

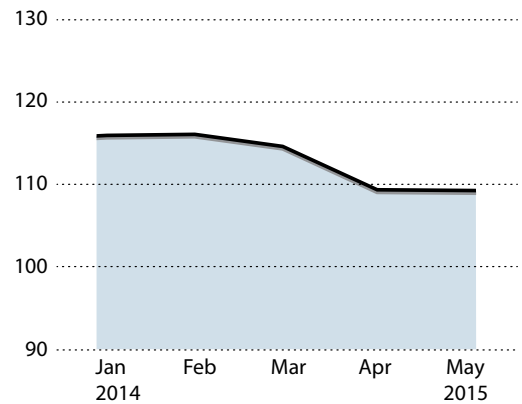
Steady optimism expected to continue.

Optimism among small firms did not change by a significant amount in the latest monthly survey of 728 U.S. CEOs and small business owners, surveyed May 11-20, 2015. Indeed, all of the May results were not statistically different from the April readings. The absence of any improvement in the last few months suggests that small firms do not anticipate the same 2nd quarter resurgence in economic growth as happened last year. The Wall Street Journal/Vistage Small Business CEO Confidence Index was 108.7 in the May 2015 survey, just below April's 109.2 and last May's 109.3.

As the economy completes its sixth year of expansion, small firms have begun to experience a tightening labor market, and as a result, most firms plan to offer wage increases. Importantly, one-in-three firms reported that they had already lost workers due to higher wage offers by other firms. Overall, the data indicate that firms firmly expect the expansion to continue based on their plans to expand their workforce and increase investments in new plant and equipment. Planned wage increases are likely to put upward pressure on core inflation.

Analysis 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	354	49%
	Remained about the same	315	43%
	Worsened	56	8%
	Don't know/No opinion	3	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	269	37%
	About the same	405	56%
	Worse	50	7%
	Don't know/No opinion	4	1%

Question	Answer	Respondents	
		#	%
3. Are your firm's total fixed investment expenditures likely to increase, remain about the same, or decrease during the next 12 months?	Increase	343	47%
	Remain the same	322	44%
	Decrease	62	9%
	Don't know/No opinion	1	0%
4. Do you anticipate that your firm's sales revenues will increase, remain about the same, or decrease during the next 12 months?	Increase	540	74%
	Remain the same	136	19%
	Decrease	51	7%
	Don't know/No opinion	1	0%
5. Do you expect your firm's profitability to improve, remain about the same, or worsen during the next 12 months?	Improve	417	57%
	Remain the same	230	32%
	Worsen	78	11%
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	446	61%
	Remain the same	241	33%
	Decrease	37	5%
	Don't know/No opinion	4	1%
7. Do 10% or more of your employees get paid the minimum wage?	Yes, more than 10%, but less than 50%	22	3%
	Yes, more than 50%	106	15%
	No, less than 10%	49	7%
	No, none of my employees are paid the minimum wage	547	75%
	Skipped	4	1%

Question	Answer	Respondents	
		#	%
8. If an employee maintained a good work record, how long would it be before someone who started at the minimum wage was paid \$1.00 more per hour?	Within one year	142	20%
	Within two years	32	4%
	Longer than two years	4	1%
	That person will never move beyond the minimum wage	2	0%
	None of my employees are paid the minimum wage	508	70%
	Skipped	15	2%
	Other	25	3%
	9. Do you plan to raise wages this year?	Yes, by 5% or less	441
Yes, by 5% to 10%		97	13%
Yes, by 10% to 20%		14	2%
No		123	17%
Skipped		6	1%
Other		47	6%
10. Do you feel pressured to raise wages because large chains (Wal-Mart, Target, McDonalds) have said they will?	Yes	50	7%
	No	672	92%
	Skipped	6	1%
11. Have you lost any workers to competitors or other businesses because the wages were higher there?	Yes	243	33%
	No	475	65%
	Skipped	10	1%
12. Do you think the federal minimum wage of \$7.25 should be raised?	Yes	355	49%
	No	358	49%
	Skipped	15	2%

Question	Answer	Respondents	
		#	%
13. Do you currently pay overtime or offer bonuses to employees?	Yes	680	93%
	No	41	6%
	Skipped	7	1%
14. The U.S. Labor Department has proposed raising the threshold (now \$455 a week) at which salaried workers become exempt from overtime. The rule change would increase the number of workers who must be paid overtime. If the rule change is implemented, how will your business compensate for increased labor costs?	Reduce offered discounts/promotions	21	3%
	Raise prices	101	12%
	Cut spending	73	9%
	Reduce staff	93	11%
	Not applicable. My business will not be affected by an increase in overtime pay.	494	60%
	Skipped	10	1%
	Other	29	4%
15. During your company's last fiscal year, what was its total employment?	1-9 employees	52	7%
	10-19 employees	137	19%
	20-49 employees	299	41%
	50-99 employees	138	19%
	100-499 employees	100	14%
	500-999 employees	1	0%
	5000-9999 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.