

April 2017

CEO confidence holds steady.

Economic confidence among small business firms has held steady at very positive levels for the past five months. The WSJ/Vistage Small Business CEO Confidence Index was 112.3 in April, barely below the five-month average of 112.5.

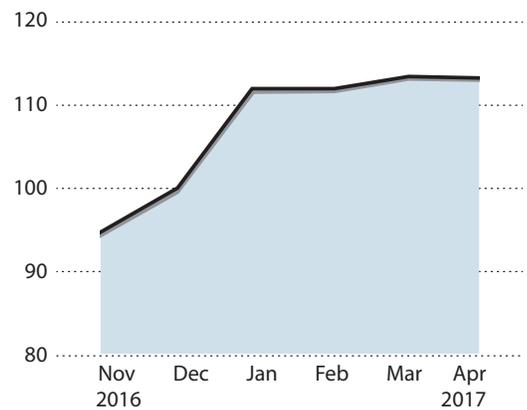
Confidence was at its highest level since the five-month peak of 115.2 following the Republican sweep in the 2014 mid-term elections. In the following 18 months, the Confidence Index gradually fell to a low of 93.6 in June 2016 as President Obama accomplished much of his agenda by executive order. The Confidence Index indicated the growing discontent with the influence of federal policies on the economic situation of small firms—until the election of President Trump. When directly asked whether the Trump administration changed the outlook for their own business, 42% thought it had improved prospects in April, compared with just 17% who thought it had worsened prospects. This was between January’s 48% and the 40% recorded in November and December.

Hiring plans have grown more expansive among 21% of small firms since the start of the year; just 12% planned to hire fewer employees. Capital investment plans grew larger among 20% since the start of the year, compared with 13% who reduced investment spending plans. For both hiring and investment plans, two-thirds of all firms said that their plans were unchanged. On immigration policy, 1 in 10 firms reported that potential changes in federal immigration policy would have a negative impact on hiring and another 5% reported a negative impact on revenues; three-fourths reported that immigration would have no impact on their firms.

The survival of small firms depends on avoiding excessive risks on new investments and additional employees. Insofar as small firms have already begun spending more in anticipation of a better economy, the pace of President Trump’s progress in implementing new policies and reduced regulations will increasingly dominate their attention. The plateau in optimism does not signal emerging discontent, even given the failure to repeal Obamacare, which 42% of small firms said would help their firms in last month’s survey. The best case is that the delays are seen as due to the inexperience of the new administration (which can be corrected), and the worst case is for small firms to conclude that their positive expectations were based on a false premise.

– Analysis provided by Dr. Richard Curtin, University of Michigan

WSJ/Vistage Small Business CEO Confidence Index



Visit vistageindex.com to see the interactive tool and view results from previous months.

Question

Answer

Respondents

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

	#	%
Improved	428	56%
About the same	282	37%
Worsened	49	6%
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	375	49%
	About the same	289	38%
	Worse	82	11%
	Don't know/No opinion	16	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	372	49%
	About the same	312	41%
	Decrease	73	10%
	Don't know/No opinion	5	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	582	76%
	About the same	132	17%
	Decrease	43	6%
	Don't know/No opinion	5	1%
5. Do you expect your firm's profitability to improve, remain about the same, or worsen during the next 12 months?	Improve	479	63%
	About the same	212	28%
	Worsen	69	9%
	Don't know/No opinion	2	0%
6. Do you expect your firm's total number of employees will increase, remain about the same, or decrease during the next 12 months?	Increase	466	61%
	About the same	252	33%
	Decrease	39	5%
	Don't know/No opinion	5	1%
7. Has the new Trump administration changed prospects for your business?	It has improved prospects for my firm.	314	42%
	It has worsened prospects for my firm.	131	17%
	It has had no impact on prospects for my firm.	310	41%

Question	Answer	Respondents	
		#	%
8. Have changes in federal immigration policy impacted your business?	They have made it harder for me to find and retain employees or are likely to do so.	78	10%
	They have negatively impacted revenues or are likely to do so.	51	7%
	They have positively impacted revenues or are likely to do so.	12	2%
	They have had no impact.	588	77%
	Other.	31	4%
9. How do your plans for hiring compare to your expectations at the start of the year?	I expect to hire more employees than initially planned or have accelerated planned hiring.	162	21%
	I expect to hire fewer employees than initially planned or have delayed planned hiring.	94	12%
	My plans are unchanged.	494	65%
	Other.	9	1%
10. How do your plans for capital investment compare to your expectations at the start of the year?	I expect to make larger capital investment than initially planned or have accelerated that investment.	152	20%
	I expect to make smaller capital investment than initially planned or have delayed that investment.	98	13%
	My plans are unchanged.	503	67%
11. What percentage of your workforce is currently millennials (defined as born between 1982 and 2000)?	Less than 25%	335	44%
	26-50%	280	37%
	51-75%	96	13%
	76-100%	32	4%
	I don't know	15	2%

Question	Answer	Respondents	
		#	%
12. What is your annual turnover rate with millennials?	Less than 10%	364	48%
	11-30%	193	25%
	31-50%	73	10%
	More than 50%	37	5%
	I don't know	92	12%
13. What is your turnover rate with older generations (non-millennials)?	Less than 10%	533	71%
	11-30%	138	18%
	31-50%	23	3%
	More than 50%	7	1%
	I don't know.	55	7%
14. Do you conduct exit interviews with your employees?	Yes	563	74%
	No	194	26%
15. How does your company try to give employees a sense of career growth?	We focus on skillset development.	558	74%
	We focus on changes in positions/titles.	107	14%
	Other.	66	9%
	Not applicable.	25	3%
16. How do you track your employees' time off?	Traditional leave program (Holiday, vacation, and sick time allocated separately).	327	43%
	PTO (Paid Time Off).	378	50%
	DTO (Unlimited Discretionary Time Off, with no minimum or maximum).	42	6%
	Other.	12	2%

Question	Answer	Respondents	
		#	%
17. Does your company offer any kind of flexible work scheduling?	Yes	510	67%
	No	247	33%
18. Do your employees use flexible work scheduling?	Yes	455	93%
	No	34	7%
19. During your company's last fiscal year, what was its total employment?	1-9 employees	54	7%
	10-19 employees	125	16%
	20-49 employees	304	40%
	50-99 employees	167	22%
	100-499 employees	105	14%
	500-999 employees	4	1%
	1000-4999 employees	2	0%

WSJ | VISTAGE

Small Business CEO Survey

A monthly survey measuring the sentiment of U.S. small business CEOs and owners about the economy.

Visit vistageindex.com to view an interactive tool with full results from previous months.