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Small firms plan to spend big on technology, poll finds

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Small businesses are living up to their reputation as engines of economic growth, a new study shows.

In a survey released Wednesday by Hewlett-Packard Co., 81 percent of 399 small businesses polled last month said they planned to increase their technology spending an average 20 percent in the next two to three years, and 68 percent said they would do so over the coming year.

The dollars will go toward computer hardware and software, upgrading of company Web sites, online services, and Web logs, the respondents said.

The **Home Office Solutions Group**, a seller of ergonomic chairs in Northbrook, is a case in point. Richard Burke, president of the company, says the company plans to double its technology spending this year.

Home Office was encouraged by its results last year from a \$50,000 investment in an ordering system, computers and an additional server. The equipment helped boost sales 25 percent, to \$20 million, Burke said.

But to achieve that, it needs a computer system able to track order flows "from the moment a customer picks up the phone, goes into our stores, or goes to our Web site" when the moment the product is picked up, he said.

That means Home Office Solutions, which has 45 employees at three sites in the Chicago area, must invest \$100,000 this year in programming time and hardware, he said.

The Hewlett-Packard study, said John Rutledge, chairman of Rutledge Capital, in Greenwich, Conn., has implications for the economy because small businesses account for half of the gross domestic product.

"It means more growth, more productivity, more employment," he said. "They are all going to grow faster than Wall Street thinks. I think this is going to continue for some time, so you don't want to bet against the economy."

Wednesday's poll, conducted by Harris Interactive, is the latest barometer of small-business optimism in an economy that some analysts worry may be vulnerable to rising oil prices and interest rates. Last month, American Express released a survey that said 85 percent of the 627 small businesses it surveyed saw growth opportunities in the next six months.

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