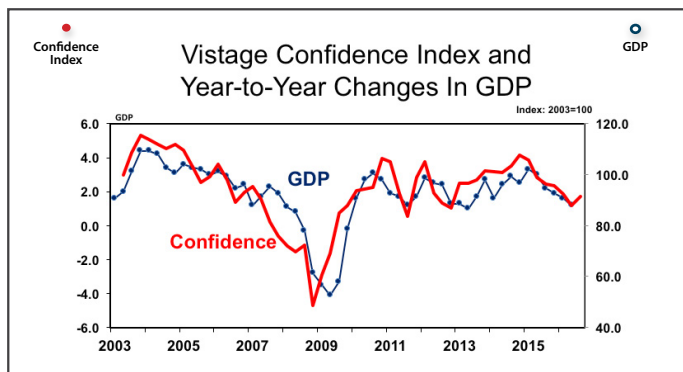


Optimism Inches Upward.

Following six consecutive quarterly declines in confidence, CEOs finally recorded a small uptick in how they viewed prospects for the domestic economy as well as their own firm's prospects. The Vistage CEO Confidence Index stood at 91.4 in the 3rd quarter 2016 survey, up from the three year low of 88.0 in the 2nd quarter, but still shy of the 96.3 recorded in last year's 3rd quarter survey.

Robust gains in consumer expenditures were reflected in improved sales revenues and profits as well as planned increases in hiring. Uncertainty about future economic policies has made firms more cautious about investment expenditures, although they have not hesitated to add employees to take advantage of relatively strong consumer spending. Indeed, one-third of CEOs reported that finding, hiring, and training employees was their most significant challenge, mentioned twice as frequently as any other issue. Current hiring plans will continue to put upward pressure on wages and benefits. Since CEOs anticipate only a modest pace of economic growth in the year ahead, they are more determined to manage costs as well as to retain and expand their customer base in the future.

Analysis provided by Dr. Richard Curtin, University of Michigan



**Since 2003, the Vistage CEO Confidence Index has served as a reliable predictor for changes in GDP, 6 months in advance.*

Vistage CEO Confidence Index Highlights

25% of CEOs thought that the economy had improved during the past year, well below the 10-year peak of 63% recorded at the close of 2014.

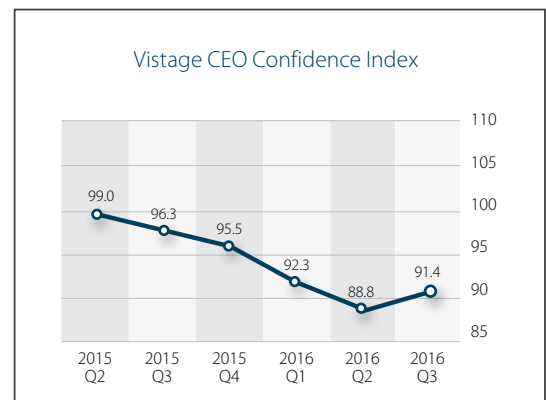
39% of CEOs plan to increase their investment expenditures in the next year, the fewest firms in more than 3 years.

54% of CEOs plan to expand their workforce in the next year.

69% of CEOs expect increased revenues in the year ahead, and 54% expect increased profits.

47% of CEOs say the new overtime pay rules that take effect at the start of December will impact their employees.

70% of employees work remotely, although most of them for less than 25% of their work time.



The Vistage CEO Confidence Index was 91.4 in the 3rd quarter 2016 survey, up from the three year low of 88.0 in the 2nd quarter, but still shy of the 96.3 recorded in last year's 3rd quarter survey.

Question

Answer

Respondents

1. Compared with a year ago, have overall economic conditions in the U.S. improved, remained the same, or worsened?

	#	%
Improved	336	25%
About the same	800	59%
Worsened	217	16%

Question	Answer	Respondents	
		#	%
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	296	22%
	About the same	728	54%
	Worse	282	21%
	Don't know/no opinion	50	4%
3. Are your firm's total fixed investment expenditures likely to increase, remain about the same, or decrease during the next 12 months?	Increase	523	39%
	About the same	636	47%
	Decrease	183	13%
4. Do you anticipate that your firm's sales revenues will increase, remain about the same, or decrease for the next 12 months?	Increase	938	69%
	About the same	318	23%
	Decrease	96	7%
	Don't know/No opinion	4	0%
5. Do you expect your firm's profitability to improve, remain about the same, or worsen during the next 12 months?	Improve	730	54%
	About the same	467	34%
	Worsen	155	11%
6. Do you expect prices for your product or service to increase, remain about the same, or decrease during the next 12 months?	Increase	491	36%
	About the same	770	57%
	Decrease	90	7%
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	732	54%
	About the same	511	38%
	Decrease	108	8%

Question	Answer	Respondents	
		#	%
8. When do you plan to increase your firm's total number of employees over the next 12 months?	Q4 2016	159	12%
	Q1 2017	160	12%
	Q2 2017	137	10%
	Q3 2017	52	4%
	Steadily throughout the next 12 months	407	30%
	I do not plan to increase my total number of employees in the next 12 months	441	33%
9. What is the most significant business issue that you are facing currently?	Energy costs	6	0%
	Growth (growing too quickly)	57	4%
	Rising healthcare costs	89	7%
	Political uncertainty	146	11%
	Staffing (finding, hiring, retaining, and training)	445	33%
	Growth (growing too slowly)	198	15%
	Economic uncertainty (concern for local and national economy, budget deficit, housing market)	195	14%
	Financial issues (finance, cash flow, profitability)	126	9%
	Other	94	7%
10. What is the biggest challenge your business is specifically facing now? (check all that apply)	Paying loans and/or accessing credit	52	3%
	Managing costs	318	20%
	Cash, liquidity, receivables	186	12%
	Customer retention and/or lead generation	419	27%
	Cutting staff	27	2%
	My business is not facing any extraordinary challenges	318	20%
	Other	245	16%

Question	Answer	Respondents	
		#	%
11. Are you finding it easier or more difficult to obtain credit for your business than it was a year ago?	It is now easier to obtain credit for my business.	422	31%
	It is now more difficult to obtain credit for my business.	172	13%
	Not applicable.	667	49%
	Other	86	6%
12. Will the overtime pay rules that change on December 1 impact the pay structure of your salary and/or hourly employees?	Yes	635	47%
	No	577	43%
	Not applicable	103	8%
	Other	30	2%
13. How have you communicated upcoming changes as a result of the overtime pay rules to your internal team?	Mass email	14	1%
	Internal memos to entire staff	50	4%
	Staff meeting	193	14%
	Individually, with employees who will be directly impacted	225	17%
	We are still in the planning process	435	32%
	Not applicable	404	30%
	Other	24	2%
14. How do you manage employees' use of time:	Clock in / out	540	40%
	Personal maintenance of daily time sheets	401	30%
	Honor system	286	21%
	Not applicable	56	4%
	Other	63	5%

Question	Answer	Respondents	
		#	%
15. What percentage of your employees work remotely?	None of my employees	353	26%
	1-25%	700	52%
	26-50%	98	7%
	51-75%	75	6%
	76 – 99%	57	4%
	All of my employees	25	2%
	Not applicable	28	2%
	Other	15	1%
16. How do you try to impact employee engagement at your company? (check all that apply)	Employee training	997	24%
	Benefits (401k, health insurance)	996	24%
	Consistent communication from leadership (all staff meetings, emails, webinars)	1,133	27%
	Annual team building events	600	14%
	Employee fitness program or gym facility	272	7%
	Not applicable	28	1%
	Other	107	3%
17. Do you increase wages for your employees annually?	Yes	900	66%
	No	342	25%
	Other	105	8%
18. What has been the trend for employee turnover in your company over the past year?	Employee turnover is improving.	313	23%
	Employee turnover is the same.	814	60%
	Employee turnover is getting worse.	166	12%
	Other	51	4%
19. Do you have a way to measure employee engagement at your company?	Yes	545	40%
	No	777	57%
	Other	23	2%

Question	Answer	Respondents	
		#	%
20. How important is a social media presence to your brand?	Very	258	19%
	Somewhat important	601	44%
	Not really important	425	31%
	I don't use social media	67	5%
21. Which social media platform is most important to your business?	Facebook	436	32%
	Twitter	43	3%
	LinkedIn	582	43%
	Instagram	33	2%
	We don't use social media.	191	14%
	Other	57	4%
22. Why does your business utilize social media?	Increase brand awareness	818	34%
	New business development	486	20%
	Recruiting	468	19%
	Networking	418	17%
	We don't use social media	195	8%
	Other	29	1%
23. Do you find social media to be an effective way to network with business professionals in your industry?	Yes	698	51%
	No	580	43%
	Other	57	4%
24. Do you use social media to make connections with potential clients?	Yes	739	54%
	No	581	43%
	Other	20	1%

Question	Answer	Respondents	
		#	%
25. Do you encourage your employees to be active on social media to help to build your company's brand?	Yes	578	43%
	No	739	54%
	Other	24	2%
26. During your company's last fiscal year, what was its total employment?	No employees	2	0%
	1-9 employees	113	8%
	10-19 employees	162	12%
	20-49 employees	353	26%
	50-99 employees	249	18%
	100-499 employees	391	29%
	500-999 employees	54	4%
	1000-4999 employees	30	2%
	5000-9999 employees	1	0%
	10000+ employees	1	0%
27. During your company's last fiscal year, what were its total revenues?	Less than 500k	21	2%
	500-999k	35	3%
	1-4 Million	244	18%
	5-9 Million	248	18%
	10-20 Million	269	20%
	21-49 Million	249	18%
	50-99 Million	138	10%
	100-249 Million	100	7%
	250-499 Million	29	2%
	500-999 Million	16	1%
1+ Billion	7	1%	

VISTAGE | Surveying CEOs of Small
CEO Confidence Index | to Mid-sized Businesses
Since 2003