

North Carolina Law Life

Greatest Problem for Small Business? Poor Sales

By: Donna Ray Chmura. *This was posted Monday, January 11th, 2010*

According to the latest annual National Federation of Independent Businesses ([NFIB](#)) Small Business Optimism [Index](#), the greatest problem facing small businesses is poor sales.

The NFIB survey asked 11,000 small business owners to choose their single most important problem from a list of ten factors, such as taxes, inflation, or government requirements and red tape.

The reported results indicate that inventory investment levels are at historic lows, capital expenditures are on hold, and businesses are contemplating additional layoffs. But to me, the real news is that a third of participants cited poor sales as the greatest problem facing their business right now (an all-time high for this category).

Although the survey recognized pent-up demand is a bright spot (think cars), housing markets have stopped free-falling in many areas and the stock market is up, NFIB members remain exceedingly concerned about taxes and government regulation.

But the other major concern is the level of uncertainty being created by government, the usually source of uncertainty for the economy. The “turbulence” created when Congress is in session is often debilitating, this year being one of the worst. Themes including “tax more,” “tax the rich even more,” “VAT taxes,” higher energy costs due to Cap and Trade, mandates and taxes for health care, threats of “stimulus II,” incomprehensible deficits, and a huge pool of liquidity created by the Federal Reserve Bank that threatens price stability and higher interest rates. The list goes on and on. There is not much to look forward to here and good reason to “keep your powder dry.” Uncertainty is the enemy of the real economy as well as financial markets.

What is the greatest problem facing your business and how do you plan to address it?

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