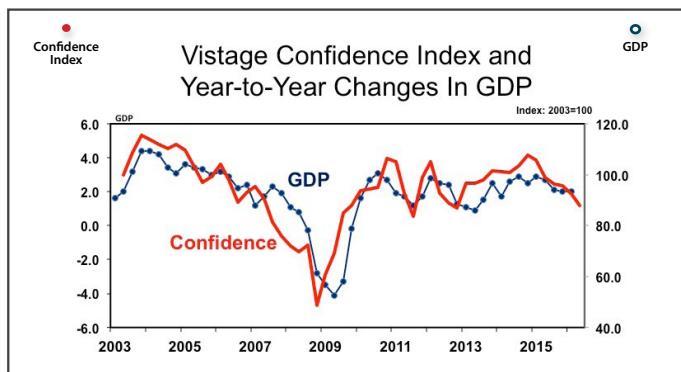


CEO confidence falls to lowest level in 3 years

CEOs expressed greater concerns about the U.S. economic outlook as well as their own firms' prospects in the Q2 2016 Vistage CEO Confidence Index survey. The Vistage CEO Confidence index and all of its components fell to their lowest level in three years, down to 88.8 from last year's 99.0.

The top issues CEOs are facing include finding, hiring, and retaining talent, as well as developing new products or services to grow their customer base. In addition, political and economic uncertainty, as well as continued global weakness, are weighing on CEOs. Moderate levels of economic uncertainty can prompt more prudent investment and hiring behavior; and extreme levels, which are not now present, can cause retrenchment. Prospective policies of the current presidential candidates and their electability will need much more clarification in order to have a significant impact on CEO confidence.

Analysis provided by Dr. Richard Curtin, University of Michigan



Vistage CEO Confidence Index Highlights

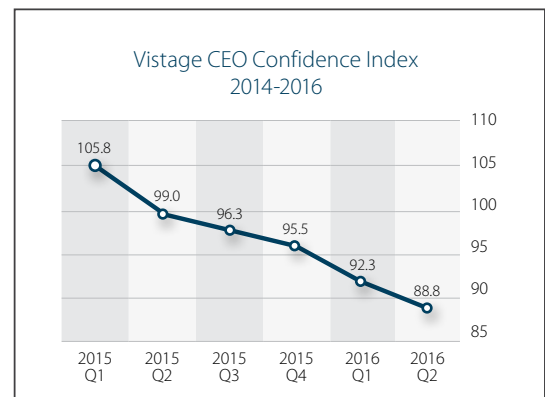
21% of all CEOs thought that the national economy had improved during the past year, less than half of last year's 46%. Just 20% expect the economy to improve in the year ahead, down from 35% a year ago.

40% of CEOs plan to increase spending in new plant and equipment, the lowest level in three years.

50% of CEOs plan to expand their workforce in the next year, and only 8% of CEOs plan cutbacks.

34% of CEOs said finding, hiring, retaining and training their employees is the most significant business issue they are currently facing.

64% of all firms have adapted their management style to younger workers, with 57% offering specially designed benefit packages to attract young talent.



The Vistage CEO Confidence Index was 88.8 in the 2nd quarter 2016 survey, down from last quarter's 92.3 and last year's 99.0.

Question

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

Answer

Respondents

	#	%
Improved	279	21%
About the same	726	56%
Worsened	292	22%
Don't know/No opinion	3	0%

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	258	20%
	About the same	733	56%
	Worse	277	21%
	Don't know/No opinion	32	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	516	40%
	About the same	597	46%
	Decrease	179	14%
	Don't know/No opinion	8	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	832	64%
	About the same	360	28%
	Decrease	103	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	663	51%
	About the same	442	34%
	Worsen	192	15%
	Don't know/No opinion	3	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	442	34%
	About the same	746	57%
	Decrease	107	8%
	Don't know/No opinion	5	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	647	50%
	About the same	539	41%
	Decrease	105	8%
	Don't know/No opinion	9	1%

Question	Answer	Respondents	
		#	%
8. When do you plan to increase your firm's total number of employees over the next 12 months?	Q3 2016	185	14%
	Q4 2016	116	9%
	Q1 2017	70	5%
	Q2 2017	49	4%
	Steadily throughout the next 12 months	394	30%
	I do not plan to increase my total number of employees in the next 12 months	486	37%
9. What is the most significant business issue that you are facing currently?	Energy costs	4	0%
	Growth (growing too quickly)	55	4%
	Rising healthcare costs	63	5%
	Political uncertainty	120	9%
	Staffing (finding, hiring, retaining, and training)	437	34%
	Growth (growing too slowly)	176	14%
	Economic uncertainty (concern for local and national economy, budget deficit, housing market)	214	16%
	Financial issues (finance, cash flow, profitability)	130	10%
	Other	101	8%
10. What is the biggest challenge your business is specifically facing now? (check all that apply)	Paying loans and/or accessing credit	57	4%
	Managing costs	345	22%
	Cash, liquidity, receivables	207	13%
	Customer retention and/or lead generation	391	25%
	Cutting staff	29	2%
	My business is not facing any extraordinary challenges	308	20%
	Other	202	13%

Question	Answer	Respondents	
		#	%
11. Are you planning to hire recent college grads?	Yes	593	46%
	No	659	51%
	Other	42	3%
	Skipped	6	0%
12. Does your team consist of multiple generations - college interns up through employees nearing retirement age?	Yes	1,084	83%
	No	195	15%
	Other	8	1%
	Skipped	13	1%
13. Has your company's management style changed in the past 5 years to adapt to a younger workforce?	Yes	827	64%
	No	424	33%
	Other	34	3%
	Skipped	15	1%
14. Does your company offer different benefit packages or perks (i.e. tuition reimbursement, health, paid time off, volunteer days, company events, etc.) to attract young talent?	Yes	735	57%
	No	532	41%
	Other	23	2%
	Skipped	10	1%
15. Do you actively encourage your employees to take paid time off or vacation days?	Yes	1,080	83%
	No	198	15%
	Other	10	1%
	Skipped	12	1%

Question	Answer	Respondents	
		#	%
16. Do you expect a response from employees when they are on vacation (via email and/or phone)?	Yes	114	9%
	No	549	42%
	There is an expectation to check email 1x per day	68	5%
	Only on time sensitive issues	499	38%
	Other	63	5%
	Skipped	7	1%
17. Do you have performance reviews for your employees?	Yes	1,069	82%
	No	175	13%
	Other	36	3%
	Skipped	20	2%
18. If yes, how often do you conduct employee performance reviews?	Quarterly	144	11%
	Bi-annually	177	14%
	Annually	702	54%
	We do not conduct employee performance reviews at my company.	129	10%
	Other	98	8%
	Skipped	50	4%
19. Do you have a system in place for a performance review for yourself, within your company?	Yes	482	37%
	No	774	60%
	Other	29	2%
	Skipped	15	1%

Question	Answer	Respondents	
		#	%
20. What are the biggest barriers to innovation in your organization?	Talent/skills	386	30%
	Culture	143	11%
	Strategic direction	134	10%
	Time	322	25%
	Budget	216	17%
	Other	76	6%
	Skipped	23	2%
	21. What's the centerpiece of your growth plan?	Acquisition	174
Entering new markets		380	29%
New product/service development		572	44%
Other		147	11%
Skipped		27	2%
22. Do you have an annual strategic planning process or framework?	We use the same framework every year.	571	44%
	We seek out new strategic planning exercises each year.	390	30%
	We do not have an annual strategic planning process.	272	21%
	Other	49	4%
	Skipped	18	1%

Question	Answer	Respondents	
		#	%
23. What's the biggest impediment to executing your strategic plan?	Resources	619	48%
	Culture	136	10%
	Buy-in among staff	158	12%
	Communication	193	15%
	Other	150	12%
	Skipped	44	3%
	24. During your company's last fiscal year, what was its total employment?	No employees	7
1-9 employees		102	8%
10-19 employees		160	12%
20-49 employees		331	25%
50-99 employees		239	18%
100-499 employees		372	29%
500-999 employees		54	4%
1000-4999 employees		30	2%
5000-9999 employees		1	0%
10000+ employees		4	0%

Question	Answer	Respondents	
		#	%
25. During your company's last fiscal year, what were its total revenues?	Less than 500k	22	2%
	500-999k	39	3%
	1-4 Million	234	18%
	5-9 Million	229	18%
	10-20 Million	252	19%
	21-49 Million	252	19%
	50-99 Million	134	10%
	100-249 Million	85	7%
	250-499 Million	31	2%
	500-999 Million	14	1%
	1+ Billion	8	1%

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CEO Confidence Index | to Mid-sized Businesses
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