

**December 2020**

December 7-14 | 804 respondents

## Gains in confidence resume among small businesses

Confidence among small businesses rose in the December 2020 survey to its highest level since February, which was the peak of the last expansion. The WSJ/Vistage Small Business CEO Confidence Index was 93.6 in December, twice the April low of 44.7 but still well below the February peak of 105.7.

Most of the gain was due to more expansive hiring and investment plans, which were supported by more favorable prospects for the future of the national economy. Importantly, most small businesses still hold quite negative views of the current state of the national economy, which may further weaken in the months ahead due to the COVID-19 resurgence and associated lockdowns and regulations. One quarter of small businesses reported that the recent rise in COVID-19 cases was having a bigger impact than surges in spring and summer.

While it may be too soon to assess the impact of Biden's policies on small businesses, the data suggest that small businesses have become more negative than last month. Small businesses that report expecting a positive impact fell from 30% to 24%, while those that anticipate a negative impact are nearly the same at 34% compared to last month's 33%, the same proportion reported in both months that it was too soon to tell (26%).

### Pandemic impacts on cash flow and revenue

The impact of the pandemic on the revenues of small businesses has been substantial. In the November and December surveys, 19% reported revenue declines of 25% or more, just below the average of 22% of businesses that reported 25% declines in September and October. The data also make clear that the pandemic has had an uneven impact, as 36% of all small firms reported that they had already recovered or had not been hurt by pandemic losses, barely changed from 37% in November, and just above the average of 33% recorded in September and October.

When asked how long their cash reserves would last, 41% of small businesses said their funds would be depleted in less than six months, a figure that has remained largely unchanged from the prior three months. In comparison, a slightly smaller proportion, 36%, anticipated that the economy would begin to improve in the next six months in December, which was between November's 32% and the average of 39% in the September and October surveys.

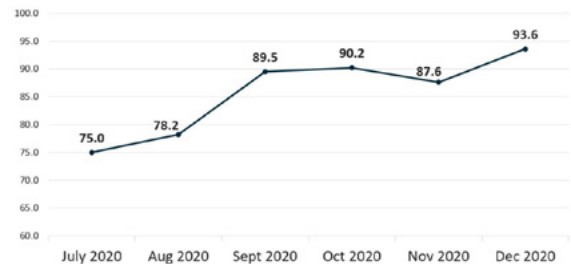
### Investment and hiring plans regain momentum

Planned net increases in hiring were reported by 67% of all small businesses in December, up from 55% in November and the April low of 21%. The proportion of small businesses expanding their workforce was the highest in nearly three years. Planned increases in investment spending were cited by 38% of small businesses in December, up from last month's 33% and the April low of 14%, the highest since February's 44%. Small businesses appear to be preparing for both an upturn in business and permanent changes in their infrastructure.

### Projections for revenues and profits stable

Increased revenues in the year ahead are anticipated by 67% of all small businesses that responded to the December survey; while this is largely unchanged in the past three months, it was nearly triple the 22% low recorded in April. Nonetheless, it was still below the recent high of 76% in February. Expected increases in profits followed a similar pattern; 53% anticipate greater profitability in 2021, largely unchanged from the prior three months, and well above the April low of 21%. The virus resurgence and renewed lockdowns are likely to diminish these gains in early 2021.

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



The increase in the December 2020 WSJ/Vistage Small Business CEO Confidence Index was driven by expansive hiring and investment plans, as well as favorable prospects for the future of the U.S. economy.

Visit [vistageindex.com](http://vistageindex.com) to see the interactive tool and view results from previous months.

**Economic outlook includes growth and uncertainty**

Small businesses sense that the economy is poised to mount a robust response to the expected success of the coronavirus vaccine. However, there is substantial uncertainty about how soon and how fast, which may impact the pace of renewed growth. Few small businesses see any progress as yet; less than one-in-ten (8%) believe the economy has already improved, but the majority (56%) anticipate renewed growth in 2021, the highest figure since the start of 2017. The uncertainty about the timing and strength of the rebound is due to the accelerated spread of COVID-19 and the nation’s ability to alleviate the widespread economic hardships.

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

Source: December 2020 WSJ/Vistage Small Business CEO Confidence Index survey, n= 804

Question	Answer	Respondents	
		#	%
<b>1. Compared with a year ago, have overall economic conditions in the United States improved, remained about the same, or worsened?</b>	Improved	66	8%
	Remained about the same	131	16%
	Worsened	600	75%
	Don't know/No opinion	7	1%
<b>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?</b>	Better	450	56%
	About the same	201	25%
	Worse	135	17%
	Don't know/No opinion	18	2%
<b>3. Do you anticipate that your firm’s sales revenues will increase, remain about the same, or decrease during the next 12 months?</b>	Increase	536	67%
	Remain the same	177	22%
	Decrease	78	10%
	Don't know/No opinion	13	2%
<b>4. Do you expect your firm’s profitability to improve, remain about the same, or worsen during the next 12 months?</b>	Improve	427	53%
	Remain the same	246	31%
	Worsen	115	14%
	Don't know/No opinion	16	2%

Question	Answer	Respondents	
		#	%
5. Do you expect prices for your product or service to increase, remain about the same, or decrease during the next 12 months?	Increase	318	40%
	About the same	432	54%
	Decrease	44	5%
	Don't know/No opinion	10	1%
6. Are your firm's total fixed investment expenditures likely to increase, remain about the same, or decrease during the next 12 months?	Increase	304	38%
	Remain the same	384	48%
	Decrease	99	12%
	Don't know/No opinion	17	2%
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	537	67%
	Remain the same	223	28%
	Decrease	40	5%
	Don't know/No opinion	4	0%
8. To what degree have your revenues been impacted by the coronavirus pandemic?	Increased	178	22%
	No change in revenues	111	14%
	Decreased less than 10%	157	20%
	Decreased 10-24%	200	25%
	Decreased 25-49%	113	14%
	Decreased 50-74%	34	4%
	Decreased 75+%	10	1%
9. How long will your cash reserves support your business during the current economic conditions?	Less than 1 month	15	2%
	1 – 2 months	93	12%
	3 – 5 months	217	27%
	6 – 12 months	218	27%
	More than one year	248	31%
	Other	11	1%

Question	Answer	Respondents	
		#	%
<b>10. When do you expect economic conditions in the U.S. will begin to improve?</b>	Less than 1 month	19	2%
	1 – 2 months	44	5%
	3 – 5 months	234	29%
	6 – 12 months	336	42%
	More than one year	135	17%
	Other	36	4%
<b>11. What impact do you believe the outcome of the election will have on your business?</b>	Positive impact	192	24%
	No impact	131	16%
	Negative Impact	270	34%
	Too soon to tell	208	26%
<b>12. As COVID-19 cases continue to rise, are you taking steps to address workplace safety by communicating expectations for employee behavior outside of the workplace?</b>	Yes	468	58%
	No	333	42%
<b>13. Is the recent surge of the coronavirus and related restrictions having a worse impact on your business compared to spring or summer?</b>	Yes	204	25%
	No	558	70%
	Other	40	5%
<b>14. Has the Trump administration changed prospects for your business?</b>	It has improved prospects for my firm	412	51%
	It has worsened prospects for my firm	171	21%
	It has had no impact on prospects for my firm	220	28%

Question	Answer	Respondents	
		#	%
15. During your company's last fiscal year, what was its total employment?	1-9 employees	74	9%
	10-19 employees	159	20%
	20-49 employees	323	40%
	50-99 employees	176	22%
	100-499 employees	67	8%
	500-999 employees	2	0%
	1000-4999 employees	1	0%
	100000+ employees	1	0%
	None	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](https://vistageindex.com) to view an interactive tool with full results from previous months.