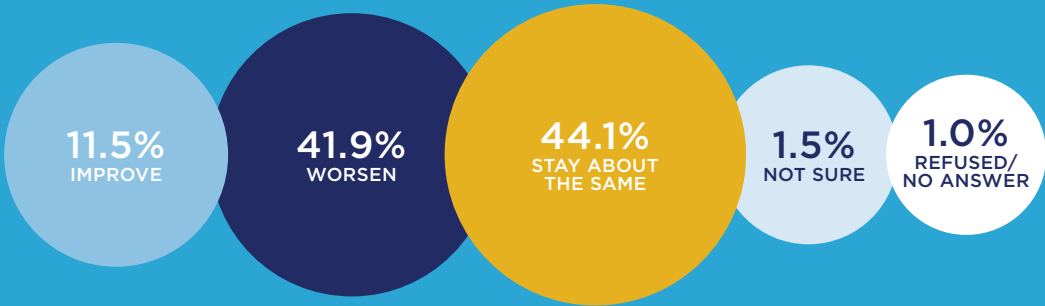


Small businesses are finding it increasingly difficult to recruit quality job candidates from within the local market. Over half of businesses (51.7 percent) reported it being very difficult to recruit quality job candidates from within the local market. Over 4 in 5 small businesses (83.6 percent) find it somewhat to very difficult to recruit locally, which is an increase from 73.8 percent reported the prior year and a historical survey high.

## REGARDING REMOTE WORKERS, DO YOU HAVE MORE EMPLOYEES, FEWER EMPLOYEES OR ABOUT THE SAME NUMBER OF EMPLOYEES WORKING REMOTELY AS COMPARED TO 12 MONTHS AGO?



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



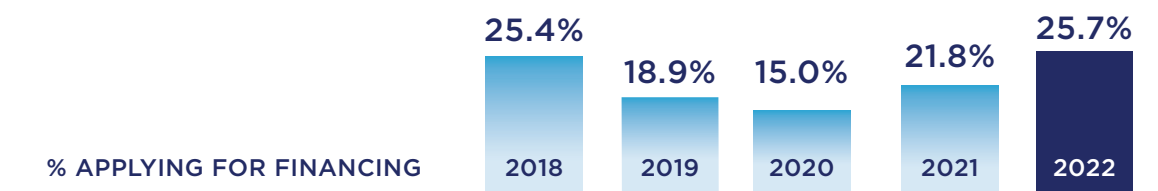
Housing affordability is expected to worsen and remain a concern for businesses as interest rates continue to rise. Over 2 in 5 small businesses (42.6 percent) are very concerned with housing affordability and nearly 1 in 4 small businesses are moderately concerned (23.8 percent). Similarly, over 2 in 5 small businesses (41.9 percent) expect the availability of workforce housing to worsen.



# BANKING

**MORE THAN 88 PERCENT OF RESPONDENTS SAY THAT THEIR BANKING RELATIONSHIP IS “SOMEWHAT TO VERY IMPORTANT” TO THE SUCCESS OF THEIR SMALL BUSINESS.**

A quarter of the respondents (25.7 percent) plan on applying for some type of financing over the next year, up slightly from 2021. Of those, 19.0 percent would use financing to expand operations and another 19.0 percent intend to purchase inventory. That aligns with responses that indicate more than 1 in 5 small businesses plan to expand their workspace, add a new building, or renovate their current locations within the next year.





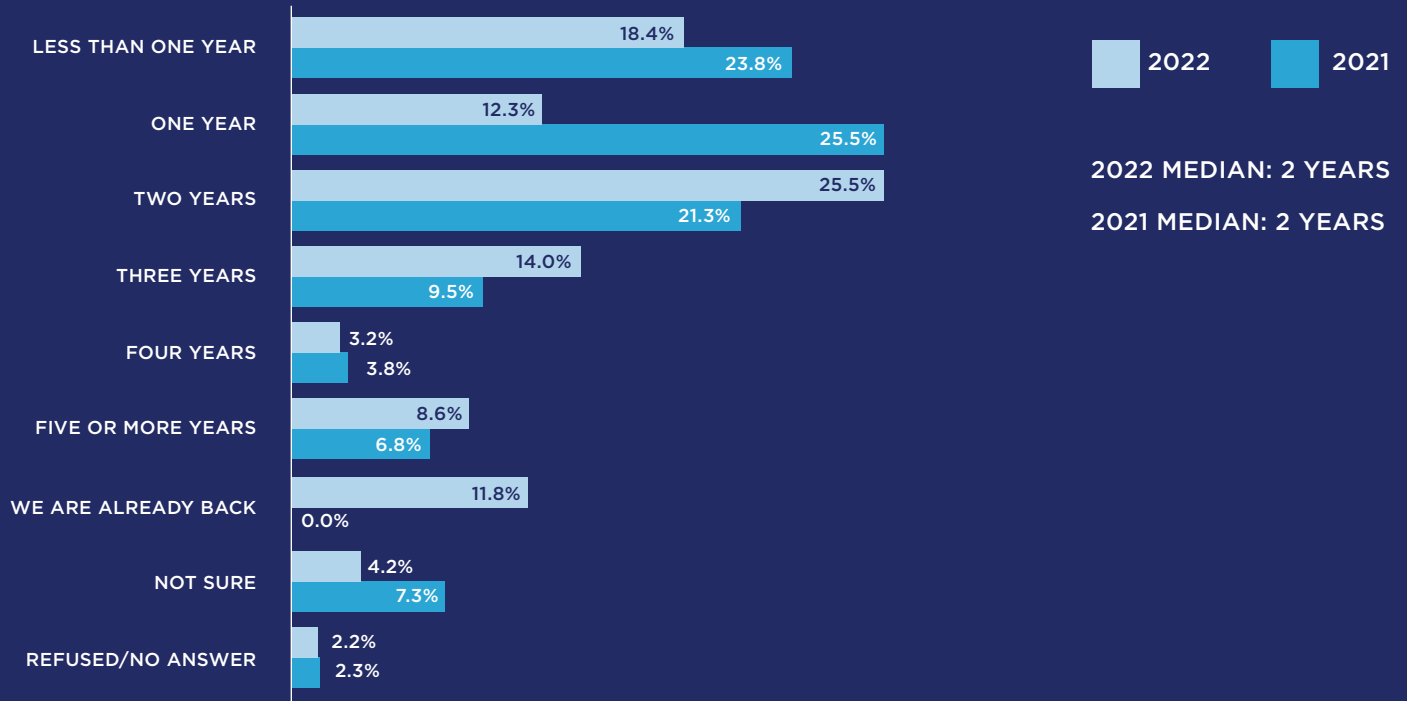
## COVID-19 IMPACT

**THE GENERAL SENTIMENT IS THAT BUSINESSES ARE STILL A COUPLE OF YEARS AWAY FROM RETURNING TO PRE-COVID-19 BUSINESS VOLUMES.**

Of small businesses that felt they were not yet operating at pre-COVID-19 levels, the general sentiment is that it would take about 3 years for the national economy to return and 2 years for their business to return to pre-COVID-19 levels.

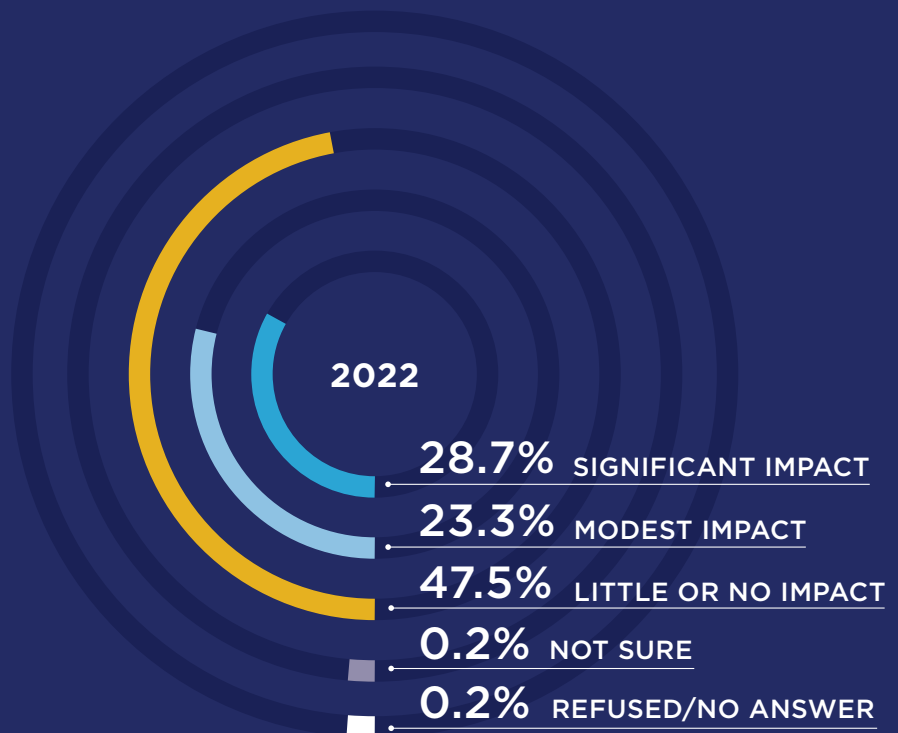


## HOW LONG DO YOU THINK IT WILL TAKE FOR YOUR BUSINESS TO RETURN TO PRE-COVID-19 LEVELS?



Small businesses were generally split on perceptions about health and safety concerns sourced to COVID-19. On a scale of 1 to 7, with 1 being not at all concerned and 7 being very concerned, 43.3 percent selected 1 through 3 and (44.6 percent) selected 5 through 7, creating a mean score of 4. This split view was echoed when small businesses were questioned about the impact of COVID-19 vaccines on their businesses. Over half of small businesses (52.0 percent) felt that COVID-19 vaccines had a significant (28.7 percent) or modest (23.3 percent) impact on their small business, while 47.5 percent reported it having little or no impact on their business.

**COVID-19 VACCINES BECAME WIDELY AVAILABLE IN 2021:**  
Do you believe that it made a significant impact, modest impact, or little to no impact on your business during 2021?





## COMMUNITY

**NEVADA SMALL BUSINESSES REMAIN COMMITTED TO THE COMMUNITY THROUGH CHARITABLE GIVING. NEARLY TWO-THIRDS OF SMALL BUSINESSES (63.0 PERCENT) BUDGET FOR CHARITABLE GIVING EACH YEAR.**

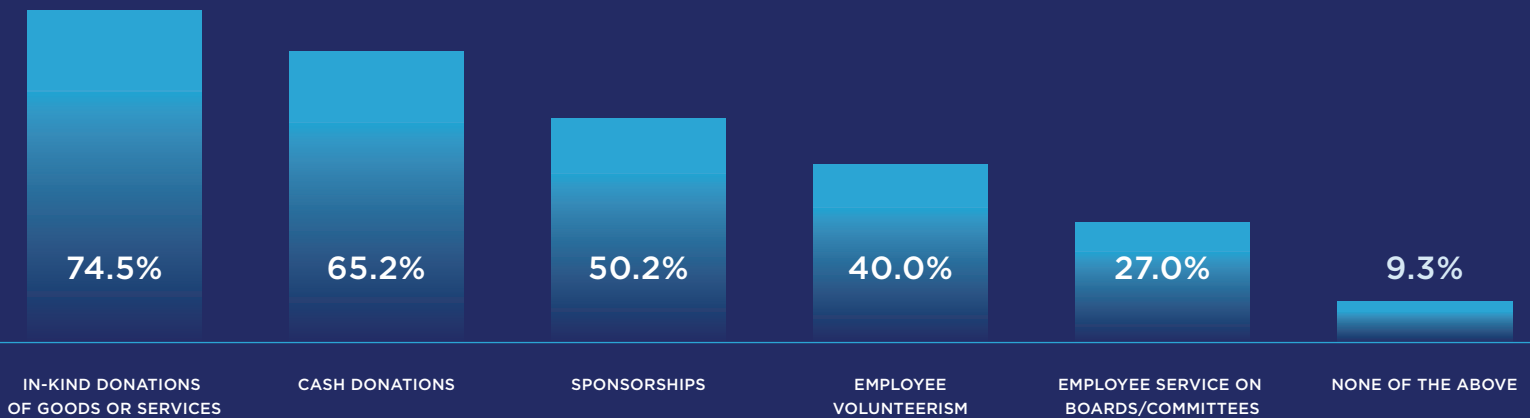
Roughly 1 in 5 small businesses (20.3 percent) gave back more to the community this year than last year, while 67.2 percent gave the same as last year.

In-kind donations of goods and services (74.5 percent), cash donations (65.2 percent) and sponsorships (50.2 percent) are the most common ways that small businesses choose to give back to their communities.

NEARLY **2 IN 3**  
RESPONDENTS

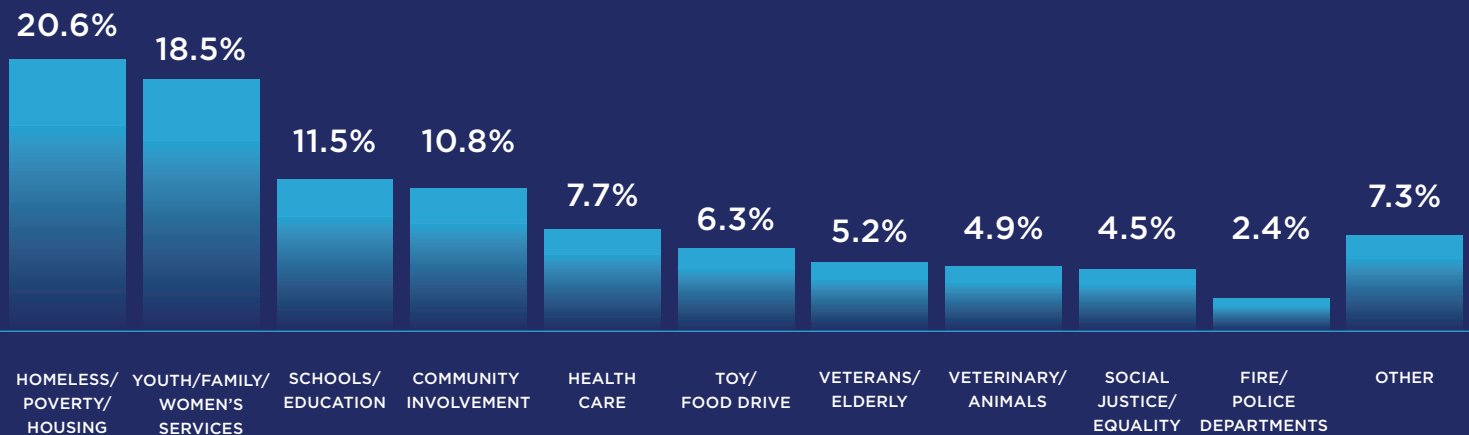
INDICATED THEIR BUSINESS BUDGETS FOR CHARITABLE GIVING EACH YEAR.

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



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

# 2022 SMALL BUSINESS SURVEY

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information, additional resources, and the latest economic  
trends affecting our state.

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