

CEOs concerned by slowdown in economic growth

The 1,434 U.S. CEOs surveyed from June 8-17, 2015 in the Q2 2015 Vistage CEO Confidence Index expressed greater concern about the dismal pace of 1st quarter growth in the economy, and more importantly, did not anticipate the same strong rebound as occurred last year. The Vistage Confidence Index was 99.0 in the 2nd quarter of 2015, below the 1st quarter's 105.8 and last year's 101.0. The recent economic weakness was due to temporary factors, including a harsh winter, a port strike, and a surging dollar.

Even though most CEOs anticipate continued economic growth, there is a widespread sense that the economy is still vulnerable. The recent decision by the Fed to hold interest rates near zero also reflected that same potential vulnerability. As a result, firms anticipated slightly less growth in their sales revenues and profits, and planned on adding slightly fewer workers to their payrolls and marginally reducing the pace of their capital investments. CEOs can be best described as cautiously optimistic. The lasting lesson from the Great Recession was that it was better to be prudent than over-optimistic on future business growth.

Analysis provided by Dr. Richard Curtin, University of Michigan



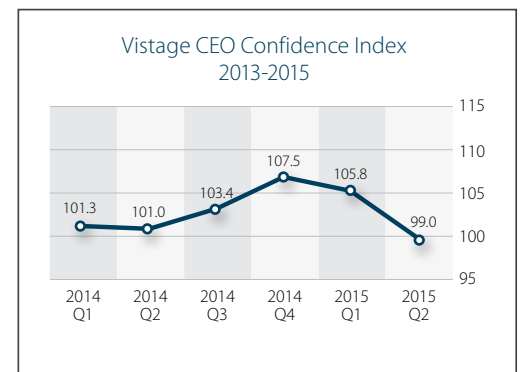
Vistage CEO Confidence Index Highlights

46% of CEOs reported that the economy had improved, down from 61% in the 1st quarter.

35% of CEOs anticipate an improving economy in the year ahead, down from 45% in the 1st quarter.

35% of CEOs said that locating, hiring, training, and retaining staff was their most important task, cited twice as frequently as any other issue.

46% of CEOs plan to increase investments in new plant and equipment, barely below last quarter's 48%. Investment plans were on average more favorable during the past six quarters than any other time since the peak years of 2004-05.



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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	657	46%
	About the same	634	44%
	Worsened	139	10%

Question	Answer	Respondents	
		#	%
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	508	35%
	About the same	784	55%
	Worse	129	9%
	Don't know/No opinion	13	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	658	46%
	About the same	596	42%
	Decrease	166	12%
	Don't know/No opinion	14	1%
4. Do you anticipate that your firm's sales revenues will increase, remain about the same, or decrease for the next 12 months?	Increase	1,022	71%
	About the same	290	20%
	Decrease	117	8%
	Don't know/No opinion	5	0%
5. Do you expect your firm's profitability to improve, remain about the same, or worsen during the next 12 months?	Improve	797	56%
	About the same	455	32%
	Worsen	176	12%
	Don't know/No opinion	6	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	536	37%
	About the same	779	54%
	Decrease	112	8%
	Don't know/No opinion	7	0%
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	803	56%
	About the same	525	37%
	Decrease	98	7%
	Don't know/No opinion	8	1%

Question	Answer	Respondents	
		#	%
8. When do you plan to increase your firm's total number of employees over the next 12 months?	Q2 2015	85	6%
	Q3 2015	189	13%
	Q4 2015	117	8%
	Q1 2016	83	6%
	Steadily throughout the next 12 months	492	34%
	I do not plan to increase my total number of employees in the next 12 months	468	33%
9. What is the most significant business issue that you are facing currently?	Energy costs	6	0%
	Growth (growing too quickly)	72	5%
	Rising healthcare costs	91	6%
	Political uncertainty	60	4%
	Staffing (finding, hiring, retaining, and training)	504	35%
	Growth (growing too slowly)	210	15%
	Economic uncertainty (concern for local and national economy, budget deficit, housing market)	179	12%
	Financial issues (finance, cash flow, profitability)	184	13%
	Other	128	9%
10. What is the biggest challenge your business is specifically facing now?	Paying loans and/or accessing credit	86	5%
	Managing costs	406	24%
	Cash, liquidity, receivables	241	14%
	Customer retention and/or lead generation	424	25%
	Cutting staff	42	2%
	My business is not facing any extraordinary challenges	306	18%
	Other	222	13%

11. Has your company saved money by offering flexible work options?	Yes	274	19%
	No	1,139	79%
	Skipped	21	1%
12. What type of flexible work options do you offer?	Work from home	429	23%
	Flexible schedule	634	34%
	Work as contractors	185	10%
	Skipped	483	26%
	Other	136	7%

VISTAGE
CEO Confidence Index

Surveying CEOs of Small
to Mid-sized Businesses
Since 2003