Helped wanted signs signal economic growth

By Joyce M. Rosenberg, AP

NEW YORK — If you're looking for signs that the U.S. economy is growing and that the job market is improving, just talk to small business owners.

After cutting back on spending for years, people are splurging again. That's evident at Lady M Cake Boutiques.

Revenue is up 40 percent this year at the New York-based company with more customers paying $60 to $85 — three or four times what a supermarket cake costs — for confections made of paper-thin pastry dough and flavored with ingredients like green tea and chestnuts. Business is so good that owner Ken Romaniszyn, who has two locations in Manhattan and one in Los Angeles, plans three or four next year in New York, Boston and Charlotte, N.C. He'll hire 60 new employees to staff the stores, adding to Lady M's current staff of 145.

His cakes, which once appealed mostly to the wealthy, are now attracting a wider range of customers, Romaniszyn says.

"The middle class, they can afford to make a special occasion a little more special," he says.

The U.S. economy is growing at a solid pace. This week, government figures showed that consumers and businesses drove growth to a sizzling 5 percent annual rate last quarter. Fewer Americans are applying for jobless benefits. In the first 11 months of this year, employers have added 2.65 million jobs. That already makes 2014 the best year for hiring since 1999.

A large chunk of the good news can be attributed to improvements at small companies. Reports from payroll company

ADP and software maker Intuit show small business hiring has gained momentum since the summer. The trend looks to continue – surveys by Wells Fargo & Co. and the National Federation of Independent Business show more owners plan to bring in new employees in the coming months.

With revenue up 11 percent this year at her four Squeeze In restaurants in Reno and Truckee, owner Misty Young plans to add nine people to her staff of about 90 next year. She'll also open a fifth restaurant next month in Redwood City, and hire 25 employees there.

Diners are spending an average 35 cents more per meal. When multiplied by the 270,000 people Young serves a year, it gives her an extra $94,500 in annual revenue, she says. Customers are ordering some of the most expensive items on the menu, like a $22 crab omelet. They're willing to pay a few dollars more for a premium vodka like Grey Goose in their bloody Marys.

"People are in this 'I deserve it' mentality. They've worked hard and they want to play hard," Young says.

The healthier economy is luring customers back to Spa Lamar for massages, facials and pedicures. Owner Heidi Lamar, who has 35 employees, is hiring to bring her staff back up to 50, the level before the recession.

Customers visit the Scottsdale spa more often, and they're asking for more services. The average bill has soared this quarter to $122 from $98, Lamar says. She needs more staffers to handle the increased workload.

"The group we have is getting to the point where they're maxed out," she says.

The increase in business has encouraged Lamar to add new services such as massages for couples. She's also renovating and painting the spa.

Some of the pickup in revenue comes from snowbirds, people who come to Arizona to escape the cold. But area residents are splurging on themselves again, she says.

“They say, ‘we’ve really missed you. It’s good to be coming back again,'” she says.