

# VISTAGE CEO Confidence Index

Largest Survey of CEOs Since 2003

CEOs of small-to-medium-sized businesses reported a continued slowdown in the pace of economic growth, and amid economic and political uncertainty, anticipated weak economic conditions to persist during the year ahead. The 20% decline in the past two quarters left the Vistage CEO Confidence Index at its lowest level in two years. The largest losses were in evaluations of the economy, although every component declined in the last two quarters.

Since the majority expected a stagnant economy during the year ahead, CEOs planned to trim the amount they spent on fixed investments and to curtail their hiring plans. Revenues and profits were also expected to shrink. The most important factor cited was inadequate demand for their product or service. CEOs thought the President, Congress, Senate and both political parties were jointly responsible for creating increasing uncertainty rather than promoting a national economic recovery. High and persistent levels of economic uncertainty have prompted firms to adopt more cautious business plans for the year ahead.

## Vistage CEO Confidence Index Highlights

**39% of CEOs** believe the economy has worsened over the previous 12 months, compared with 17% in Q2.

**40% of CEOs** cite economic uncertainty as the most significant issue they currently face.

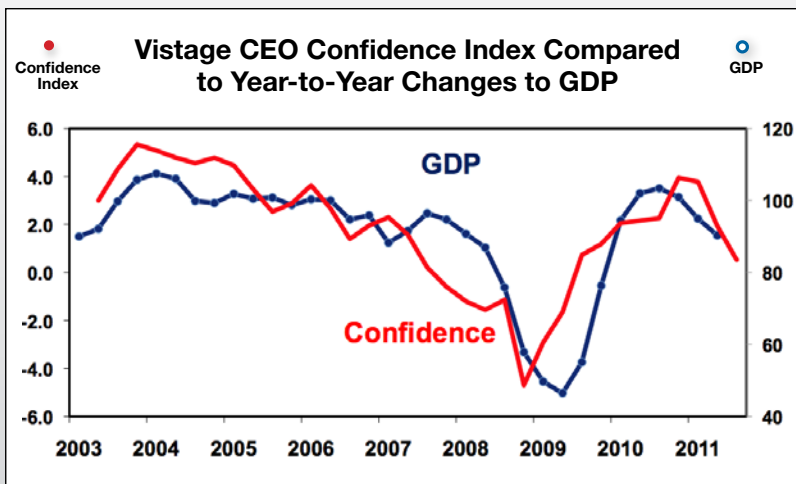
**62% of Vistage members** expect sales revenue growth in the next 12 months.

**46% of CEOs** expect the number of employees in their firm to increase in the next 12 months.

**41% of CEOs** support extending the payroll tax cut.

**91% of CEOs** expect healthcare costs for their employees to increase in 2012.

**65% of CEOs** say the majority of their net worth is invested in their business.



The Vistage Confidence Index was 83.5 in the 3rd quarter 2011 survey, down from 92.9 in the 2nd quarter, substantially below the 105.2 in the 1st quarter.

Vistage CEO Confidence Index Q3 2011 | Dates 9/07-9/19 | 1,710 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	304	18%
	About the same	743	43%
	Worsened	660	39%
	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	338	20%
	About the same	944	55%
	Worse	413	24%
	Don't know/No opinion	16	1%

<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	641	37%
	About the same	797	47%
	Decrease	264	15%
	Don't know/No opinion	8	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	1,058	62%
	About the same	514	30%
	Decrease	130	8%
	Don't know/No opinion	8	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	803	47%
	About the same	648	38%
	Worsen	252	15%
	Don't know/No opinion	7	0%
<b>6. Do you expect prices for your product or service to increase, remain about the same, or decrease during the next 12 months?</b>	Increase	695	41%
	About the same	858	50%
	Decrease	153	9%
	Don't know/No opinion	4	0%
<b>7. 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	785	46%
	About the same	751	44%
	Decrease	164	10%
	Don't know/No opinion	11	1%
<b>8. When do you plan to increase your firm's total number of employees over the next 12 months?</b>	Q4 2011	226	13%
	Q1 2012	160	9%
	Q2 2012	180	11%
	Steadily throughout the next 12 months	412	24%
	I do not plan to increase my total number of employees	733	43%
<b>9. What is the most significant business issue that you are facing currently?</b>	Rising energy costs	21	1%
	Growth (growing too quickly)	49	3%
	Rising healthcare costs	59	3%
	Political uncertainty	170	10%
	Staffing (finding, hiring, retaining, and training)	214	13%
	Growth (growing too slowly)	179	10%
	Economic uncertainty (concern for local and national economy, budget deficit, housing market)	687	40%
	Other	114	7%
	Financial issues (finance, cash flow, profitability)	218	13%

<b>10. What is the biggest challenge your business is specifically facing now? (check all that apply)</b>	Paying loans and/or accessing credit	149	7%
	Managing costs	472	22%
	Cash, liquidity, receivables	338	16%
	Customer retention and/or lead generation	549	26%
	Cutting staff	54	3%
	My business is not facing any extraordinary challenges	292	14%
	Skipped	28	1%
	Other	247	12%

<b>11. Are you finding it easier to obtain credit for your business now than you did six months ago?</b>	Yes	362	21%
	No	598	35%
	Not applicable	744	44%
	Skipped	6	0%

<b>12. Many economists, pundits, and others have commented on a lack of leadership in Washington. Who do you believe is principally responsible for creating this perception?</b>	The President and the Administration	569	33%
	The Congress and the Senate	117	7%
	Republicans	113	7%
	Democrats	26	2%
	All of the above	855	50%
	I don't believe there's a lack of leadership in Washington	21	1%
	Skipped	9	1%

<b>13. President Obama announced plans to revamp government regulations to ease the burden on businesses. Which federal departments have the most cumbersome regulations affecting your business?</b>	EPA	236	14%
	OSHA	182	11%
	NLRB	219	13%
	SBA	49	3%
	Health & Human Services	238	14%
	Other	382	22%
	It doesn't really matter, my company is not affected by regulations	392	23%
	Skipped	12	1%

<b>14. What impact do you believe revamping government regulations as planned will have on business and job growth?</b>	Positive	617	36%
	Negative	321	19%
	No impact at all	749	44%
	Skipped	24	1%

<b>15. When you hire prospective employees, are you more likely to favor someone who currently has a job versus someone who does not?</b>	Yes, more likely	847	50%
	Not a factor	847	50%
	Skipped	16	1%

<b>16. Do you support the President's proposal to extend the payroll tax cuts past the end of 2011?</b>	Yes	705	41%
	No	292	17%
	It does not go far enough (should be permanent)	402	24%
	Not clear on the specifics of the proposal	300	18%
	Skipped	11	1%
<b>17. Steve Jobs recently retired as CEO from Apple and Tim Cook will take over as CEO. Do you have a succession plan?</b>	Yes	853	50%
	No	851	50%
	Skipped	6	0%
<b>18. Has the volatility of the stock market affected your business?</b>	Yes	795	46%
	No	899	53%
	Skipped	16	1%
<b>19. Does the state of the residential real estate market have a direct impact on your business?</b>	Yes	775	45%
	No	923	54%
	Skipped	12	1%
<b>20. Is the majority of your net worth invested in your business?</b>	Yes	1,103	65%
	No	598	35%
	Skipped	9	1%
<b>21. Other than your own business, where are you most heavily invested?</b>	Equities (stocks)	797	47%
	Fixed Income (bonds)	116	7%
	Real estate	712	42%
	Alternative (hedge funds, gold, etc.)	61	4%
	Skipped	24	1%
<b>22. In 2012, do you expect your healthcare costs for employees to:</b>	Decrease	25	1%
	Remain the same	115	7%
	Increase 0-10%	723	42%
	Increase 10-25%	746	44%
	Increase more than 25%	92	5%
	Skipped	9	1%
<b>23. Most experts agree that the Chinese government has maintained its currency, the yuan, at an artificially low value to keep Chinese exports cheap and imports expensive – putting U.S. businesses at a disadvantage. Is your business affected by how China values its currency?</b>	Yes	635	37%
	No	596	35%
	Does not affect me	468	27%
	Skipped	11	1%

Big ideas inspire and set direction.  
Setting specific tasks ensures things get done.  
Combine them and you ensure real progress.

Where do you get your inspiration? Who holds you accountable? What's the biggest obstacle 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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