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Business Conditions Best in Two Years, 60 Days Outlook “Robust”; Majority of Businesses Now Focusing on Growth, Tatum Survey Says

Atlanta, January 20, 2010 –A survey released today reported the best business conditions in over two years, in line with the trend that began a year ago, according to Atlanta-based executive services and consulting firm Tatum LLC. The survey also reported that the outlook for the next 60 days is “more robust than any we have seen in this business cycle.”

“This response is like an exclamation point following 12 months of a gradual uptrend,” said Janice DiPietro, Tatum’s national managing partner of consulting. “Almost all indicators regarding the outlook are positive.”

Highlights of the indicators included:

- Employment trended better slightly in the past 30 days and is now expected to improve significantly overall for the next sixty days. “This indicator is especially good news not only for workers but also for the overall business conditions outlook and will be fundamental to an economic recovery,” said DiPietro.
- Capital Expenditure Commitments Compared to December, a smaller portion of our respondents reported lower commitments for capital projects for the past 30 days. We view this as a mildly positive indication. “Very positive, however, is the outlook for capital expenditure commitments over the next 60 days which is materially stronger,” DiPietro said.
- Order Backlogs are normally the most tangible indication of relative strength or weakness in near-term deliveries of products and services. Order backlogs were reported to be less weak during the past 30 days (a positive development). “More significant is the outlook for the next 60 days. Respondents indicating stronger expectations soared from 36% to 59%, one of the largest one-month changes we have ever seen,” DiPietro said.
- Capital Availability and Pricing Financing conditions remained challenging in the past 30 days, but the outlook is for improvements in availability. “Availability is determined by many factors, but general improvements in the economy tend to raise confidence and a sense of visibility that can be expected to loosen the banking purse strings,” according to DiPietro.
- Segments, Regions and Markets Small businesses seem to be rebounding more quickly than large ones, and it is the small businesses that are most likely to add to payrolls as the recovery gains steam. Technology and services industries reported the best improvements, and even manufacturing reported better conditions. The northeastern region again reported the most improved conditions while the southeastern region was least positive in its trends.



Additionally, DiPietro said the majority of business executives are starting to focus on growth. 61% say they are trying to grow revenue while trying to continue to keep costs down. However, nearly 30% of executives have cut resources to the point they don't even have the ability to deal with January projects. And, of those able to focus on growth, only 27% are seeking acquisitions, because of insufficient liquidity.

“The survey results highlight cautious optimism as we begin 2010 and a commitment by many corporate executives to growing their organizations amidst uncertainty, particularly as it relates to liquidity,” noted DiPietro.

Very few businesses proved to be “recession proof,” as 75% of the respondents said they were hurt by the recession. Less than half, however, say they are still dealing with the problems of the recession or playing a waiting game before they can focus on growth.

Tatum conducts a monthly survey of its nearly 1,000 executive and consulting professionals regarding current business and economic conditions, the results of which are published on www.TatumLLC.com. The survey looks back at the past 30 days and forward to the next 60 days. With its respondents serving a broad base of industries in every geographic region of the United States, the Tatum Survey of Business Conditions takes a representative pulse of economic activity at the first day of every month. Full results of this January, 2010 survey are published on www.TatumLLC.com.

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