

INTERNATIONAL PROFIT ASSOCIATES

SMALL BUSINESS RESEARCH BOARD (SBRB) STUDY

General Economy, Taxes, Cost of Materials Now Greatest Concerns of Manufacturers According to Latest SBRB Study

Report indicates fewer than 30% of small manufacturing firms are considering expansion during the next 12 to 24 months. Owners to concentrate on improvements, additions to automation says report issued in conjunction with International Profit Associates.

NORTHFIELD, IL (July 11, 2007) – The general state of the economy, taxes and the cost of materials were the three leading concerns of small manufacturing businesses during the second quarter of 2007 according to the latest Small Business Research Board (SBRB) study released here today.

Owners of manufacturing businesses responding to the nationwide poll co-sponsored by International Profit Associates (IPA) said health care costs, which had been the single most significant issue during the first quarter of 2007, fell to sixth. Concern about energy and fuel costs as well as finding quality employees ranked ahead of health care expenses as more problematic issues among manufacturing companies in the recent study.

IPA, with more than 1,800 professionals, is the largest privately-held provider of management consulting services to small and medium-size businesses in North America. IPA is based in Buffalo Grove, IL.

The quarterly poll of small business owners and managers also measured their interest in expanding their operations over the next 12 to 24 months. Only 29% of the respondents said they intend to expand during this period. Of those respondents, 28% said they are considering expanding at current locations, while 21% said they will add more products and 20% indicated they intend to increase customer service. Adding more services ranked fourth with 16%. The addition of locations was cited by only 7% of the respondents.

The small business owners said adding more automation or technology as well as improving existing automation would be their primary means for enhancing productivity during the coming 12 to 24 months. Improved staff training, hiring of additional employees and incentive programs also were cited as important methods for improving productivity.

“While there are several categories that manufacturers have either no influence or, at best, can exert a relatively modest amount of control such as on the effect of government regulation, it is imperative that a tight reign is sustained on every item in their purview if they intend to improve profitability,” said Gregg M. Steinberg, President of IPA. “This is certainly the case in the category of cost control where even slight gyrations can have a major impact on the bottom line.”

Even though the SBRB recently reported that its Manufacturing Industry Small Business Confidence Index (SBCI) rose 3.3 points to 40.3 during second quarter, there is great concern about the state of the economy -- now and into the future. Only 36% believe the economy will improve during the coming 12 months versus 40% the first quarter.

More than 130 small business owners participated in the nationwide manufacturing industry poll. The universe of participants is developed from among small businesses across the United States. The SBRB study is a voluntary survey conducted quarterly.

The Small Business Research Board ascertains and reports the opinions of small business owners and managers on a wide variety of topics related to their own businesses as well as national and international issues that may impact their operations. The SBRB conducts these studies for the benefit of small business owners and managers. The SBRB also provides opportunities for third parties to gain real time insight into the attitudes of small businesses nationwide through the independently conducted research.

The latest information about the Small Business Research Board can be found at www.ipasbrb.com.

International Profit Associates, Inc. (IPA) is the largest privately-held provider of management consulting services to small and medium-size businesses in North America. IPA and its more than 1,800 professionals offer a wide range of proven and innovative methodologies to help businesses grow and prosper regardless of the economic cycle. IPA either provides directly or through its affiliated companies a comprehensive array of business advisory services, tax and estate planning services or merger, acquisition and other financial advisory services in the United States and Canada. More information about IPA can be found at www.ipa-iba.com.

**SBRB COMPARISONS:
ALL US SMALL BUSINESSES vs. MANUFACTURING
Second Quarter 2007**

	ALL US	Manufacturing
<i>Leading Business Issues</i>	1. Taxes	Economic conditions
	2. Economic conditions	Taxes
	3. Energy/fuel costs	Cost of materials
	4. Other	Energy/fuel costs (tied 4)
		Foreign competition (tied 4)
	5. Health care costs	

SBRB Manufacturing Industry Q2 2007 Opinions, Forecast

Outlook for the general economy is for the next twelve months

- 36% Better
- 28% Worse
- 36% No Change

Revenue expectations for the next twelve months

- 30% Increase of 10% or more
- 22% Increase of less than 10%

- 34% Will be about the same
- 7% Decrease of less than 10%
- 7% Decrease of 10% or more

Expectations for hiring new employees during next twelve months

- 34% Increase hiring
- 14% Decrease workforce
- 43% Remain the same
- 9% Unsure

Plan to expand your business during next 12 to 24 months

- 29% Yes
- 71% No

If planning expansion, will

- 28% Expand at current locations
- 21% Add new products
- 20% Enhance customer service
- 16% Provide more services
- 7% Add locations
- 5% Other
- 3% Acquisition

Can best improve productivity by:

1. Adding more automation or technology
2. Improvements to existing automation
3. Improved staff training
4. Adding more staff
5. Implementing or enhancing employee incentive programs

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For more information about this poll, results of previous studies or other matters related to the SBRB, please contact Raymond D. Minkus, (847) 441-4192.