

The Executive Suite

Small Business Index

3rd Quarter 2010

Survey of Executive Suite Members

Reported October 2010

Submitted by:

The Executive Suite, LLC

Combined Q3 2010 Survey Positive (Optimistic) for the 1st Time

Index Score Bullets:

- The present situation index for Q3 was a positive 42.5. This is a 167.5 point improvement over Q2 and is the first positive (optimistic) reading for the present situation in the history of this survey. The present situation has been on a steady trend up since Q4 of 2009. The reading of 42.5 is still a fairly tepid level of optimism.
- The future situation index is positive 52.5. This is also a significant (185.5 point) improvement over the Q2 reading. Save for the noteworthy Q2 dip, the future situation index has been in a fairly tight band of positive readings (+38 - +83). The combined survey (Present & Future) of +95 is also the first time in this survey's history where the combined reading has been positive.

Index Score Discussion:

The *Executive Suite* small business index rating for the 3rd quarter 2010 was +95. This is a significant reversal of the (-258) reading from the 2nd Quarter. This quarter's reading is comprised of a +42.5 Present situation reading and a +52.5 Future Expectations reading.

The +52.5 Future Expectations reading reverses the Q2 dip and is approaching the Q1 2010 high water mark of +83. The survey combined reading of +95 is the high water mark of the past 4 quarters.

Present Situation:

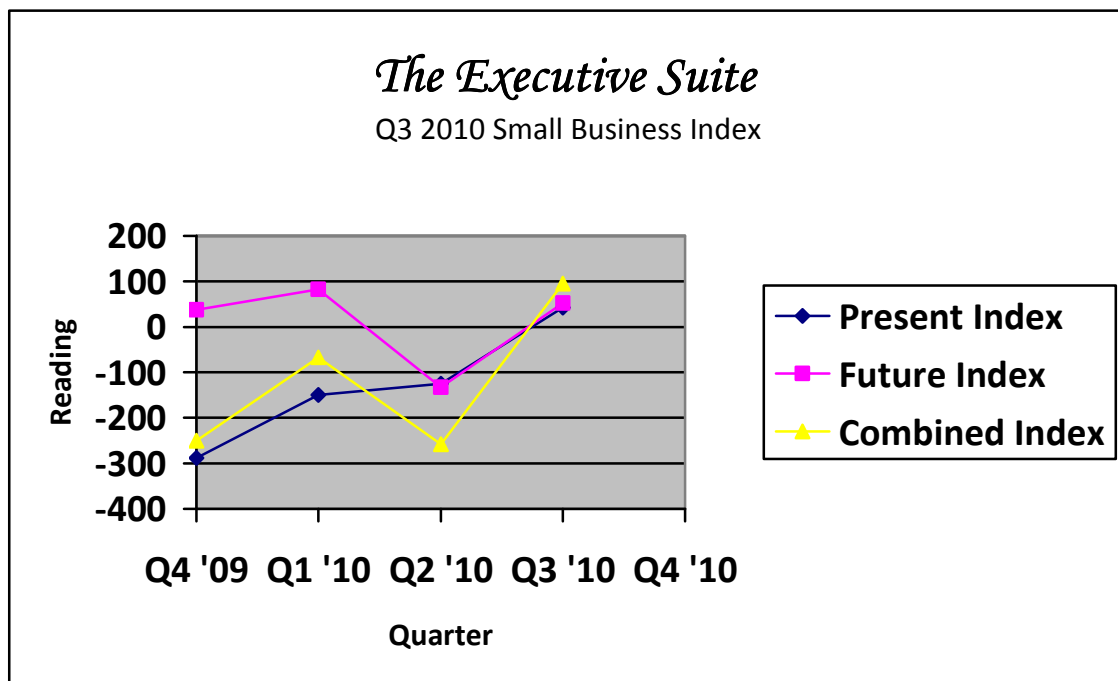
There was improvement in most of the individual survey questions relative to the present situation index. Cash flow seems to be freeing up as both payables and receivables improved by 67 and 45 points respectively to a +50 and +12.5 reading. Revenues appear to be leveling out a bit with a drop of -22 points to a +20 reading. Capital spending and Staffing levels are also mildly positive, but no significant changes from Q2. Ease of credit jumped 75 points from (-75) to 0. It seems that although we may be back from the abyss with credit, it's nothing to write home about either. Interestingly, all of the present situation index readings were zero or positive except for the current state of the economy which came in at a (-65). I guess this is a situation where the whole is less than the sum

of its parts. On balance the community appears to be mildly optimistic about their current situation which is a first for this survey.

Future Expectations:

The Future Expectations index rebounded from its Q2 dip (-133) and is again in positive territory at +52.5. Leading the way are Future Payables at +47.5 and Revenue at +25. The +25 reading for revenue is no change over the Q2 reading. Future receivables, staffing and capital spending are all also mildly positive ranging from +2 to +12. Future ease of credit made a significant jump of 57 points from (-67) to (-10). As it is with the current situation index, there is still some pessimism with regard to the overall economy, registering a reading of (-35).

It would appear that the community is feeling better about their current situation and future prospects, however they are still not confident with the condition and/or the stability of the economy.



Small Business Index Definitions:

The Executive Suite Small Business Index consists of two segments: 1) Members ratings of the current situation of their respective businesses and, 2) Members ratings of how they expect their respective businesses to perform over the next 12 months.

The overall Index is the sum of the two segments.

The Present condition and the Future Expectations of the business are each rated in the following seven areas for the company:

- Outbound Cash flow - Payables (over the past 12 months and expected over the next 12 months)
- Revenues (over the past 12 months and expected over the next 12 months)
- Inbound Cash Flow - Receivables (now and expected 12 months from now)
- Capital spending (over the past 12 months and expected over the next 12 months)
- Hiring or firing of Staff or positions (over the past 12 months and expected over the next 12 months)
- Ease of obtaining credit (over the past 12 months and expected over the next 12 months)
- General rating of the Economy (Currently and expectation 12 months from now)

Index Scores by Individual Question:

	Jun '10	Sep '10	Change
Overall Index	-258	+95	+353
Present Situation	-125	+42.5	+167.5
Current Payables	-17	+50	+67
Current Revenue	+42	+20	-22
Current Receivables	-33	+12.5	+45.5
Current Capital Spend	0	+17.5	+17.5
Current Staffing	+17	+7.5	-9.5
Current Ease of Credit	-75	0	+75
Current Economy Rating	-58	-65	-7
Future Expectations	-133	+52.5	+185.5
Future Payables	0	+47.5	+47.5
Future Revenue	+25	+25	0
Future Receivables	-33	+12.5	+45.5
Future Capital Spend	-8	+2.5	+10.5
Future Staffing	0	+10	+10
Future Ease of Credit	-67	-10	+57
Future Economy Rating	-50	-35	+15