

VISTAGE

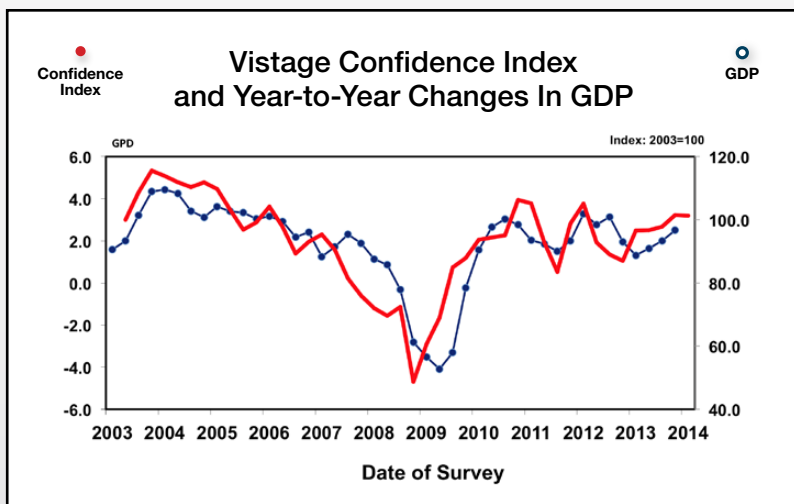
CEO Confidence Index

Surveying CEOs of
Small to Mid-sized
Businesses Since 2003

CEOs in the latest Vistage survey maintained their economic optimism at the same high level as in late 2013, despite the negative impact from the harsh winter. The Vistage CEO Confidence Index was 101.3 in the 1st quarter 2014 survey, virtually identical to the 101.5 in the 4th quarter of 2013, but well above the 96.6 in last year's 1st quarter. The past two surveys set the highest average six-month level of confidence in three years. The harsh winter was reflected in more negative evaluations of current economic conditions, but firms reported increases in employment and investment intentions compared to either last quarter and last year.

Firms anticipated that the economy would improve in the year ahead, with revenues and profits rebounding as well. The impact of the foul weather was expected to be temporary, even if hopes for an early spring have been dashed. The improved level of confidence, however, owes much to the absence of the disabling sense of uncertainty about federal economic policies. While proposals by Obama regarding minimum wages and overtime pay are a top concern, the most pressing concerns of firms today have more to do with recruiting, hiring, training, and retaining key employees to expand their business. While defensive play is always necessary, firms have adopted an aggressive offense so they can score new customers as well as retain current customers.

Analysis provided by Dr. Curtin, University of Michigan



Vistage CEO Confidence Index Highlights

58% of CEOs plan on increasing the number of employees in the years ahead, the highest level recorded since the start of 2007.

47% of CEOs plan to increase investments in new plant and equipment, the highest level in four years.

78% of CEOs reported using management training and leadership development programs, with 47% of all CEOs intending to increase their investments in such training.

82% of CEOs provide retirement savings programs to eligible employees.

74% of CEOs expect to increase revenue in the next year.

57% anticipated higher profits in the next year.



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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	737	48%
	About the same	663	43%
	Worsened	130	8%
	Don't know/No opinion	4	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	568	37%
	About the same	805	52%
	Worse	151	10%
	Don't know/No opinion	10	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	724	47%
	About the same	653	43%
	Decrease	145	9%
	Don't know/No opinion	12	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	1,137	74%
	About the same	311	20%
	Decrease	81	5%
	Don't know/No opinion	5	0%
5. Do you expect your firm's profitability to improve, remain about the same, or worsen during the next 12 months?	Improve	873	57%
	About the same	489	32%
	Worsen	168	11%
	Don't know/No opinion	4	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	611	40%
	About the same	813	53%
	Decrease	104	7%
	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	890	58%
	About the same	545	36%
	Decrease	93	6%
	Don't know/No opinion	6	0%
8. When do you plan to increase your firm's total number of employees over the next 12 months?	Q2 2014	278	18%
	Q3 2014	172	11%
	Q4 2014	86	6%
	Q1 2015	49	3%
	Steadily throughout the next 12 months	490	32%
	I do not plan to increase my total number of employees in the next 12 months	459	30%

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)	90	6%
	Rising healthcare costs	141	9%
	Political uncertainty	112	7%
	Staffing (finding, hiring, retaining, and training)	401	26%
	Growth (growing too slowly)	214	14%
	Economic uncertainty (concern for local and national economy, budget deficit, housing market)	275	18%
	Financial issues (finance, cash flow, profitability)	197	13%
	Other	97	6%

10. What is the biggest challenge your business is specifically facing now? (check all that apply)	Paying loans and/or accessing credit	104	6%
	Managing costs	418	23%
	Cash, liquidity, receivables	252	14%
	Customer retention and/or lead generation	480	26%
	Cutting staff	23	1%
	My business is not facing any extraordinary challenges	299	16%
	Other	237	13%

11. When do you anticipate selling your business?	I do not plan on selling my business	493	32%
	0-12 Months	31	2%
	1-2 Years	54	4%
	3-5 Years	288	19%
	6-9 Years	216	14%
	10+ Years	241	16%
	I do not own my business	173	11%
	Other	31	2%
	Skipped	7	0%

12. Do you currently invest in management training or leadership development for your employees?	Yes	1,201	78%
	No	312	20%
	Skipped	5	0%
	Other	16	1%

13. How do you expect your investment in management training or leadership development to change in the coming 12-24 months?	Will decline	44	3%
	Will stay the same	647	42%
	Will increase	660	43%
	Will increase significantly	56	4%
	Not applicable	117	8%
	Skipped	7	0%
	Other	3	0%

Question	Answer	Respondents	
		#	%
14. Does your business provide any employees with a retirement savings plan or benefit?	No	187	12%
	Yes, a 401(k), IRA, or similar plan and my business matches a portion of employee contributions	1,014	66%
	Yes, a 401(k), IRA, or similar plan, but my business does not match employee contributions	222	14%
	Yes, a defined benefit plan	36	2%
	Skipped	7	0%
	Other	68	4%
15. The biggest challenge or concern in offering a retirement plan is:	The administrative fees and costs	401	26%
	The fiduciary responsibility or liability	355	23%
	Understanding the rules and regulations for offering a plan	287	19%
	Knowing what products are available	171	11%
	Skipped	64	4%
	Other	256	17%
16. Please rate the level of importance the availability of a retirement plan is to attracting and retaining your employees:	Not important	160	10%
	Somewhat important	809	53%
	Very important	471	31%
	Unsure	73	5%
	Skipped	9	1%
	Other	12	1%