



## **First Niagara Annual Survey: Syracuse Business Executives Less Confident About 2013 Economy, Like Others Upstate**

*Confidence Levels Now Lower Than Last Year; Leaders Take Cautious Approach to Revenue, Hiring, Profit Expectations for 2013*

SYRACUSE, N.Y. – January 8, 2013 – Many business executives in the Syracuse area, much like others Upstate, are taking a step back with their confidence in both current economic conditions and their outlook for the 2013 state economy, according to results from First Niagara’s Sixth Annual Survey of Upstate New York Business Leaders released today.

Overall, the survey conducted by the Siena College Research Institute found many among the 1,142 leaders of private companies in 55 upstate counties, those outside New York City and Long Island, to have lower confidence levels regarding current and future economic conditions after three years of increasing optimism following the 2007-2008 recession.

For the Syracuse area specifically there were 118 responses this year from chief executive officers, chief financial officers and other senior managers of private businesses with \$5 million to \$150 million in annual sales in the service, manufacturing, engineering and construction, retail, wholesale and distribution, financial and food and beverage industries.

Of these respondents, 34% say they expect business conditions for the New York State economy to improve in 2013, the same percentage as last year. Another 32% expect conditions to remain about the same in 2013, down from 36% last year, and 34%, up from 30% last year, say business conditions will worsen. Results also show more of these company leaders expect in 2013 for business revenues and the size of their workforces to increase rather than decrease while anticipating that profits will decline.

“Many Syracuse area private business leaders mirror what others Upstate are dealing with – coping with what they perceive to be a stalled economy that is affecting their business

expectations and confidence for better circumstances in 2013,” said David Kavney, Central New York Market Executive for First Niagara.

“But it is also important for these leaders and their companies to keep focused and positioned in the event predicted upswings in consumer confidence and spending come to play in the next year,” he said.

Regarding confidence levels, the First Niagara survey each year uses an overall Confidence Index as a measure of business leaders’ current assessment of and future expectations for economic conditions regarding the state economy and their specific industries. The index is based on a scale of zero to 200 with zero being the most pessimistic and 200 being the most optimistic. An index of 100 would be the breakeven point with an equal percentage of negative and positive responses.

The survey report further provides three confidence indices for the current assessment, future expectations and overall as a combination of the two. It also breaks them down according to five major regions: Capital Region (Albany), Buffalo, Rochester, Syracuse and Hudson Valley/Westchester.

This year, Syracuse area business leaders represented the third highest out of five regions on each of the three confidence indices – with an overall Confidence Index at 89.0, declining 5.4 points over last year’s index, a current Confidence Index at 81.4, down 6.6 points from last year, and a future Confidence Index at 96.6, down 4.3 points from last year.

Key survey results for the Syracuse area include:

- Almost one-fifth, 21%, of Syracuse area business leaders say current business conditions in New York State were a little better or considerably better at the end of 2012 compared to six months earlier, down from 27% responding the same last year. Another 42%, up from 40% last year, say conditions were about the same and 37%, up from last year’s 34%, say they were a little or considerably worse.
- 30%, similar to last year’s 31%, of area business leaders say they expect business in their own industries to be a little better or considerably better in 2013, compared to

34%, same as last year, who say it will be the same and 36%, up from 34% last year, who say it will be a little or considerably worse.

- Close to one-fourth, 23%, of Syracuse area company leaders say they expect in 2013 to increase their current labor force, compared to 21% last year, while 62% say it will remain the same in 2013 and 15%, up from 13% last year, say they will decrease their work force.
- More than half (56%) of local business leaders say they plan to invest in fixed asset acquisitions over the next year – with another 11% unsure -- to meet growing demand, reduce costs or enhance profitability. Of those that intend to invest in fixed assets, 56% plan to use internally generated funds while 33% intend to finance with the assistance of a financial institution.
- 38% of Syracuse area business leaders, down from 41% last year, predict increasing revenues in 2013, while 31% think they will stay the same and 32% say they will decrease.
- 27% of Syracuse area business leaders, down from 29% last year, expect profits to increase in 2013 while another 35% predict they will stay the same and 38%, up from 28% last year, expect a decrease.
- Cost reduction at 47% was cited as the foremost strategy business leaders will employ to enhance profits, followed by market growth/demand (28%), price increase (12%) and new technology (7%).
- Overall, the number one challenge concerning Syracuse area business leaders is governmental regulation (29%), adverse economic conditions (27%), health care costs (13%) and taxation (12%) and existing U.S. competition (12%).

Results from the sixth annual First Niagara Survey of Upstate New York Business Leaders are available at <https://www.fnfg.com/CEOSurvey>

## **METHODOLOGY**

A quantitative 26-question survey was conducted through the 2012 fourth quarter for First Niagara by the Siena College Research Institute (SRI) in which 1,142 business leaders from 55 counties responded either by mail, on the SRI Web site, or through a personal interview. Included were chief executive officers, chief financial officers and senior managers of private businesses with \$5 million to \$150 million annual sales in the service, manufacturing, retail, engineering/construction, wholesale and distribution, financial and food/beverage industries.

## **ABOUT FIRST NIAGARA**

First Niagara, through its wholly owned subsidiary, First Niagara Bank, N.A., is a multi-state community-oriented bank with approximately 430 branches, \$36 billion in assets, \$28 billion in deposits, and approximately 6,000 employees providing financial services to individuals, families and businesses across Upstate New York, Pennsylvania, Connecticut and Massachusetts. For more information, visit [www.firstniagara.com](http://www.firstniagara.com).

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