



**African American Markets**

**GAZELLE INDEX™**  
**(Web Version)**

**Confidence Index of African American  
Business Leaders**

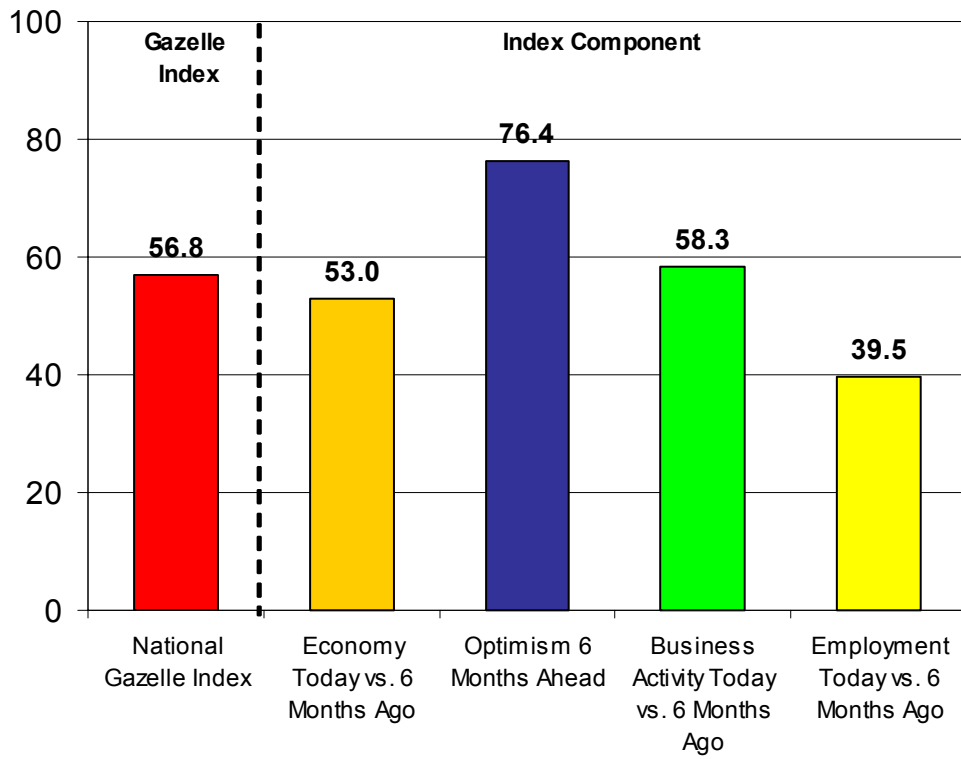
**Fourth Quarter 2003 Survey**



*Conducted by:*  
*Boston Research Group, Inc.*

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## Gazelle Index and Index Components Q4:2003



## Executive Summary

During the 4th quarter of 2003, the **ING GAZELLE INDEX™** increased slightly from 55.1 to 56.8. An index value of 50 or more means that CEO's are more positive than negative in their current and future outlook.

The **ING GAZELLE INDEX™** is a quarterly survey that measures the business confidence and expectations of 350 CEOs of the nation's fastest growing African American-owned companies with 10 to 100 employees. It is a nationally representative survey with a margin of error of + or – 5%.

In looking back over the full year of 2003, 14.0% of Gazelle CEOs indicated that business activity in their company was significantly better than in 2002, 29.4% indicated that it was slightly better, 21.7% indicated that it was about the same and 34.6% indicated that it was worse than in 2002.

The outlook for employment among Gazelle CEOs continues to improve. The percent of Gazelle CEOs that anticipate increasing hiring three months down the road increased from 50.6% in the 3<sup>rd</sup> 2003 to 54.9% during the fourth quarter.

When Gazelle CEOs were asked to identify the best metropolitan areas for fast growing Black-owned businesses to locate, they identified Atlanta overwhelmingly. This was followed by Washington/Baltimore, Houston, Los Angeles, and New York City respectively as the best metropolitan locations. Similarly, Gazelle CEOs identified the most attractive states to expand or relocate their businesses as Georgia, Florida, California, Texas, and North Carolina.

Also included in the 4th quarter's survey are responses to questions regarding the President's management of the economy, the extent to which Gazelle CEOs are satisfied as business owners and the willingness of Gazelle CEOs to take their company public if given the opportunity. Sixty-eight and three-tenths percent (68.3%) feel that President Bush does not have the economy on the right track. This is down from 71% during the third quarter. Also, 59.7% of Gazelle CEOs would take their company public if they had the opportunity.

Finally, 86.6% of CEOs indicated that they are more satisfied as business owners than they were when they worked for someone else.

The survey is part of ING's ongoing effort to assist consumers, businesses, policymakers and the media to better understand the dynamics of one of the nation's fastest growing business sectors. Quarterly results of the ING Gazelle Index are available electronically at [www.inggazelleindex.com](http://www.inggazelleindex.com).

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## Methodology

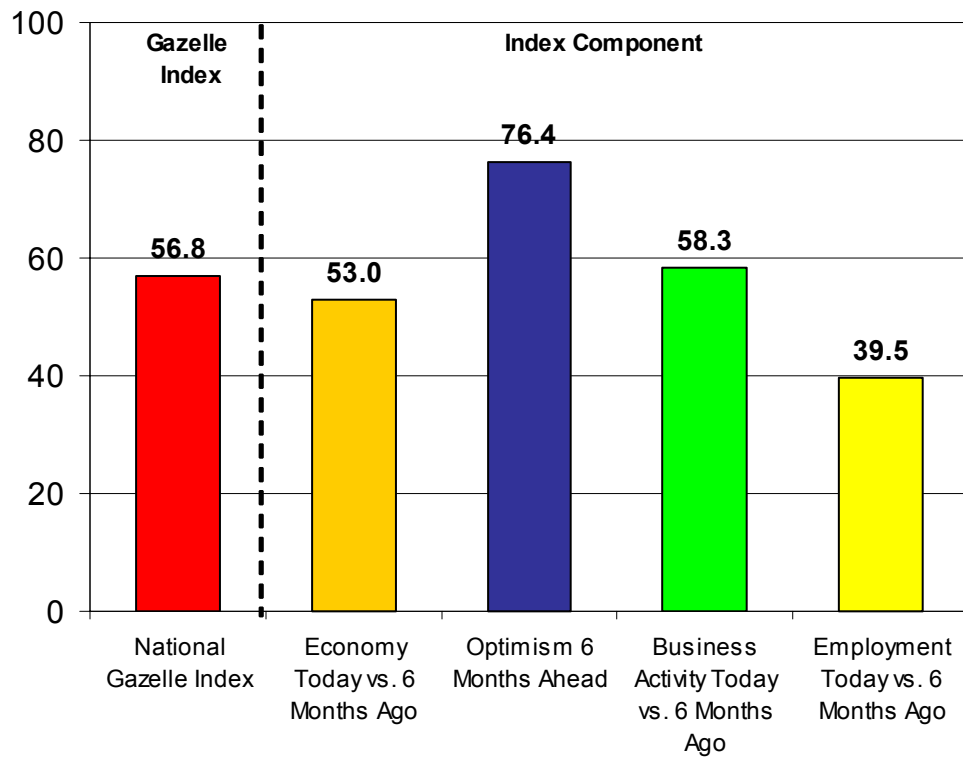
BRG identified 2609 African American-owned businesses throughout the U.S. whose employment increased by a minimum of 5% over the last five years and whose current employment is between 10 and 100 workers. Each quarter, BRG randomly surveys three hundred fifty (350) of these businesses. The survey was constructed to have a margin of error of + or – 5%. BRG conducted the fourth quarter survey during the last three weeks of January 2004.

Averaging the Index value of four questions regarding economic outlook and business activity derives the Gazelle Index value. Dividing the positive response by the sum of the positive and negative responses derives the Index value for each question.

Questions regarding the methodology and content should be directed to Dr. Thomas D. Boston, email: [boston-research@mindspring.com](mailto:boston-research@mindspring.com) or by telephone to 1-888-661-6978.

# The Gazelle Index

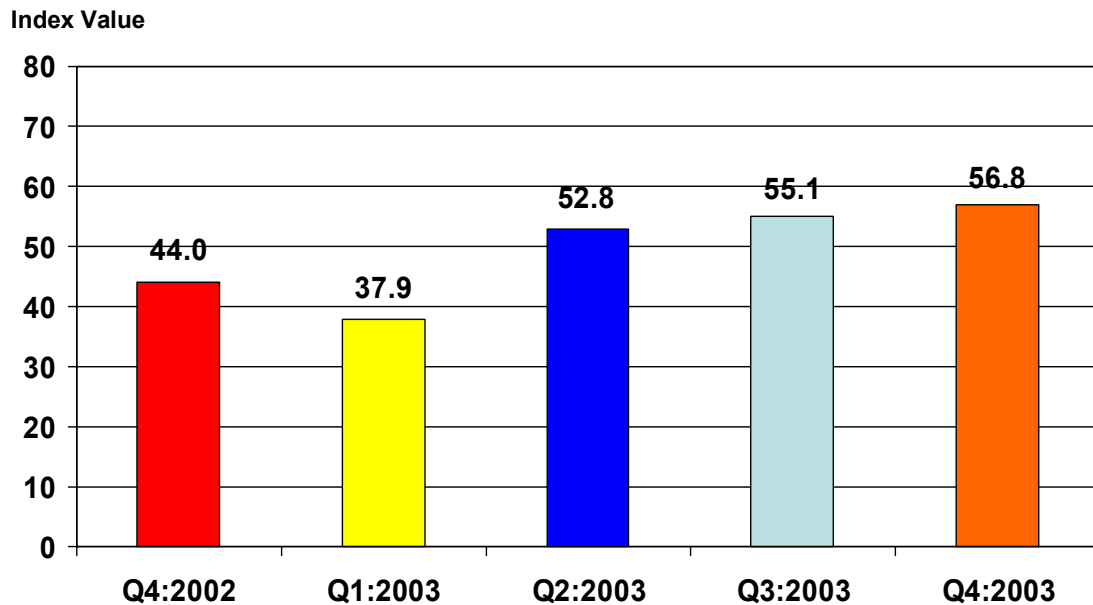
**Figure 1: Gazelle Index and Index Components  
Q4:2003**



The Gazelle Index measurement for the fourth quarter of 2003 is given in Figure 1. The Index value is the average of four index components. These component values are derived from responses to four questions relating to business expectations and activity: (1) In your opinion are economic conditions better today than six months ago? (2) In looking six months into the future, are you more optimistic or more pessimistic about the economy? (3) Is business activity in your company better today than six months ago? (4) As compared to six months ago, has employment in your company increased, decreased or remained the same?

The fourth quarter 2003 Index stood at 56.8. This was up slightly from the previous quarter when it stood at 55.1. Figure 2 illustrates how the Gazelle Index has changed over the last year. Since reaching its low point in the first quarter of 2003 (37.9), it has increased each subsequent quarter.

**Figure 2: ING Gazelle Index  
4<sup>th</sup> Quarter 2002 to 4<sup>th</sup> Quarter 2003**



## Gazelle Index vs. Conference Board Index

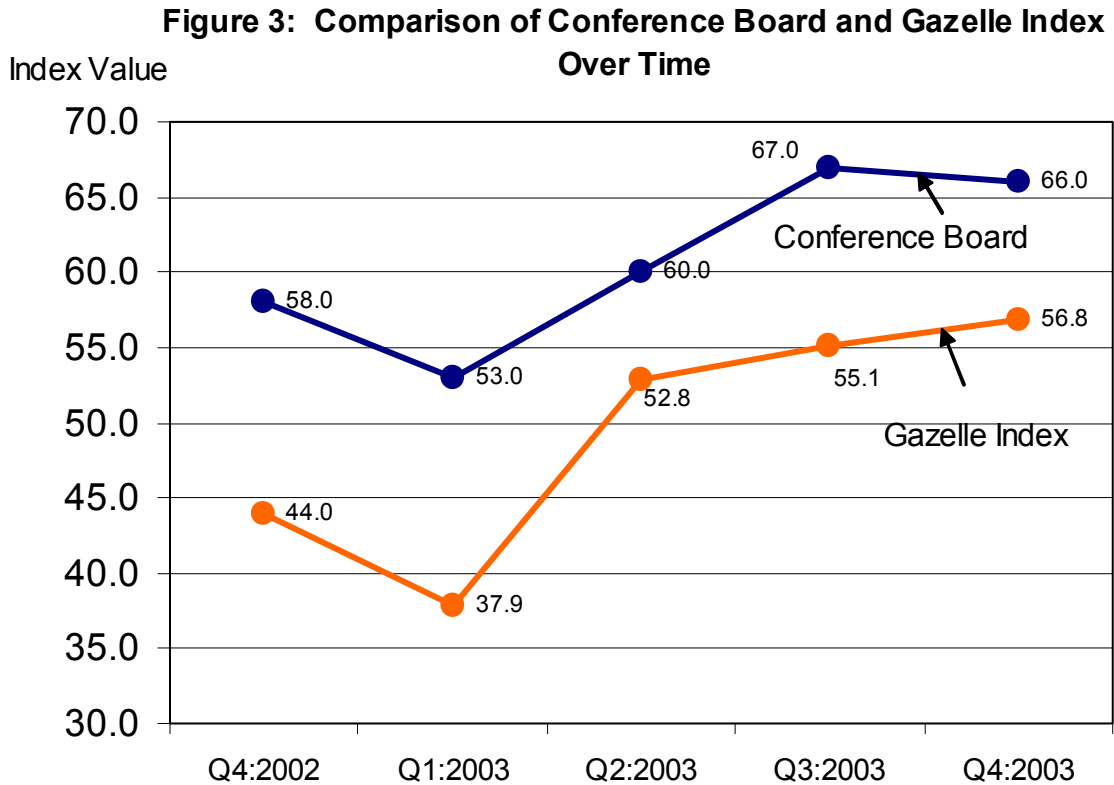
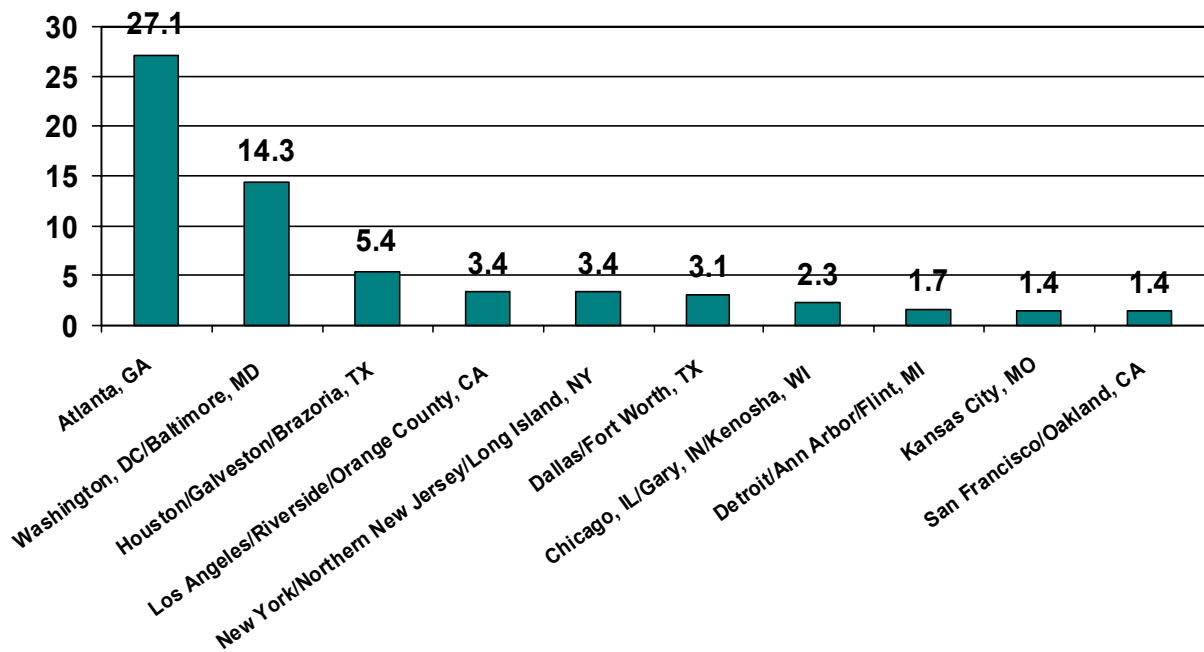


Figure 3 compares the Gazelle Index to the Conference Board's Index. The latter is based on a survey of 100 chief executives of the nation's largest corporations. The figure indicates that the two indices have followed the same trend over the last year. The only exception is that the Conference Board's Index decreased slightly during the 4<sup>th</sup> quarter 2003 to 66.0 from its third quarter value of 67.0. By contrast, the Gazelle Index increased slightly during this same period from 55.1 to 56.8. However, for both indices, the fourth quarter movement was not significantly different from the third quarter value.

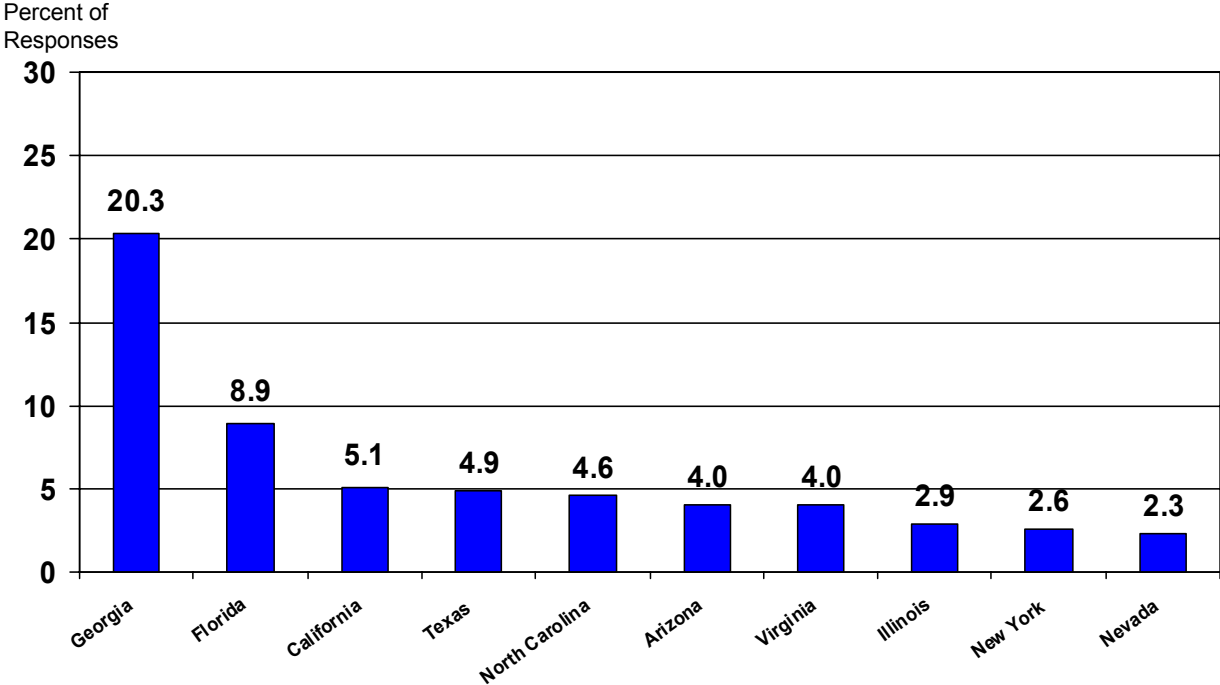
## Best Location for Gazelles

**Figure 4: The Best Location for Fast Growing Black-owned Businesses**

Percent of Responses



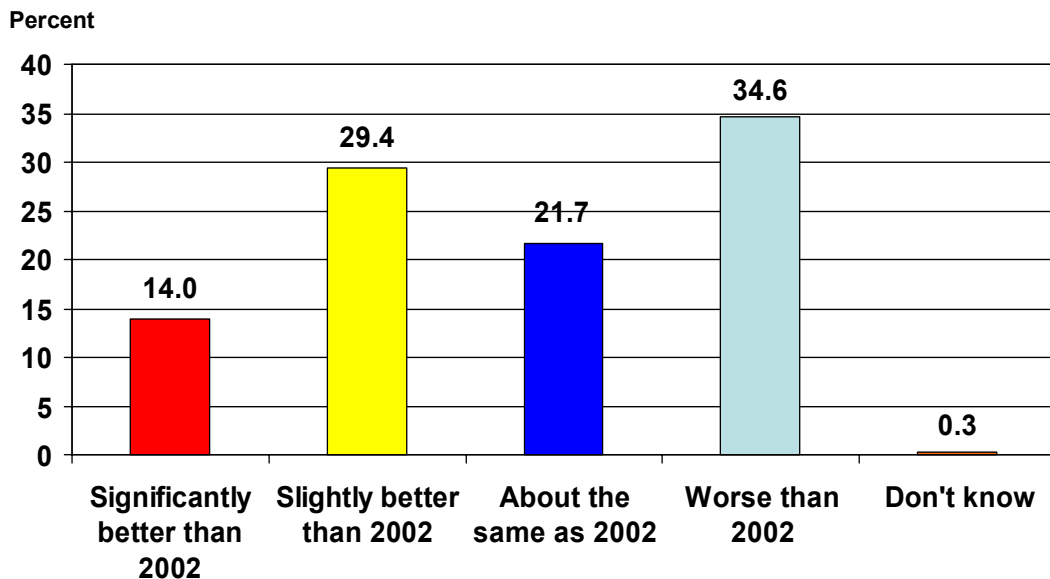
**Figure 5: The Preferred State if your Business relocated or expanded to a Different State**



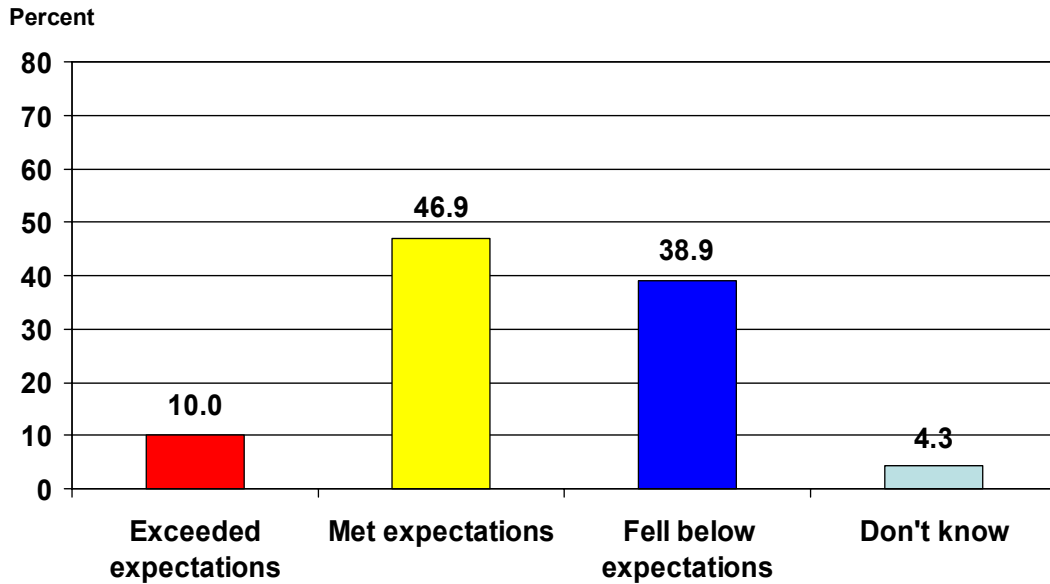
Gazelle CEOs were asked to identify the best metropolitan area for fast growing Black-owned businesses. Atlanta was by far the leading area (27.1%), followed by Washington/Baltimore (14.3%), Houston (5.4%), Los Angeles (3.4%) and New York (3.4%); see Figure 4. Gazelle CEOs were also asked to identify the state that is most attractive if they planned to expand their business or start a new business in a state that is different from their current location. Figure 5 records their responses. Georgia ranked first by more than a two to one margin (20.3%). It was followed respectively by Florida (8.9%), California (5.1%), Texas (4.9%) and North Carolina (4.6%).

## Business Climate

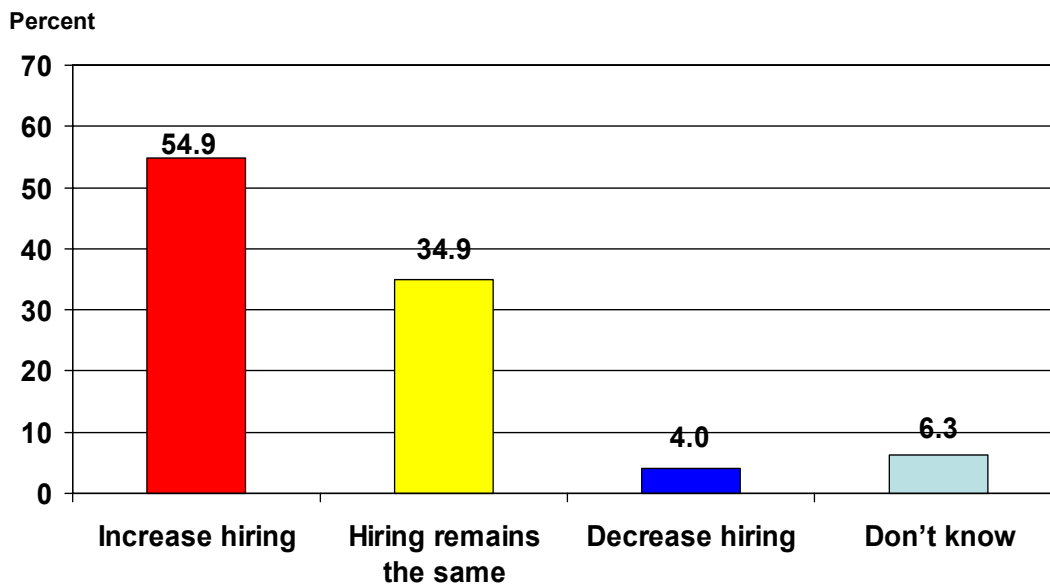
**Figure 6: In looking back on the full year of 2003, how was business activity in your company in comparison to 2002?**



**Figure 7: In looking back on the recent holiday season of 2003, did business activity in your company meet or exceed your expectations?**



**Figure 8: In looking three months into the future, does your company plan to increase or decrease hiring?**



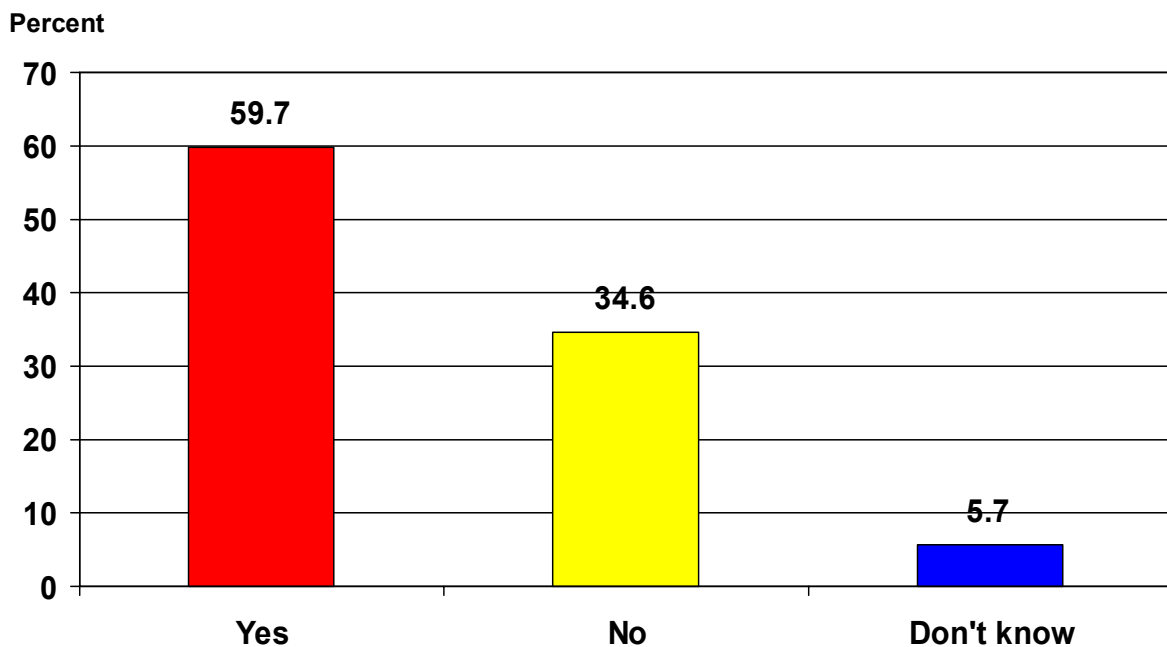
Gazelle CEOs were asked to assess the business activity in their company in 2003 in comparison to 2002. Forty three and four-tenths percent (43.4%) indicated that business was significantly better or slightly better while 34.6% indicated that it was worse. By contrast, 21.7% indicated that it was about the same (see Figure 6). Similarly, 10.0% of Gazelle CEOs indicated that business activity during the most recent holiday season exceeded their expectation while 46.9% stated that it met their expectation; 38.9% stated that it fell below their expectation (see Figure 7).

Gazelle CEOs continued to be optimistic about future hiring as 54.9% indicated that they plan to increase hiring over the next three months while only 4.0% plan to decrease hiring; 34.9% indicated that they expect no change in hiring. (see Figure 8)

## Other Opinions

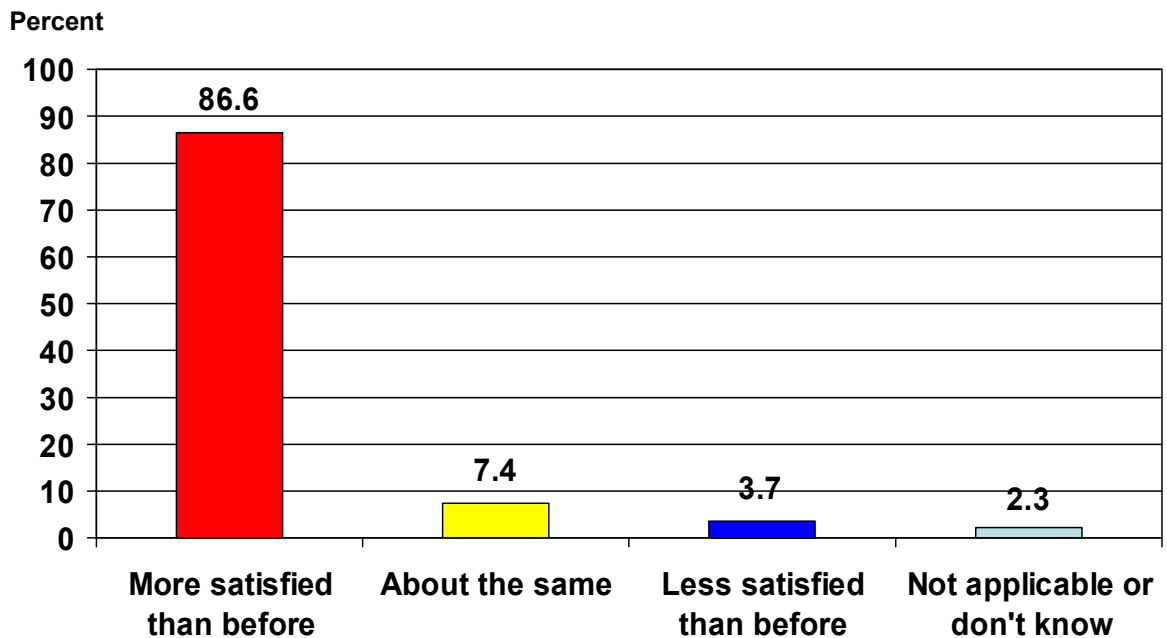
Gazelle CEOs were asked whether they would take their company public if the opportunity presented itself. Fifty-nine and seventh-tenths percent (59.7%) indicated they would if given the opportunity; 34.6% stated no and 5.7% indicated they did not know (see Figure 9). The industries where at least 70% of the CEOs indicated a desire to go public are Health Services; Computer Sales and Services; Business Services; Communications; and Transportation. The industries where CEOs expressed the least desire to go public are Insurance; Manufacturing; and Real Estate.

**Figure 9: If the opportunity presented itself, would you take your company public?**

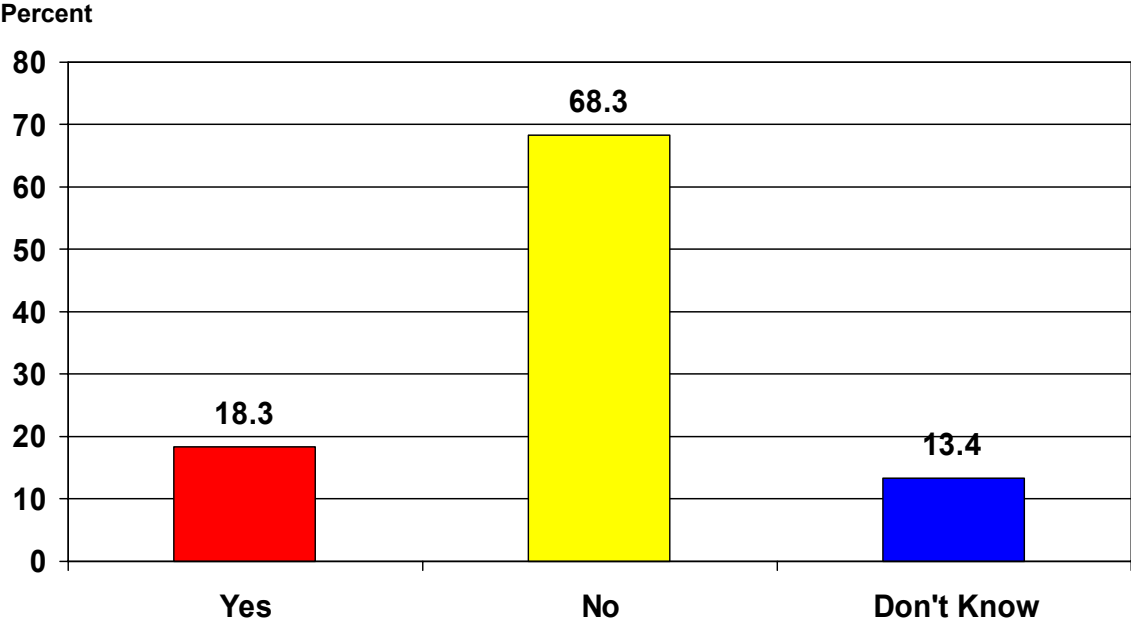


Gazelle CEOs expressed a great deal of satisfaction regarding their decision to become a business owner. In fact 86.6% indicated that they are more satisfied as a business owner than when they worked for someone else while only 3.7% indicated that they were less satisfied (see Figure 10). Regarding President Bush's economic policies, 68.3% indicated that the President has the economy on the wrong track while only 18.3% believe it is on the right track (see Figure 11).

**Figure 10: If you worked for someone else before you became a business owner, how satisfied are you now?**



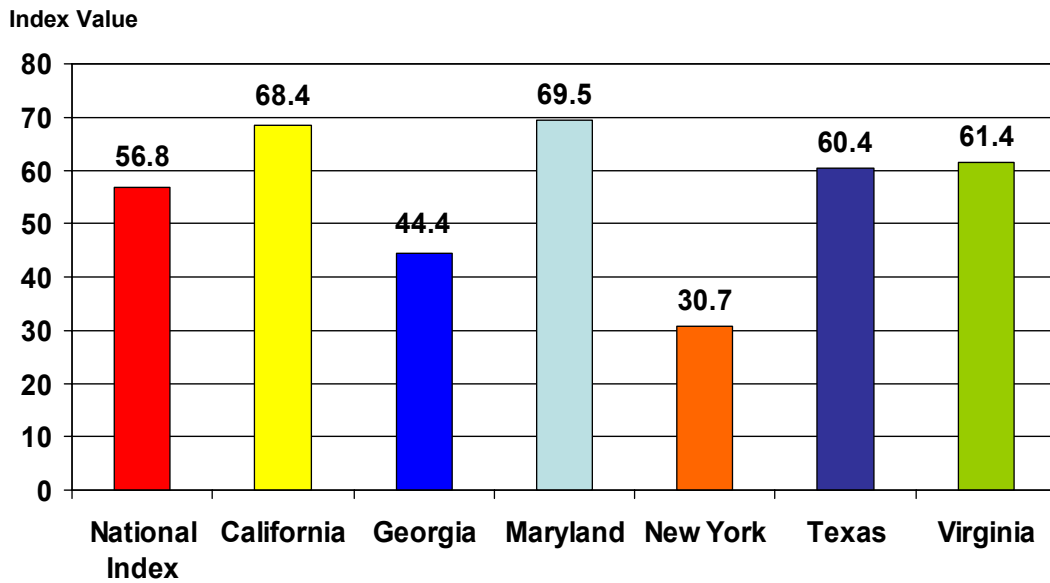
**Figure 11: Do you feel that President Bush's policies have put the economy on the right track?**



## Gazelle Index by State

Figure 12 records the national Gazelle Index value, and the value for selected states. The results indicate that business optimism and expectations are greatest in Maryland (69.5), followed respectively by California (68.4), Virginia (61.4), Texas (60.4), Georgia (44.4) and New York (30.7).

**Figure 12: Gazelle Index by State**



## Demographics of Gazelles

Figure 13 records the industries of Gazelles CEOs who responded to the survey. The industries with the largest representation of Gazelles are Engineering and Management Services and Business Services. These are followed by Special Trades Contracting; Manufacturing; and Computer Sales and Services.

**Figure 13: Industry Classification of Gazelles**

<b>Industry</b>	<b>Percent</b>	<b>Number</b>
Engineering and Management	15.1%	53
Business Services	15.1%	53
Construction: Special Trades	12.3%	43
Manufacturing	10.0%	35
Computer Sales and Service	8.3%	29
Retail Trades	6.6%	23
Wholesale Trades	6.3%	22
Trucking and warehousing	4.3%	15
Construction: General Contracting	4.0%	14
Misc. Services	3.7%	13
Health Services	2.9%	10
Personal Services	2.9%	10
Finance	1.4%	5
Transportation: Local and Inner-city	1.4%	5
Construction: Heavy Trades	1.4%	5
Real Estate	1.1%	4
Insurance	1.1%	4
Communications	1.1%	4
Utility and Sanitary Service	0.9%	3
<b>Total</b>	<b>100.0%</b>	<b>350</b>

Figure 14 shows the geographic distribution of Gazelles in the survey. The majority of Gazelles (48.6%) are located in the South. The Midwest region has the second largest percentage of Gazelles (23.4 %). The West is third with 15.7%, and 12.3% of all Gazelles are located in the Northeast.

**Figure 14: Distribution of Responses by Region**

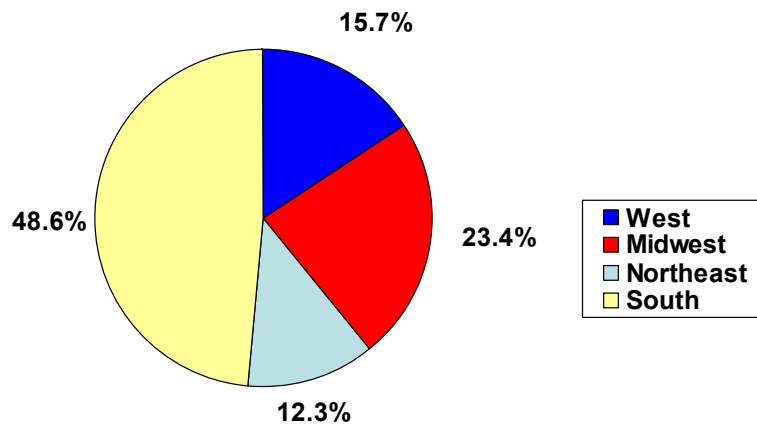
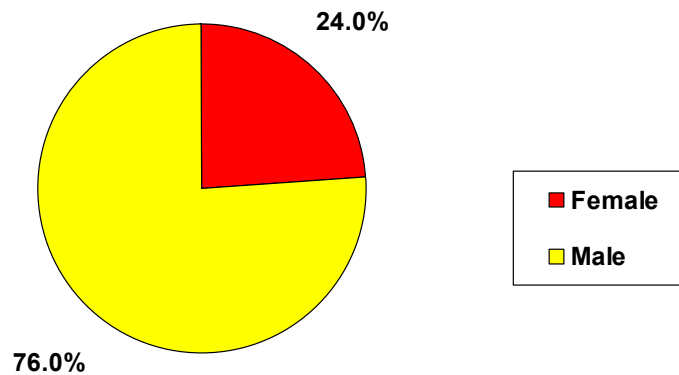


Figure 15 indicates that 24.0 % of all Gazelle business owners are women while 76.0% are men.

**Figure 15: Distribution of Respondents by Gender**



## About the Author

Thomas D. Boston, PhD., is a Professor of Economics at the Georgia Institute of Technology (Georgia Tech) and Principal owner of Boston Research Group, Inc., an Atlanta-based economic consulting company. He is a member of the *Black Enterprise* Board of Economists, past President of the National Economic Association and past Senior Economist to the Joint Economic Committee of Congress. Dr. Boston is an author and consultant on minority business issues, and his three most recent books are entitled *Leading Issues in Black Political Economy* (2002), *Affirmative Action and Black Entrepreneurship* (1999), and *The Inner City: Urban Poverty and Economic Development in the Next Century* (1997). He can be reached at [boston-research@mindspring.com](mailto:boston-research@mindspring.com).