

**September 2021**

September 7-14 | 849 respondents

## Small business CEO confidence continues to be bogged down by Delta

The business impacts of surging cases of the Delta variant weighed down the WSJ/Vistage Small Business CEO Confidence Index for the fourth consecutive month, falling by a cumulative 14% from its May peak. The recent falloff, however, still left confidence at relatively high levels, comparable to the levels recorded just prior to the onset of the pandemic in early 2020. There were three distinct constraints that have limited a more robust comeback by small businesses:

- First, over a third of all small businesses (35%) reported that the Delta variant had already impacted their firm and another 11% anticipated a future impact on their operations.
- Second, production has been limited by worsening supply lines, as reported by 38% of small businesses.
- Finally, 62% of small businesses reported their inability to hire enough workers to operate at full capacity. Each of these challenges require small businesses to adapt their responses to new and unusual conditions.

Perhaps the most unusual demand involved establishing policies with regard to vaccinations, masking, and working from home. It should be noted that of the small businesses CEOs who participated in the September survey, just 8% reported having 100 or more employees, so few were impacted by the vaccine mandate announced during the course of the survey.

Supply chain and hiring issues are always present, but the solutions have never before had to deal with very long supply line delays, or such large price adjustment for supplies as well as such large increases in wages and benefits to attract needed workers. Luckily, the entrepreneurial instincts of small business leaders allowed their initiatives to begin to counter these issues in ways that were unavailable when the economy was simply shut down.

### Sharp slowdown in growth expected

Surging cases of the Delta variant have already slowed the pace of economic growth, which is expected to become even slower during the year ahead. The proportion of small businesses that cited an improving economy fell to 54% in September, down from 68% last month and the May peak of 77%. For the year ahead, the proportion of those who anticipated an improving economy fell to 30%, down from last month's 39% and the May peak of 66%. Comparing the decreased optimism about economic prospects for the year ahead to planned fixed investment expenditures, the decline was not nearly as large, indicating greater optimism over the longer run. Increases in new investment spending during the year ahead were reported by 44% of small businesses, down from last month's 47% and the July peak of 51%.

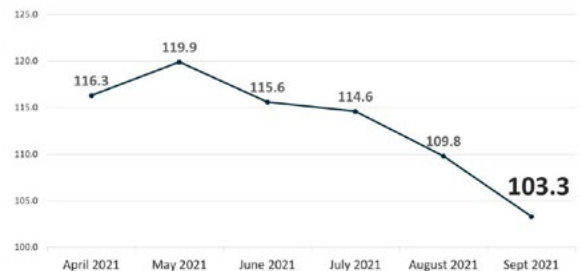
### Revenue and profit growth moderates

Revenue and profit expectations of small businesses continued to moderate in the past few months. Revenue increases were expected by 68% of small businesses in September, down from 73% last month, and 80% three months ago. Increasing profits were expected by 51% of small businesses, down from 53% last month and 59% three months ago. This moderation in revenues and profits was expected despite the fact that 70% of small businesses plan price increases. These price hikes will not improve the firm's finances but may barely cover increased costs of supplies and wages.

### Challenges in hiring

The decline in hiring plans over the past several months has been modest, with 66% of small businesses reporting plans to add workers in the September survey, down from 68% last month and May's peak of 75%. These planned increases are necessary as 62% of small businesses said that their production capacity was limited by their inability to attract enough workers. These hiring challenges remained even though they had increased wages (63%), benefits (27%), signing bonuses (21%), and allowing remote work (37%). Wage increases of 4% or more were offered by 55% of small businesses.

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



The WSJ/Vistage Small Business CEO Confidence Index dropped to 103.3 in September, the fourth consecutive month of decline.

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

### Delta impacts and plans

In response to the Delta variant, no changes were planned in the COVID-19 policies of 42% of small businesses surveyed. Just 9% of small businesses currently have vaccine requirements, although another 32% said that they were considering vaccine mandates. The majority (58%) reported that they would never have vaccine mandates for their employees. As just 8% of survey respondents had over 100 employees, few were impacted by President Biden's vaccine mandate that was announced during the course of the survey. In contrast to vaccine policies, masks are not required by 45% of small businesses, with another 27% who recommend masks but do not require them. Just 27% of small businesses are requiring masks at least through the end of 2021.

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

Source: September 2021 WSJ/Vistage Small Business CEO Confidence Index Survey n=849

Question	Answer	Respondents	
		#	%
1. Compared with a year ago, have overall economic conditions in the United States improved, remained the same, or worsened?	Improved	462	54%
	Remained about the same	229	27%
	Worsened	154	18%
	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	254	30%
	About the same	351	41%
	Worse	215	25%
	Don't know/No opinion	29	3%
3. Do you anticipate that your firm's sales revenues will increase, remain about the same, or decrease during the next 12 months?	Increase	580	68%
	Remain the same	208	24%
	Decrease	52	6%
	Don't know/No opinion	9	1%
4. Do you expect your firm's profitability to improve, remain about the same, or worsen during the next 12 months?	Improve	431	51%
	Remain the same	276	33%
	Worsen	132	16%
	Don't know/No opinion	10	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	376	44%
	Remain the same	370	44%
	Decrease	85	10%
	Don't know/No opinion	18	2%
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	560	66%
	Remain the same	258	30%
	Decrease	28	3%
	Don't know/No opinion	3	0%
7. Do you expect prices for your product or service to increase, remain about the same, or decrease during the next 12 months?	Increase	594	70%
	Remain the same	232	27%
	Decrease	15	2%
	Don't know/No opinion	7	1%
8. Has the recent increase in cases related to the Delta variant impacted your business?	Yes, we have been impacted	295	35%
	No, we have not been impacted	454	54%
	No, but I anticipate we may be impacted in the future	95	11%
9. What changes have you made or do you plan to make in response to the Delta variant or recent government actions? Select all that apply	Vaccination policies	170	20%
	Masking policies	286	34%
	Testing policies	139	16%
	Return-to-work plans	194	23%
	Have not made any changes	353	42%
	Uncertain/Don't know	60	7%
	Other	54	6%

Question	Answer	Respondents	
		#	%
<b>10. What is your current mask policy for your workplace?</b>	Masks are not required	379	45%
	Masks are recommended but not required	230	27%
	Masks will be required through 2021	128	15%
	Masks will be required indefinitely	100	12%
<b>11. Do you currently require employees to be vaccinated?</b>	Yes	79	9%
	No, but am considering requiring	272	32%
	No, will never mandate vaccines	487	58%
<b>12. How have your employee retention rates changed since the beginning of 2021?</b>	Increased	110	13%
	Remained the same	539	64%
	Decreased	190	22%
	Don't know/no opinion	8	1%
<b>13. Are hiring challenges impacting your ability to operate your business at full capacity?</b>	Yes	529	62%
	No	318	38%

Question	Answer	Respondents	
		#	%
<b>14. If hiring employees has become more difficult, what are you doing in response? Select all that apply</b>	Boosting wages	492	63%
	Developing existing workforce	397	51%
	Refining recruitment strategies	377	48%
	Allowing employees to work remotely	291	37%
	Adding employee benefits	209	27%
	Investing in automation and labor-saving devices	197	25%
	Slowing or delaying growth	194	25%
	Offering hiring bonuses	167	21%
	Increasing overtime for existing employees	158	20%
	Seeking partners to create apprenticeship or internship programs	123	16%
	Does not apply	87	11%
Other	43	6%	
<b>15. Which best describes your supply chain?</b>	No problem	250	30%
	Getting worse	317	38%
	Slowly getting better	195	23%
	Other	77	9%
<b>16. Which best describes how you have adjusted wages?</b>	Have not increased wages	138	16%
	Increased wages 1%-3%	205	24%
	Increased wages 4%-6%	300	36%
	Increased wages more than 6%	162	19%
	Other	40	5%

Question	Answer	Respondents	
		#	%
17. During your company's last fiscal year, what was its total employment?	1-9 employees	91	11%
	10-19 employees	181	21%
	20-49 employees	333	39%
	50-99 employees	172	20%
	100-499 employees	68	8%
	500-999 employees	3	0%
	1000-4999 employees	1	0%

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## 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.