

CEO optimism declines: Q1 2016 Vistage CEO Confidence Index at lowest level in 3 years

CEOs expressed greater concerns about the outlook for the domestic economy but remained upbeat about their own firm's prospects in the Q1 2016 Vistage CEO Confidence Index survey. The Vistage CEO Confidence Index was 92.3 in the 1st quarter 2016 survey, down from 95.5 in the 4th quarter, and significantly below last year's 105.8. Despite continuing economic and political uncertainty, more CEOs reported that finding, hiring, and retaining staff is the most significant business challenge they now face. With a tighter labor market, higher wages and benefits to secure key personnel may be needed. Given the still weak global economy as well as the sharply different economic policies favored by the presidential candidates, smaller firms have remained the engine of economic growth.

Analysis provided by Dr. Richard Curtin, University of Michigan

Vistage CEO Confidence Index Highlights

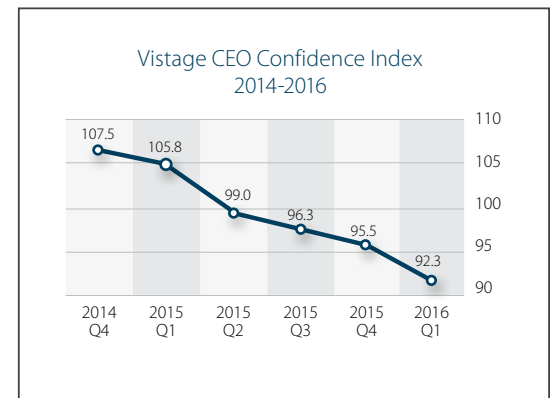
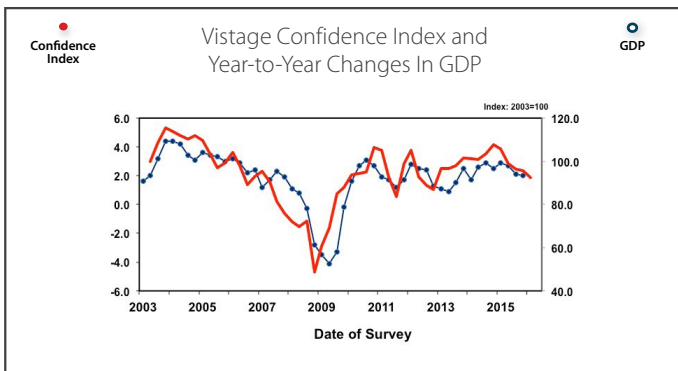
54% of CEOs plan to expand their workforce in the year ahead.

32% of CEOs said the single most important issue they faced was finding, training, and retaining employees.

41% of CEOs plan to increase spending in new plant and equipment, the lowest level in three years.

70% of CEOs expect increased revenues in the year ahead, and 55% of CEOs expect increased profits.

41% of CEOs said they do not feel that they are prepared for a cyber-attack.



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Question

1. Compared with a year ago, have overall economic conditions in the U.S. improved, remained the same, or worsened?

Answer

Respondents

	#	%
Improved	300	27%
About the same	573	52%
Worsened	214	20%
Don't know/No opinion	7	1%

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	256	23%
	About the same	637	58%
	Worse	183	17%
	Don't know/No opinion	18	2%
3. Are your firm's total fixed investment expenditures likely to increase, remain about the same, or decrease during the next 12 months?	Increase	444	41%
	About the same	504	46%
	Decrease	141	13%
	Don't know/No opinion	5	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	766	70%
	About the same	239	22%
	Decrease	88	8%
	Don't know/No opinion	1	0%
5. Do you expect your firm's profitability to improve, remain about the same, or worsen during the next 12 months?	Improve	606	55%
	About the same	373	34%
	Worsen	114	10%
	Don't know/No opinion	1	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	355	32%
	About the same	640	59%
	Decrease	90	8%
	Don't know/No opinion	9	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	590	54%
	About the same	422	39%
	Decrease	81	7%
	Don't know/No opinion	1	0%

Question	Answer	Respondents	
		#	%
8. When do you plan to increase your firm's total number of employees over the next 12 months?	Q2 2016	202	18%
	Q3 2016	136	12%
	Q4 2016	47	4%
	Q1 2017	36	3%
	Steadily throughout the next 12 months	316	29%
	I do not plan to increase my total number of employees in the next 12 months	357	33%
	9. What is the most significant business issue that you are facing currently?	Energy costs	6
Growth (growing too quickly)		58	5%
Rising healthcare costs		60	5%
Political uncertainty		91	8%
Staffing (finding, hiring, retaining, and training)		347	32%
Growth (growing too slowly)		173	16%
Economic uncertainty (concern for local and national economy, budget deficit, housing market)		190	17%
Financial issues (finance, cash flow, profitability)		109	10%
Other		60	5%
10. What is the biggest challenge your business is specifically facing now? (check all that apply)	Paying loans and/or accessing credit	47	4%
	Managing costs	283	23%
	Cash, liquidity, receivables	162	13%
	Customer retention and/or lead generation	293	23%
	Cutting staff	26	2%
	My business is not facing any extraordinary challenges	275	22%
	Other	169	13%
	Skipped	2	0%

Question	Answer	Respondents	
		#	%
11. Who handles technology support for your business?	CIO	322	29%
	Comptroller	71	6%
	HR	17	2%
	Officer Manager	104	10%
	Consultants	303	28%
	Other	243	22%
	Skipped	34	3%
12. Do you feel prepared for a cyber-attack?	Yes	539	49%
	No	445	41%
	Not applicable	54	5%
	Other	49	4%
	Skipped	7	1%
13. Do you have any domestic or international M&A activities planned for the next year?	Yes	262	24%
	No	723	66%
	Not applicable	76	7%
	Other	14	1%
	Skipped	19	2%
14. Do you have a plan in place to train millennials for leadership roles?	Yes	491	45%
	No	546	50%
	Other	43	4%
	Skipped	14	1%

Question	Answer	Respondents	
		#	%
15. Is the “sharing economy” impacting your business (Uber, Airbnb, Upwork, etc.)?	It is helping me grow my business.	81	7%
	It is hurting my business.	30	3%
	It has no impact on my business.	935	85%
	Other	39	4%
	Skipped	9	1%
16. Do you have a corporate social responsibility program in place?	Yes	391	36%
	No	661	60%
	Other	25	2%
	Skipped	17	2%
17. Do you have a succession plan in place?	Yes	509	47%
	No	515	47%
	Other	61	6%
	Skipped	9	1%
18. During your company’s last fiscal year, what was its total employment?	No employees	2	0%
	1-9 employees	83	8%
	10-19 employees	135	12%
	20-49 employees	276	25%
	50-99 employees	216	20%
	100-499 employees	302	28%
	500-999 employees	43	4%
	1000-4999 employees	33	3%
	5000-9999 employees	3	0%
	10000+ employees	1	0%

Question	Answer	Respondents	
		#	%
19. During your company's last fiscal year, what were its total revenues?	Less than 500k	16	1%
	500-999k	33	3%
	1-4 Million	182	17%
	5-9 Million	201	18%
	10-20 Million	213	19%
	21-49 Million	210	19%
	50-99 Million	115	11%
	100-249 Million	81	7%
	250-499 Million	25	2%
	500-999 Million	9	1%
	1+ Billion	9	1%

VISTAGE | Surveying CEOs of Small
CEO Confidence Index | to Mid-sized Businesses
Since 2003