

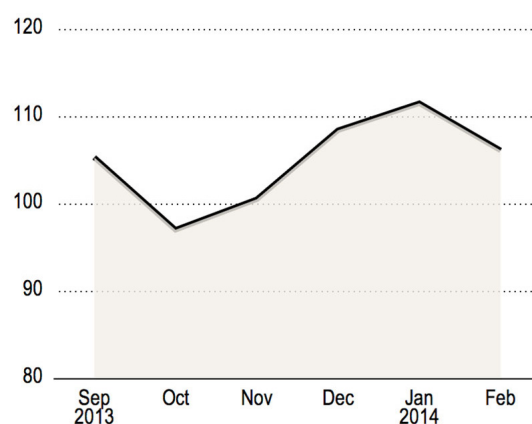
Freeze Diminishes Economic Outlook.

In February, small firms experienced a diminished economic outlook due to the effects of harsh weather conditions in much of the U.S. Winter weather has rarely had such a large impact on the economy. Work hours were curtailed, shipments delayed, and shoppers stayed home. The WSJ/Vistage Small Business CEO Confidence Index fell to 106.1 in the February 2014 survey, from 111.5 in January, but remained above last February's 101.4. Although every component of the Confidence Index declined, the overall level of the Index was still the third highest, only below the prior two months. The largest declines were in assessments of current economic conditions and prospects for the economy during the year ahead. Much less damage was anticipated in their own firms' prospects as indicated by their investment and employment plans as well as expectations of higher sales revenues in the months ahead.

To be sure, the harsh winter weather had a negative impact on revenues and profits, from both lost sales as well as increased weather-related costs. It's not surprising that, in the midst of such a harsh winter, economic conditions seem dim. While the data certainly indicate setbacks due to the weather, it is also likely to improve with the arrival of spring.

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 United States improved, remained the same, or worsened? -			
	Improved	312	43%
	Remained about the same	343	47%
	Worsened	67	9%
	Don't know/No opinion	5	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	256	35%
	About the same	371	51%
	Worse	93	13%
	Don't know/No opinion	7	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	344	47%
	Remain the same	297	41%
	Decrease	80	11%
	Don't know/No opinion	6	1%
4. Do you anticipate that your firm's sales revenues will increase, remain about the same, or decrease during the next 12 months?	Increase	541	74%
	Remain the same	141	19%
	Decrease	41	6%
	Don't know/No opinion	4	1%
5. Do you expect your firm's profitability to improve, remain about the same, or worsen during the next 12 months?	Improve	418	57%
	Remain the same	218	30%
	Worsen	87	12%
	Don't know/No opinion	4	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	421	58%
	Remain the same	257	35%
	Decrease	45	6%
	Don't know/No opinion	4	1%

Question	Answer	Respondents	
		#	%
7. Has the severe winter weather lowered, raised or had no significant impact on your outlook for overall sales revenue in the January to March period?			
	Lowered by 1 – 10%	150	21%
	Lowered by 11 – 25%	53	7%
	Lowered by more than 25%	12	2%
	Raised by any amount	19	3%
	Unchanged	422	58%
	N/A	58	8%
	Skipped	2	0%
	Other	11	2%

8. What steps, if any, have you taken to make up for revenue lost because of the severe winter weather?	Cut prices or offered discounts/promotions	20	3%
	Raised prices	6	1%
	Cut spending	52	7%
	Reduced staff	23	3%
	None of the above	263	34%
	N/A	377	49%
	Skipped	3	0%
	Other	24	3%

9. During your company's last fiscal year, what was its total employment?	1-9 employees	68	9%
	10-19 employees	123	17%
	20-49 employees	281	39%
	50-99 employees	167	23%
	100-499 employees	87	12%
	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.