

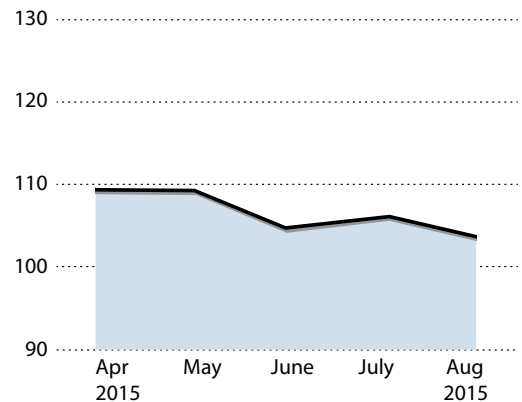
# Optimism in economy slips, but self-confidence remains strong

The economic confidence expressed by small firms continued to slowly erode in the August 10-19, 2015, survey of 682 small business owners and CEOs. The Wall Street Journal/Vistage Small Business CEO Confidence Index was 105.1 in the August 2015 survey, down from June's 107.8 and the peak of 115.5 in February.

Two factors make the diminished level of optimism somewhat less troublesome, although still a concern. The first is that the extent of the decline from last month or the February peak has been relatively small. The second mitigating factor is that the recent slide in optimism has been concentrated in how small firms assess conditions in the national economy, while their views on their own sales and profits have remained largely unchanged. Expected conditions in the national economy fell 7.9% from a year ago, but profit expectations were down by just 0.7%. This disparity may simply reflect the consensus forecasts for strong growth in consumer spending and business investments; a stronger domestic economy and weaker international growth prospects. While prospects are widespread that the Fed will begin raising interest rates, the expected size of the increases during the year ahead appears to be too small to have much impact on small business at present.

*Analysis by Dr. Richard Curtin, University of Michigan*

**WSJ/Vistage Small Business CEO Confidence Index**



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

Question	Answer	Respondents	
<b>1. Compared with a year ago, have overall economic conditions in the United States improved, remained the same, or worsened?</b>	Improved	284	42%
	Remained about the same	319	47%
	Worsened	75	11%
	Don't know/No opinion	4	1%
<b>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?</b>	Better	203	30%
	About the same	386	57%
	Worse	87	13%
	Don't know/No opinion	6	1%

Question	Answer	Respondents	
		#	%
<b>3. Are your firm's total fixed investment expenditures likely to increase, remain about the same, or decrease during the next 12 months?</b>	Increase	311	46%
	Remain the same	298	44%
	Decrease	70	10%
	Don't know/No opinion	3	0%
<b>4. Do you anticipate that your firm's sales revenues will increase, remain about the same, or decrease during the next 12 months?</b>	Increase	498	73%
	Remain the same	145	21%
	Decrease	38	6%
	Don't know/No opinion	1	0%
<b>5. Do you expect your firm's profitability to improve, remain about the same, or worsen during the next 12 months?</b>	Improve	387	57%
	Remain the same	232	34%
	Worsen	59	9%
	Don't know/No opinion	4	1%
<b>6. Do you expect your firm's total number of employees will increase, remain about the same, or decrease during the next 12 months?</b>	Increase	390	57%
	Remain the same	246	36%
	Decrease	45	7%
	Don't know/No opinion	1	0%
<b>7. Have you applied for a small business loan in the last six months?</b>	Yes	120	18%
	No	524	77%
	Would have liked to, but didn't think I would get credit	8	1%
	Haven't yet, but plan to in the next six months	19	3%
	Skipped	2	0%
	Other	9	1%

Question	Answer	Respondents	
		#	%
<b>8. If you applied for a small business loan, were you:</b>	Approved	115	17%
	Denied	5	1%
	Still in the application process	18	3%
	Skipped	493	72%
	Other	51	7%
	<b>9. If you applied for a small business loan, how much were you seeking to borrow?</b>	Less than \$100,000	14
\$100,000 to \$500,000		73	11%
\$501,000 to \$1 million		29	4%
More than \$1 million		39	6%
Skipped		489	72%
Other		38	6%
<b>10. Are any of your larger customers taking longer to pay your invoices?</b>	Yes, by stretching the negotiated terms from 30 to 60 days	132	19%
	Yes, by stretching the negotiated terms from 60 to 90 days	75	11%
	Yes, by stretching the negotiated terms beyond 90 days	25	4%
	Yes, by paying beyond terms	79	12%
	No	350	51%
	Skipped	11	2%
	Other	10	1%

Question	Answer	Respondents	
		#	%
<b>11. If payment times have increased, how has that impacted your business?</b>	Turned away new customers	7	1%
	Secured financing to cover payment delays	81	12%
	Cut back on investment	47	7%
	Cut back on hiring	20	3%
	No impact	241	35%
	Skipped	237	35%
	Other	49	7%
	<b>12. Do you have a succession plan in place for your business?</b>	Yes	272
No		343	50%
Skipped		17	2%
Other		50	7%
<b>13. Do you plan to transition your business to a son, daughter, or other family member?</b>	Yes	141	21%
	No	473	69%
	Skipped	12	2%
	Other	57	8%
<b>14. If you plan to transition your business to a son, daughter, or other family member, when do you plan to do so?</b>	This year	2	0%
	Next year	5	1%
	In 2 to 5 years	38	6%
	In 5 to 10 years	67	10%
	In more than 10 years	94	14%
	Skipped	435	64%
	Other	41	6%