

January 2021
January 4-11 | 634 respondents

Cautious gains in confidence among small business CEOs

Confidence among small businesses rose by a small amount in the January 2021 survey based largely on the perceived improvement in the economy over the past several months among CEOs. The WSJ/Vistage Small Business CEO Confidence Index was 95.4 in January 2021, an insignificant gain over December's 93.6, but more than twice the April low of 44.7 and closer to last January's 102.2.

Perhaps the most positive sign in the January survey was that small businesses have adapted their operations to become more efficient in anticipation of a renewed resurgence in COVID-19. Small businesses planned to temper the pace of hiring and fixed investment spending, and still anticipated the best overall outlook for revenues and profits since last February.

To be sure, the impact of the pandemic on the revenues of small businesses has been substantial. For the third consecutive month, 19% reported revenue declines of 25% or more. Revenue declines under 25% were still reported by 41% of small businesses in January. The percent of businesses that reported recent revenue increases or had not suffered any pandemic losses rose slightly in January to 41% from last month's 36% and November's 37%. Only one-third (35%) of all small businesses knew that they were eligible for the next round of PPP loans, and two-thirds (68%) of those eligible planned to apply.

Best offense is good defense

Although wearing masks and social distancing are effective at limiting the spread of the virus, the best defense is the COVID-19 vaccines. Small businesses reported in January that most of their employees (83%) were not currently eligible to receive the vaccine. Of those CEOs whose employees were not yet eligible, 92% did not know when their employees would be eligible to receive the vaccine. Four-in-ten businesses (42%) said they would not require employees to get vaccinated; among the balance of businesses, 38% said they would request employees to get vaccinated without any incentive. A minority of businesses (24%) reported offering paid time off to get vaccinated and 3% plan to offer cash incentives. A few would exclude unvaccinated employees from work or travel (7%).

The critical task for the incoming Biden administration is to not only accomplish his promised vaccination of 100 million in his first 100 days, but to accelerate on that improved pace of vaccinations for the balance of the population. The Biden administration will also introduce new policies and regulations that will have a direct impact on small businesses in the first 100 days.

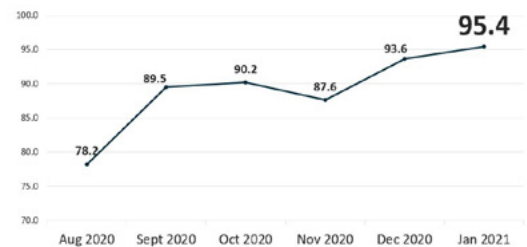
Slower pace of economic recovery anticipated

Expected gains from an unusually deep cyclical trough are hardly reassuring. In the January survey, the proportion of CEOs who thought the overall economy continued to worsen from a year ago fell to 67%, down from 75% last month and the all-time high of 94% in April and May. In contrast, a much higher proportion of businesses in January (57%) anticipated an improved outlook for the national economy during the year ahead. Unfortunately, that was barely above the 56% recorded last month or in September. While it is hardly surprising that an improved economy is expected given the horrific damage in the second quarter of 2020, those expected gains continue to depend on progress against COVID-19, which has not yet occurred.

Restrained gains in hiring and investment plans

Planned net increases in hiring were reported by 62% of all small businesses in January, down from 67% in December, but almost three times April's 21%. Planned increases in investment spending were cited by 37% of small businesses in January, between December's 38% and the 36% recorded in September and October. Small businesses' plans for increased investment spending are still well above the low of 14% recorded in April. While gains in hiring and investments are still expected, CEOs now see those gains as more distant on the horizon than last month.

WSJ/Vistage Small Business CEO Confidence Index – 6 month trend



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

Improved revenues and profits

Increased revenues were anticipated by 69% of all small businesses in January, just ahead of last month's 67%, triple the April low of 22%, and close to last February's peak of 76%. Expected increases in profits followed a similar pattern: 57% anticipated greater profitability in January 2021, up from 53% last month, substantially above April's 21%, and close to the February peak of 64%. These gains amid the virus resurgence and business closures indicate continued adaptation and increased efficiency among the surviving businesses.

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

Source: January WSJ/Vistage Small Business CEO Confidence Index Survey n=634

Question	Answer	Respondents	
		#	%
1. Compared with a year ago, have overall economic conditions in the United States improved, remained about the same, or worsened?	Improved	75	12%
	Remained about the same	129	20%
	Worsened	426	67%
	Don't know/No opinion	4	1%
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	361	57%
	About the same	153	24%
	Worse	106	17%
	Don't know/No opinion	14	2%
3. Do you anticipate that your firm's sales revenues will increase, remain about the same, or decrease during the next 12 months?	Increase	440	69%
	Remain the same	139	22%
	Decrease	51	8%
	Don't know/No opinion	4	1%
4. Do you expect your firm's profitability to improve, remain about the same, or worsen during the next 12 months?	Improve	359	57%
	Remain the same	190	30%
	Worsen	79	12%
	Don't know/No opinion	6	1%

Question	Answer	Respondents	
		#	%
5. Are your firm's total fixed investment expenditures likely to increase, remain about the same, or decrease during the next 12 months?	Increase	237	37%
	Remain the same	307	48%
	Decrease	81	13%
	Don't know/No opinion	9	1%
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	393	62%
	Remain the same	197	31%
	Decrease	41	6%
	Don't know/No opinion	3	0%
7. Comparing 2020 to 2019, to what degree were your revenues impacted by the coronavirus pandemic?	Increased	175	28%
	No change in revenues	82	13%
	Decreased less than 10%	107	17%
	Decreased 10-24%	154	24%
	Decreased 25-49%	86	14%
	Decreased 50-74%	23	4%
8. Does your business meet the eligibility requirements to apply for funds in the next round of the Paycheck Protection Program (PPP)?	Yes	221	35%
	No	281	44%
	Not sure	131	21%
9. If you are eligible for the PPP, do you plan to apply?	Yes	239	68%
	No	50	14%
	Not sure	61	17%

Question	Answer	Respondents	
		#	%
10. Are your employees currently eligible to receive the COVID-19 vaccine as part of their job?	Yes, all are eligible	53	8%
	Yes, some are eligible	55	9%
	No, employees are not eligible	516	83%
11. If your employees aren't currently eligible for the vaccine, do you know when they will be?	Yes	16	3%
	No	462	92%
	Other	22	4%
12. What steps do you plan to take to ensure that your workers get vaccinated when they become eligible?	Cash incentive for vaccinations	16	3%
	Offering paid time off to get vaccinated	151	24%
	Exclude employees from work or travel until vaccinated	42	7%
	Requesting vaccinations, but not implementing incentives or restrictions	237	38%
	Not requiring vaccinations for employees	263	42%
	Other, please explain	66	10%
13. Do you plan to cover the cost of vaccinations for employees?	Yes, our business will cover the cost of vaccinations	88	14%
	No, but vaccines will be covered by company-provided health insurance	269	42%
	No, we will not cover the cost of employee vaccinations	96	15%
	Not certain at this time	180	28%

Question	Answer	Respondents	
		#	%
14. During your company's last fiscal year, what was its total employment?	1-9 employees	54	9%
	10-19 employees	102	16%
	20-49 employees	265	42%
	50-99 employees	150	24%
	100-499 employees	60	9%
	500-999 employees	2	0%
	1000-4999 employees	1	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.