

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

The Vistage CEO Confidence Index was 96.6 in the 1st quarter 2013 survey, up from 87.0 in the prior quarter and the highest level since last year's 105.1. CEOs reported an improved economy and brighter prospects for their own firms despite recent cutbacks in federal spending.

The underlying strength in the economy has begun to shift the attention of CEOs from uncertainty about federal policies to the more traditional concerns of small firms centered on revenue growth, controlling costs, and staffing. To be sure, the recent sequester will be a drag on economic growth, with one-in-six firms anticipating that the cutbacks in federal spending will adversely affect their own business.

Importantly, few CEOs expect any resolution to the basic fiscal issues facing the country. Eight-in-ten firms expect continued uncertainty about federal policies during the year ahead. Although firms are learning how to cope with heightened uncertainty, it is always more easily handled in an expanding economy than in an economy verging on stagnation. Overall, confidence and GDP growth has moved sideways during the past few years, with the temporary variations reflecting the repeated bouts of fiscal crises and resolutions.

Vistage CEO Confidence Index Highlights

49% of CEOs think that economic conditions have improved compared with a year ago, up from 35% in Q4 2012.

68% of CEOs anticipate their firm's sales revenues will increase in the next 12 months.

53% of CEOs expect their firm's profitability to improve during the next 12 months.

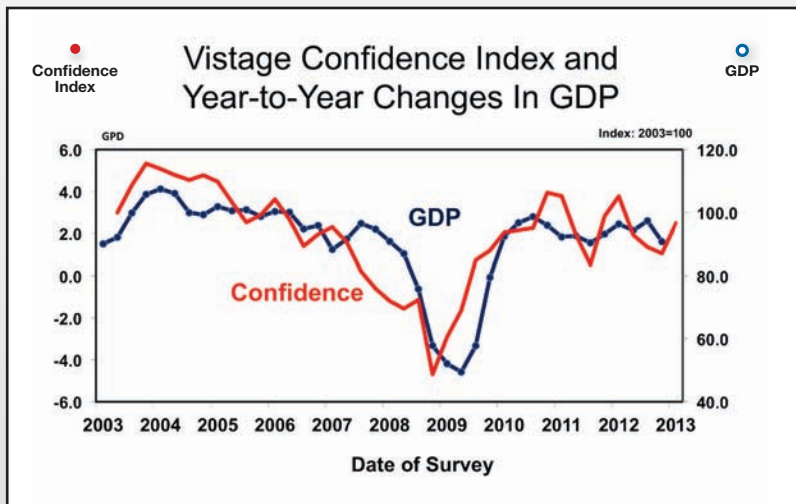
52% of CEOs expect their firm's number of employees will increase during the next 12 months, up from 45% in Q4 2012.

11% of CEOs found it easy to find people with the right skills to drive their business growth, while 75% found it difficult to find qualified talent.

35% of CEOs say political and economic uncertainty are the most significant issues they are currently facing, down from 46% in Q4 2012.

16% of CEOs believe the sequester will adversely impact their business.

82% of CEOs expect U.S. fiscal uncertainty will continue throughout the year.



The Vistage CEO Confidence Index was **96.6** in the Q1 2013 survey, up from **87** in Q4 2012.

Question	Answer	Respondents	
		#	%
1. Compared with a year ago, have overall economic conditions in the U.S. improved, remained the same, or worsened?	Improved	750	49%
	About the same	638	41%
	Worsened	150	10%
	Don't know/No opinion	8	1%
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	560	36%
	About the same	746	48%
	Worse	228	15%
	Don't know/No opinion	12	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	623	40%
	About the same	732	47%
	Decrease	179	12%
	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 for the next 12 months?	Increase	1,045	68%
	About the same	377	24%
	Decrease	120	8%
	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	812	53%
	About the same	523	34%
	Worsen	205	13%
	Don't know/No opinion	6	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	639	41%
	About the same	797	52%
	Decrease	105	7%
	Don't know/No opinion	5	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	797	52%
	About the same	618	40%
	Decrease	128	8%
	Don't know/No opinion	3	0%
8. When do you plan to increase your firm's total number of employees over the next 12 months?	Q1 2013	64	4%
	Q2 2013	239	15%
	Q3 2013	163	11%
	Q4 2013	55	4%
	Steadily throughout the next 12 months	419	27%
	I do not plan to increase my total number of employees in the next 12 months	606	39%

Question	Answer	Respondents	
		#	%
9. What is the most significant business issue that you are facing currently?	Rising energy costs	10	1%
	Growth (growing too quickly)	62	4%
	Rising healthcare costs	152	10%
	Political uncertainty	141	9%
	Staffing (finding, hiring, retaining, and training)	298	19%
	Growth (growing too slowly)	186	12%
	Economic uncertainty (concern for local and national economy, budget deficit, housing market)	403	26%
	Financial issues (finance, cash flow, profitability)	190	12%
	Other	104	7%

10. What is the biggest challenge your business is specifically facing now?	Paying loans and/or accessing credit	110	6%
	Managing costs	464	24%
	Cash, liquidity, receivables	288	15%
	Customer retention and/or lead generation	470	25%
	Cutting staff	37	2%
	My business is not facing any extraordinary challenges	307	16%
	Other	220	12%

11. Will the sequester adversely impact your business?	Yes	253	16%
	No	604	39%
	Not sure	634	41%
	Not applicable	48	3%
	Skipped	7	0%

12. Do you expect that the fiscal situation will become clearer after Q1 or do you expect continued uncertainty throughout the year?	Clearer after Q1	196	13%
	Uncertainty will continue	1,267	82%
	Not sure	69	4%
	Skipped	14	1%

13. How difficult is it to find people with the right skills to drive your business growth?	Easy to find qualified talent	167	11%
	Difficult to find qualified talent	1,154	75%
	Most interviewees lack the required skills	132	9%
	Not applicable	84	5%
	Skipped	9	1%

Question	Answer	Respondents	
		#	%
14. The House is considering legislation to reform the Workforce Investment Act to better coordinate job training programs with employer needs. Have you ever engaged your local workforce investment board to ensure individuals have the skills they need to qualify for open positions?	Yes, often	62	4%
	Yes, occasionally	210	14%
	Once	40	3%
	Never	659	43%
	Never, because I didn't realize there was a workforce investment board in my community	569	37%
	Skipped	6	0%

15. During your company's last fiscal year, what was its total employment?	0	4	0%
	1-9	134	9%
	10-19	182	12%
	20-49	411	27%
	50-99	305	20%
	100-499	404	26%
	500-999	59	4%
	1000-4999	36	2%
	5000-9999	6	0%
	10000+	5	0%

16. During your company's last fiscal year, what were its total revenues?	Less than 500k	29	2%
	500-999k	31	2%
	1-4 Million	315	20%
	5-9 Million	279	18%
	10-20 Million	295	19%
	21-49 Million	321	21%
	50-99 Million	134	9%
	100-249 Million	100	6%
	250-499 Million	21	1%
	500-999 Million	11	1%
	1+ Billion	10	1%



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

As Vistage Chairman, Tim facilitates an invitation-only group of successful CEOs and presidents on the Treasure Coast.

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