

VISTAGE CEO Confidence Index

Largest Survey of CEOs Since 2003

The pace of economic growth has slowed significantly since the start of 2011 and the slowdown is expected to continue into the start of 2012, according to a survey of CEOs of small-to-medium-sized businesses. Though declines were present in every major survey component, the largest losses were in evaluations of the overall economy. Rather than expecting a renewed economic downturn, the majority of CEOs anticipated a stagnating economy—growth too slow to support robust gains in employment or investment, and resulting in lower revenue and profit levels than previously forecast.

According to Vistage International Chairman of the Board and CEO Rafael Pastor, the Q2 results reflected a deepening concern about the pace of economic growth. “The results clearly reflect declining confidence in the overall economy. But don’t expect these CEOs to sit on their hands,” Pastor said. “Many companies will increase sales through more exports and online marketing, while others will be reviewing their options on the merger and acquisition front.”

Vistage CEO Confidence Index Highlights

37% of CEOs reported that the national economy had improved, down from 63% in Q1.

53% of CEOs expected flat or declining prices for their products or services.

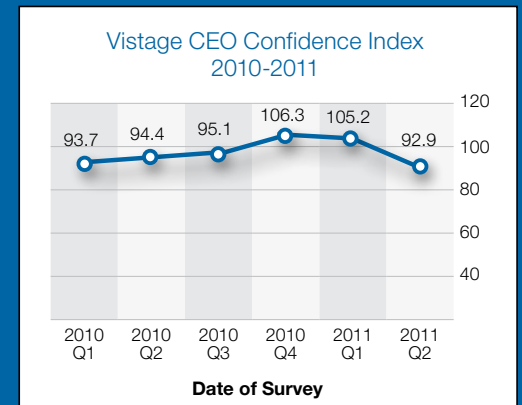
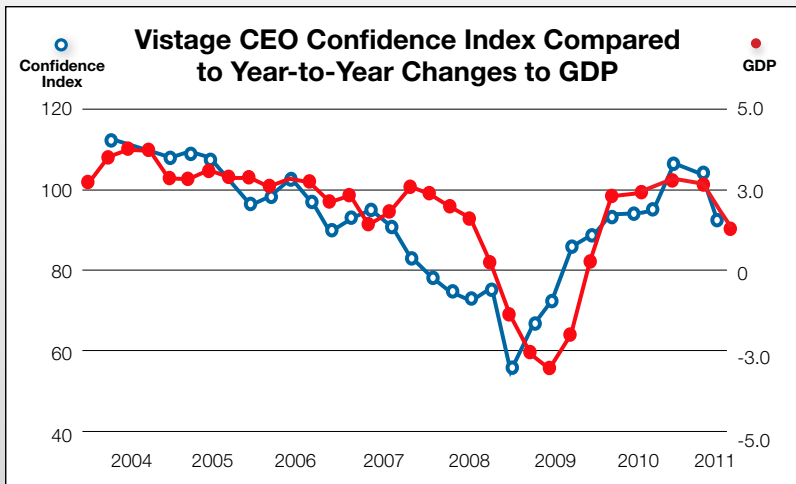
52% of CEOs are holding back on permanent hires.

66% of CEOs plan to increase wages over the next 12 months.

49% of CEOs are worried about their firm’s data security.

68% of CEOs expected sales revenue growth in the next 12 months.

50% of CEOs expected increased profits in the next 12 months.



The Vistage Confidence Index was 92.9 in the Q2 2011 survey, substantially below the 105.2 posted in Q1, erasing all the gains recorded since 93.7 was registered in Q1 2010.

Vistage CEO Confidence Index Q2 2011 | Dates 6/14-6/24 | 1,719 Respondents | National Results

Question	Answer	Respondents	
		#	%
1. Compared with a year ago, have overall economic conditions in the U.S. improved, remained the same, or worsened?	Improved	643	37%
	About the same	787	46%
	Worsened	288	17%
	Don't know/No opinion	1	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	532	31%
	About the same	879	51%
	Worse	291	17%
	Don't Know/No opinion	17	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	714	42%
	About the same	766	45%
	Decrease	228	13%
	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 during the next 12 months?	Increase	1,165	68%
	About the same	428	25%
	Decrease	120	7%
	Don't know/No opinion	6	0%
5. Do you expect your firm's profitability to improve, remain about the same, or worsen during the next 12 months?	Improve	866	50%
	About the same	592	34%
	Worsen	254	15%
	Don't know/No opinion	7	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	808	47%
	About the same	785	46%
	Decrease	124	7%
	Don't know/No opinion	2	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	834	49%
	About the same	742	43%
	Decrease	139	8%
	Don't know/No opinion	4	0%
8. When do you plan to increase your firm's total number of employees over the next 12 months?	Q3 2011	264	15%
	Q4 2011	135	8%
	Q1 2012	120	7%
	Steadily throughout the next 12 months	494	29%
	I do not plan to increase my total number of employees	706	41%
9. What is the most significant business issue that you are facing currently?	Rising energy costs	57	3%
	Rising healthcare costs	61	4%
	Staffing (finding, hiring, retaining, and training)	238	14%
	Growth (growing too slowly)	227	13%
	Growth (growing too quickly)	66	4%
	Financial issues (finance, cash flow, profitability)	211	12%
	Economic uncertainty (concern for local and national economy, budget deficit, housing market)	613	36%
	Political uncertainty	118	7%
	Other	128	7%

10. What is the biggest challenge your business is specifically facing now? (check all that apply)	Cash, liquidity, receivables	351	16%
	Paying loans and/or accessing credit	135	6%
	Customer retention and/or lead generation	544	25%
	Cutting staff	41	2%
	Managing costs	486	23%
	My business is not facing any extraordinary challenges	311	15%
	Skipped	38	2%
	Other	232	11%

11. Are you finding it easier to obtain credit for your business now than you did six months ago?	Yes	415	24%
	No	582	34%
	Not applicable	715	42%
	Skipped	7	0%

12. Should Congress vote to raise the debt ceiling?	Yes	703	41%
	No	980	57%
	Skipped	36	2%

13. What is impacting your hiring strategy the most?	Worries about the U.S. economic outlook	441	26%
	Future demand	481	28%
	Uncertainty around the country's fiscal environment	207	12%
	Uncertainty around the country's regulatory environment	104	6%
	My hiring strategy has not been impacted	477	28%
	Skipped	10	1%

14. Are you holding back on permanent hires?	Yes	887	52%
	No	821	48%
	Skipped	11	1%

15. Do you intend to increase wages at all over the next 12 months?	Yes	1,133	66%
	No	573	33%
	Skipped	13	1%

16. Have you put any investments on hold in recent months due to the slowdown in the U.S. economy and the uncertain outlook?	Yes	821	48%
	No	886	52%
	Skipped	12	1%

17. Have you changed the way you are managing inventories?	Yes, I am holding more in inventories	143	8%
	Yes, I am holding less in inventories	435	25%
	No, I have not made any changes in inventories	426	25%
	Not applicable	705	41%
	Skipped	10	1%
18. Do you plan to begin exporting or expanding to foreign markets within the next 12 months?	Yes	457	27%
	No	1,239	72%
	Skipped	23	1%
19. If you plan to begin exporting or expand to foreign markets, what regions are you targeting?	North America (Canada or Mexico)	146	8%
	Central America	24	1%
	South America	82	5%
	Europe	132	8%
	Africa	18	1%
	Asia	165	10%
	Skipped	1,152	67%
20. What is the best way the government can help businesses to export?	Providing better access to export financing or insurance	106	6%
	Providing export technical assistance or counseling services	147	9%
	Publishing up-to-date market research and data	92	5%
	Reforming the U.S. export control system	182	11%
	Organizing trade missions or hosting reverse trade missions	63	4%
	Opening new markets through free trade agreements	470	27%
	Skipped	659	38%
21. Are you currently interested in :	Selling your business or attracting new investors	289	17%
	Taking your business public	3	0%
	Taking your business private	4	0%
	Acquiring or merging with other firms	615	36%
	None of the above	794	46%
	Skipped	14	1%

**Our struggles are the short-term lessons
we learn to achieve long-term success.**

**How will you keep your company
moving forward?**

What's the biggest challenge your company faces? With your Vistage "board of advisors," you can find the solution. Vistage Members get unbiased decision-making support from a team of trusted peers along with professional coaching/mentoring face-to-face every month.

Membership in Vistage is by invitation. We are currently seeking high-caliber local CEOs and presidents for a few openings in our Treasure Coast group.

Please contact Tim Kinane if you would like to learn more about Vistage.

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