

## **Here's what small businesses need to look out for in 2017**

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Folks, 2017 is right around the corner and next year may be different for the business community with a new president moving into the White House — especially for small firms.

Thriving small businesses are a big deal for Central Florida, since they are the backbone of the economy.

Consider this: There are 2.1 million small businesses in Florida, and more than 400,000 of them have employees, which totals about 3 million workers — or more than two-fifths of the state's entire private workforce, according to data from the U.S. Small Business Administration.

So what challenges may lie ahead for small businesses and how will Trump's presidency impact growth?



Orlando Business Journal talked with Chris Hurn, founder and CEO of Orlando-based national commercial lender Fountainhead Commercial Capital — which specializes in small business loans.

Here, Hurn shares some insights with OBJ:

**What trends have you been noticing in the small business community?**

Most of our clients and their trusted advisers have been saying the same thing to us about the political class for years: “I wish they’d simply leave us alone and get out of our way. Don’t impose costly regulations that accomplish little, but continue to stifle us.” President-elect Trump has said he’d put in place essentially a moratorium on new federal mandates by requiring two existing regulations be eliminated before any new federal regulations are enacted. This could be very powerful. When regulations increase the cost of doing business or make it harder to do business, the economy suffers because business owners hunker down. Calculated risk-taking and seizing upon market opportunities — the things that produce the next breakthroughs — diminish.

**What challenges have small businesses faced this year?**

Most successful small businesses have a trait in common: adaptability. They constantly change to stay alive. While there have been many economic headwinds, post-Great Recession, most successful small businesses have adapted to overcome those challenges. But merely overcoming isn’t what most small businesses want to do. They want to thrive. They want to grow. The incoming administration seems to want to remove the obstacles to economic growth that have impacted our economy for some time. Annual GDP growth of 1.5 percent shouldn’t be acceptable. Try telling a shareholder in a business that they’ll only grow 1.5 percent next year — the reaction won’t be pretty.

**What do small businesses stand to gain under Trump’s presidency?**

There have been several pro-business/pro-growth policy initiatives proposed by the president-elect that should positively affect small businesses. Some of those include lower tax rates and fewer regulations, like removing the employer mandate provision which requires business-provided health insurance once a company employs more than 50 people; infrastructure spending where small businesses will be able to compete for those large contracts; and an overall climate that should be very pro-business. These things should, at a minimum, boost consumer confidence and stimulate the economy.

**What challenges do you foresee in 2017?**

Depending on how strongly the president-elect sticks to his campaign promises on trade, this could present big challenges to small businesses. If tariffs are enacted or raised, consumers will see higher prices. And if exports and imports decline, a recession with job cuts could loom. The stock market, while surging since the election, will likely gyrate in the near future due to the potential for restrictive trade policies. Businesses have been welcoming a future of less government regulation and tax bills. But harsh realities are on the horizon, assuming Mr. Trump enacts some of his campaign promises. While he likes to “keep people guessing,” the markets hate such uncertainty. With higher GDP growth, inflation will kick in, which will lead to higher interest rates. This will have its usual tampering effect on growth. The key is having higher productivity drive higher GDP growth. If we can do that, we can moderate the effects of inflation, keep deficits in check and, ultimately, outgrow the national debt.