

VISTAGE

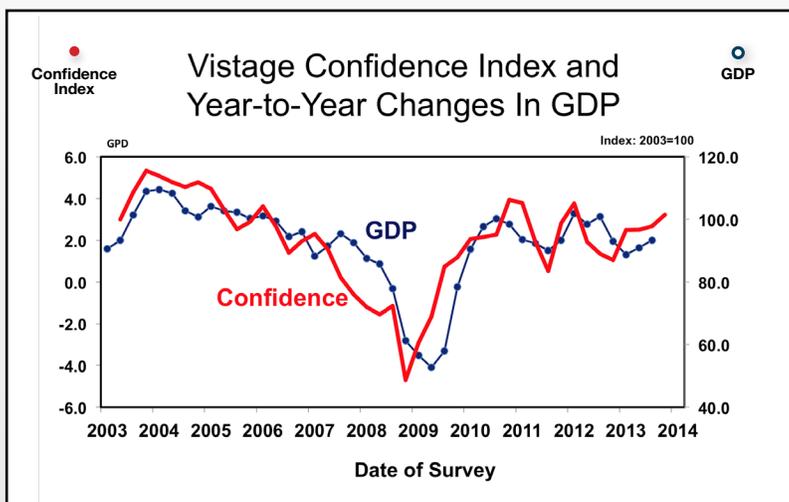
CEO Confidence Index

Surveying CEOs of
Small to Mid-sized
Businesses Since 2003

CEOs in the Q4 2013 Vistage Confidence Index survey held more optimistic economic expectations than at any other time in nearly two years. The largest 4th quarter gains were in CEOs' evaluations of the overall economy, although revenue and profit expectations posted healthy advances as well. The Vistage CEO Confidence Index was 101.5 in the 4th quarter of 2013, up from 97.8 in the prior quarter and well above the 87.0 recorded in last year's 4th quarter.

In the past several years, each time optimism has improved, it has been promptly reversed by economic uncertainty caused by self-inflicted government crises. CEOs learned that the uncertainty caused by the DC follies could be mitigated by adopting more cautious economic expectations. Indeed, during the first three quarters of 2013, the Confidence Index hardly budged, hovering around 97.0. The end of the federal shutdown and the recent budget compromise has encouraged more optimism. The reduction in uncertainty had the largest immediate impact on assessments of the economy. As the pace of economic growth improves in the year ahead, firms will anticipate even greater gains in revenues and profits, leading to more hires and investment spending. Naturally, challenges remain on the horizon, including the debt ceiling and implementation of Obamacare.

Analysis provided by Dr. Curtin, University of Michigan



Vistage CEO Confidence Index Highlights

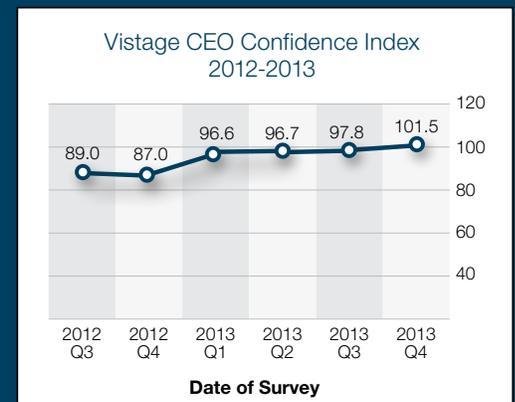
76% of all CEOs anticipated higher sales revenues in the next year, up from 71% of those surveyed in the Q3 2013 survey and 63% a year ago.

56% of CEOs planned on expanding their payrolls during the year ahead, up from 54% in Q3 2013 and 45% a year ago. Hiring plans are now quite favorable; in only one other survey during the past six years were they more favorable.

11% of CEOs reported that finding qualified employees was an easy task.

81% of CEOs stated the U.S. will not be able to compete in the global economy if we do not improve our lagging U.S. education system.

46% of CEOs cited health insurance coverage as the biggest obstacle in their decision to hire new employees, the overwhelming response among a number of other tax and employer paid benefits.



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Question	Answer	Respondents	
		#	%
1. Compared with a year ago, have overall economic conditions in the U.S. improved, remained the same, or worsened?	Improved	816	52%
	About the same	646	41%
	Worsened	114	7%
	Don't know/No opinion	2	0%
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	592	38%
	About the same	786	50%
	Worse	192	12%
	Don't know/No opinion	8	1%
3. Are your firm's total fixed investment expenditures likely to increase, remain about the same, or decrease during the next 12 months?	Increase	685	43%
	About the same	708	45%
	Decrease	177	11%
	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	1,195	76%
	About the same	303	19%
	Decrease	77	5%
	Don't know/No opinion	3	0%
5. Do you expect your firm's profitability to improve, remain about the same, or worsen during the next 12 months?	Improve	942	60%
	About the same	480	30%
	Worsen	155	10%
	Don't know/No opinion	1	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	686	43%
	About the same	800	51%
	Decrease	86	5%
	Don't know/No opinion	6	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	877	56%
	About the same	610	39%
	Decrease	91	6%
8. When do you plan to increase your firm's total number of employees over the next 12 months?	Q1 2014	235	15%
	Q2 2014	188	12%
	Q3 2014	108	7%
	Q4 2014	33	2%
	Steadily throughout the next 12 months	467	30%
	I do not plan to increase my total number of employees in the next 12 months	547	35%

Question	Answer	Respondents	
		#	%
9. What is the most significant business issue that you are facing currently?	Rising energy costs	7	0%
	Growth (growing too quickly)	78	5%
	Rising healthcare costs	176	11%
	Political uncertainty	144	9%
	Staffing (finding, hiring, retaining, and training)	392	25%
	Growth (growing too slowly)	208	13%
	Economic uncertainty (concern for local and national economy, budget deficit, housing market)	307	19%
	Financial issues (finance, cash flow, profitability)	182	12%
	Other	84	5%

10. What is the biggest challenge your business is specifically facing now? (check all that apply)	Paying loans and/or accessing credit	113	6%
	Managing costs	433	23%
	Cash, liquidity, receivables	258	14%
	Customer retention and/or lead generation	500	26%
	Cutting staff	36	2%
	My business is not facing any extraordinary challenges	344	18%
	Other	226	12%

11. As the unemployment rate continues to fall, how difficult is it to find people with the right skills to drive your business growth?	Easy to find qualified talent	169	11%
	Difficult to find qualified talent	1,042	66%
	Most interviewees lack the required skills	221	14%
	Not applicable	138	9%
	Skipped	9	1%

12. Which one of the following taxes or employer paid benefits presents the biggest obstacle in your decision to hire new employees?	Employer portion of social security tax	23	1%
	Employer portion of medicare tax	10	1%
	Workers' compensation insurance	65	4%
	Employer portion of insurance (health, dental, vision, life, disability)	722	46%
	Employer paid holidays, vacation, and sick days	21	1%
	Employer contributions toward 401k savings plan and profit sharing plans	13	1%
	Corporate tax rate	57	4%
	Personal income tax rate	117	7%
	None of the above	544	34%
	Skipped	6	0%

Question	Answer	Respondents	
		#	%
13. Which of the following would be MOST important to you for increasing your likelihood of hiring new employees?	Subsidized training programs	28	2%
	Improving economic outlook	244	15%
	Increased sales revenue	824	52%
	Reduced total corporate tax rate	59	4%
	Reduced total personal income tax rate	85	5%
	Offset/reduction for employer portion of social security and medicare taxes	22	1%
	New business orders	256	16%
	Skipped	9	1%
	Other	52	3%

14. According to the most recent PISA (Programme for Student Assessment) scores, the U.S. education system continues to lag behind about 18 other countries. Can the U.S. continue to thrive in what the World Bank describes as the Knowledge Economy, if we don't improve our education standards relative to the rest of the world?	Yes, we will continue to thrive without improving our education system	119	8%
	No, unless we improve our education system, it will impact our ability to compete in a global economy	1,277	81%
	Doesn't matter	95	6%
	Skipped	11	1%
	Other	76	5%

15. Do the lower unemployment numbers make you more optimistic about the economy in 2014?	Yes	489	31%
	No	748	47%
	Neither	286	18%
	Skipped	9	1%
	Other	46	3%