

VISTAGE

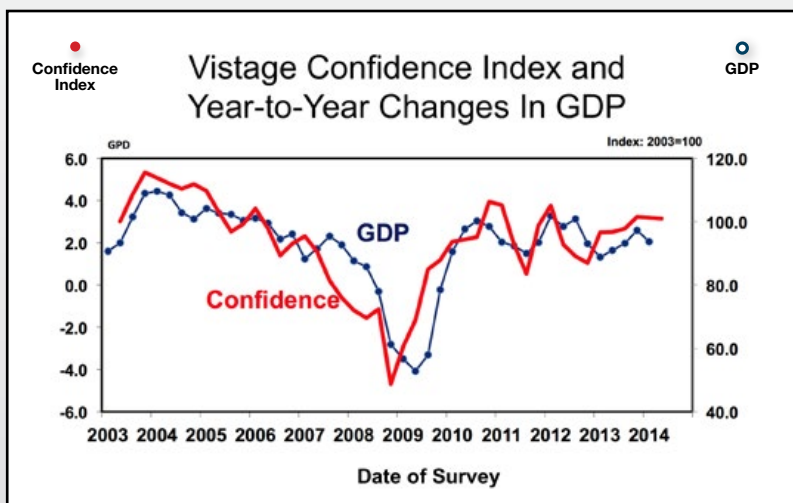
CEO Confidence Index

Surveying CEOs of
Small to Mid-sized
Businesses Since 2003

The latest Vistage survey found that CEOs continued to feel confident about today's economy, as the Vistage CEO Confidence Index was virtually unchanged from the levels recorded in the prior two quarters. The Vistage CEO Confidence Index was 101.0 in the 2nd quarter 2014 survey, nearly identical with the 101.3 in the 1st quarter and the 101.5 in the 4th quarter of 2013. This was the best three-quarter performance since 2005. The constancy of economic optimism is all the more surprising given the drop in GDP during the 1st quarter, indicating that CEOs discounted last quarter's decline as an aberration due to the harsh winter.

Nonetheless, the extent of the falloff in GDP and the delay in the anticipated strong spring rebound is likely to have constrained CEOs from voicing more optimistic expectations in the recent survey. While legislative proposals regarding minimum wages and overtime pay are top concerns, the most pressing concern of firms today have more to do with hiring new employees to expand their business. Rather than sensing a good deal of labor market slack due to high levels of long-term unemployed and labor force dropouts, nearly one-third of all CEOs mentioned staffing needs as the most critical issue now facing their firm. Concerns about staffing were mentioned twice as frequently as economic uncertainty, which was the 2nd most critical issue reported by firms. The required wage increases required to attract new hires raise the potential for renewed inflation, affecting both facets of CEOs' most critical concerns.

Analysis provided by Dr. Curtin, University of Michigan



Vistage CEO Confidence Index Highlights

50% of all CEOs reported that the economy has improved compared to a year ago.

73% of CEOs expect increased revenues over the next 12 months.

57% of CEOs planned on expanding their payrolls, just below last quarter's 58%, which was the highest level since the start of 2007.

30% of CEOs report that hiring new staff is the top business issue that they now face.

46% of CEOs plan increases in investments in new plant and equipment, barely below last quarter's 47%, which was the highest level in four years. Planned investments were at the highest level in the first half of 2014 than any time since the start of 2011.



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Question	Answer	Respondents	
		#	%
1. Compared with a year ago, have overall economic conditions in the U.S. improved, remained the same, or worsened?	Improved	761	50%
	About the same	638	42%
	Worsened	120	8%
	Don't know/No opinion	5	0%
2. During the next 12 months, do you expect the overall economic conditions in the U.S. will be better, about the same, or worse than now?	Better	572	38%
	About the same	781	51%
	Worse	156	10%
	Don't know/No opinion	15	1%
3. Are your firm's total fixed investment expenditures likely to increase, remain about the same, or decrease during the next 12 months?	Increase	697	46%
	About the same	678	44%
	Decrease	143	9%
	Don't know/No opinion	6	0%
4. Do you anticipate that your firm's sales revenues will increase, remain about the same, or decrease for the next 12 months?	Increase	1,115	73%
	About the same	317	21%
	Decrease	89	6%
	Don't know/No opinion	4	0%
5. Do you expect your firm's profitability to improve, remain about the same, or worsen during the next 12 months?	Improve	855	56%
	About the same	518	34%
	Worsen	148	10%
	Don't know/No opinion	4	0%
6. Do you expect prices for your product or service to increase, remain about the same, or decrease during the next 12 months?	Increase	659	43%
	About the same	751	49%
	Decrease	106	7%
	Don't know/No opinion	8	1%
7. Do you expect your firm's total number of employees will increase, remain about the same, or decrease during the next 12 months?	Increase	869	57%
	About the same	540	35%
	Decrease	111	7%
	Don't know/No opinion	4	0%
8. When do you plan to increase your firm's total number of employees over the next 12 months?	Q3 2014	247	16%
	Q4 2014	160	10%
	Q1 2015	102	7%
	Q2 2015	56	4%
	Steadily throughout the next 12 months	489	32%
	I do not plan to increase my total number of employees in the next 12 months	470	31%

Question	Answer	Respondents	
		#	%
9. What is the most significant business issue that you are facing currently?	Rising energy costs	7	0%
	Growth (growing too quickly)	80	5%
	Rising healthcare costs	117	8%
	Political uncertainty	102	7%
	Staffing (finding, hiring, retaining, and training)	460	30%
	Growth (growing too slowly)	229	15%
	Economic uncertainty (concern for local and national economy, budget deficit, housing market)	244	16%
	Financial issues (finance, cash flow, profitability)	175	11%
	Other	108	7%

10. What is the biggest challenge your business is specifically facing now?	Paying loans and/or accessing credit	84	5%
	Managing costs	430	24%
	Cash, liquidity, receivables	245	13%
	Customer retention and/or lead generation	438	24%
	Cutting staff	33	2%
	My business is not facing any extraordinary challenges	344	19%
	Other	239	13%

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