

The Climb to Recovery Slowly Continues for Small and Midsize Businesses

Confidence in the U.S. economy has once again stalled; the latest Vistage CEO Confidence Index data reveals that the majority of CEOs of small and midsize businesses – 82% – believe that the economy recently got worse. And 55% of CEOs reported expectations that the economy would improve in the next 12 months, down 3 percentage points from September’s 58%.

However, the good news is that CEOs are increasingly optimistic about their revenues. The revenue impact of the pandemic is increasingly diminished with just 18% reporting revenue declines of greater than 25%. Twice as many SMBs (36%) report that their revenues have increased (22%) or remained stable (14%). Looking ahead, 66% of CEOs expect revenues to increased revenues in the year ahead, up 3 points from September.

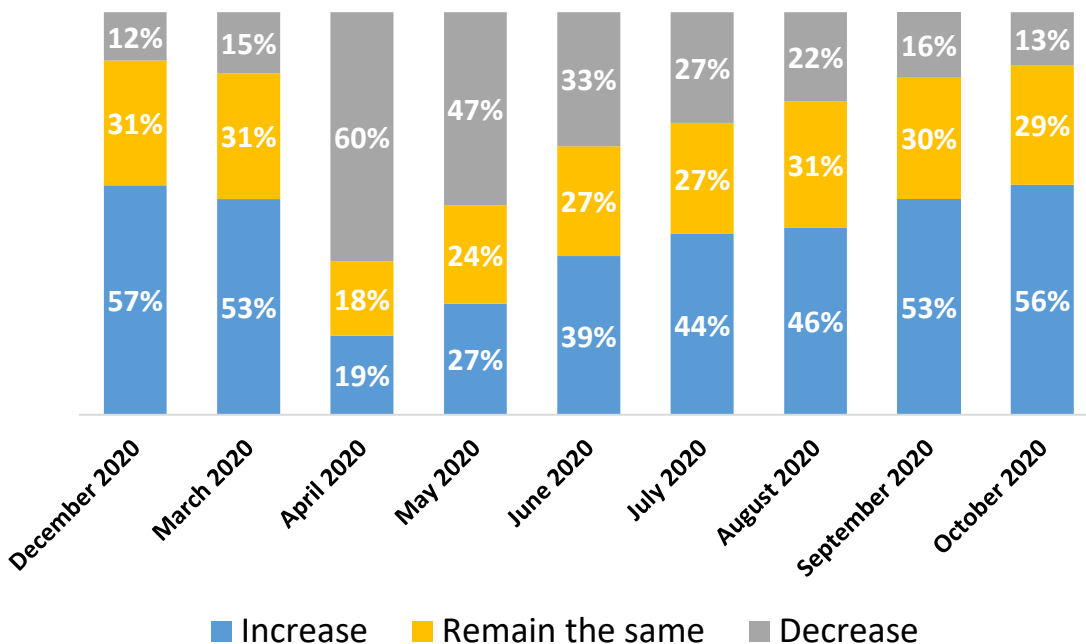
The October survey revealed three primary sources of uncertainty among SMBs; uncertainty about the economy, the pandemic and the political uncertainty. This uncertainty is likely slowing expansion plans over the next 12 months:

- 37% of CEOs plan to increase investments in the next 12 months, on par with 36% recorded in September
- 53% plan to expand their workforces, a marginal increase from 52% recorded in September.

Source: October 2020 Vistage CEO Confidence Index, n=1,247

These findings represent data collected between October 5 - 12, 2020 from CEOs and other leaders of small and midsize businesses in the U.S.

Profit expectations reach pre-COVID levels for SMBs



Analysis of survey data collected monthly since the pandemic began illustrates the improvements in profitability expectations over time among small and midsize businesses.

Profitability is one of the indicators measured that improved the most in October; 56% of CEOs reported expectations for improved profits in the next 12 months. This is on par with data recorded in December 2019 when confidence was on the rise.

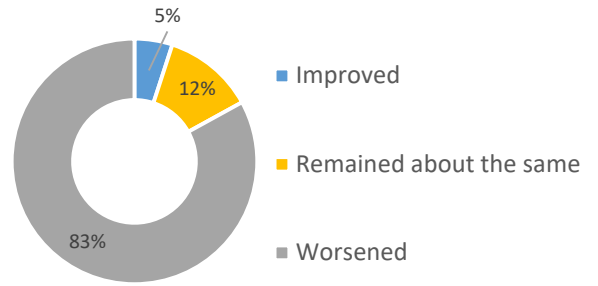
Source: Vistage CEO Confidence Index survey

October 2020

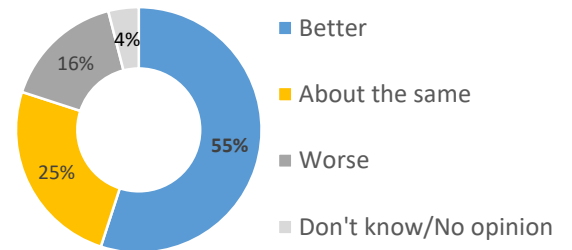
Vistage CEO Confidence Index Highlights

Economy

Compared with a year ago, have overall economic conditions in the United States improved, remained the same, or worsened?

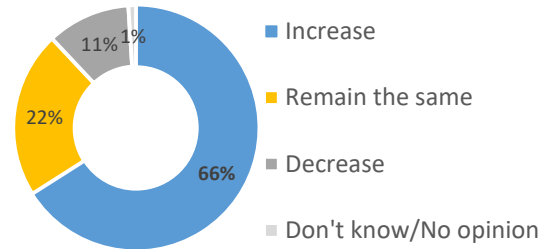


During the next 12 months, do you expect the overall economic conditions in the U.S. will be better, about the same, or worse than now?

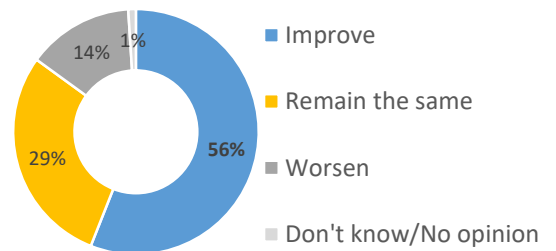


Prospects

Do you anticipate that your firm's sales revenues will increase, remain about the same, or decrease during the next 12 months?

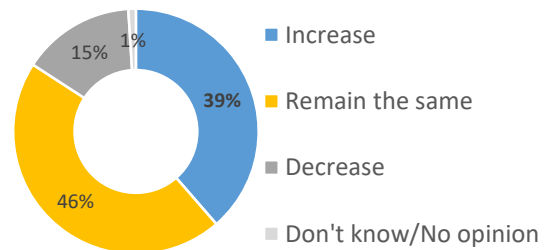


Do you expect your firm's profitability to improve, remain about the same, or worsen during the next 12 months?

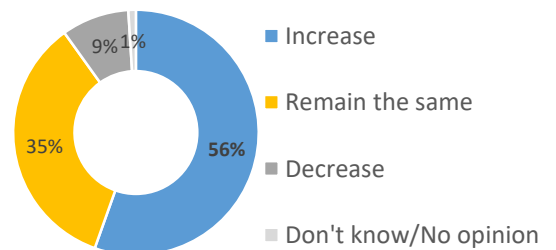


Expansion

Are your firm's total fixed investment expenditures likely to increase, remain about the same, or decrease during the next 12 months?



Do you expect your firm's total number of employees will increase, remain about the same, or decrease during the next 12 months?



October 2020 Vistage CEO Confidence Index

Total Re-
spondents

Annual Revenue
All

Number of Employees
All

Industry
All

Area
All

1,247

1	Compared with a year ago, have overall economic conditions in the United States improved, remained the same, or worsened?*	Improved	65	5.21%
		Remained about the same	150	12.03%
		Worsened	1,023	82.04%
		Don't know/No opinion	9	0.72%
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	682	54.69%
		About the same	316	25.34%
		Worse	198	15.88%
		Don't know/No opinion	51	4.09%
3	Do you anticipate that your firm's sales revenues will increase, remain about the same, or decrease during the next 12 months?*	Increase	818	65.60%
		Remain the same	274	21.97%
		Decrease	138	11.07%
		Don't know/No opinion	17	1.36%
4	Do you expect your firm's profitability to improve, remain about the same, or worsen during the next 12 months?*	Improve	697	55.89%
		Remain the same	355	28.47%
		Worsen	179	14.35%
		Don't know/No opinion	16	1.28%
5	Are your firm's total fixed investment expenditures likely to increase, remain about the same, or decrease during the next 12 months?*	Increase	482	38.65%
		Remain the same	572	45.87%
		Decrease	181	14.51%
		Don't know/No opinion	12	0.96%
6	Do you expect your firm's total number of employees will increase, remain about the same, or decrease during the next 12 months?*	Increase	692	55.49%
		Remain the same	436	34.96%
		Decrease	112	8.98%
		Don't know/No opinion	7	0.56%

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7	To what degree have your revenues been impacted by the coronavirus pandemic?	Increased	278	22.29%
		No change in revenues	173	13.87%
		Decreased less than 10%	236	18.93%
		Decreased 10-24%	341	27.35%
		Decreased 25-49%	159	12.75%
		Decreased 50-74%	39	3.13%
		Decreased 75+%	19	1.52%
8	How long will your cash reserves support your business during the current economic conditions?	Less than 1 month	14	1.12%
		1 - 2 months	91	7.30%
		3 - 5 months	313	25.10%
		6 - 12 months	333	26.70%
		More than one year	467	37.45%
		Other, please specify	25	2.00%
9	When do you expect that economic conditions in the U.S. will begin to improve?	Less than 1 month	48	3.85%
		1 - 2 months	105	8.42%
		3 - 5 months	300	24.06%
		6 - 12 months	497	39.86%
		More than one year	221	17.72%
		Other, please specify	75	6.01%
10	How long do you expect it will take your business to recover from the economic impact of the pandemic?	Have not been impacted by the pandemic	178	14.27%
		Already recovered from impacts	260	20.85%
		Less than 1 month	12	0.96%
		1 - 2 months	34	2.73%
		3 - 5 months	141	11.31%
		6 - 12 months	321	25.74%
		More than one year	272	21.81%
		Other, please specify	28	2.25%

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11	Which statement describes where you expect your business to be 6 months from now?	Stronger than before	565	45.35%
		Back to normal	229	18.38%
		Moderately weakened but regaining momentum	384	30.82%
		Significantly weakened and fighting to rebuild	65	5.22%
12	If you implemented remote working during the pandemic, when will your employees return to the workplace?	Employees have started returning to the workplace	522	41.89%
		Before the end of the year	49	3.93%
		Not until 2021	209	16.77%
		Uncertain	140	11.24%
		Did not implement remote working	191	15.33%
		Other, please specify	132	10.59%

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Question	Response	Count	Percentage
13 Which best describes your approach to return to work plans?	Voluntary return for all employees; they can continue to work remotely full or part time	225	28.85%
	Phased approach with reduced capacity to limit those workplace at any one time	228	29.23%
	Specific roles required to return to the workplace, others remain remote	188	24.10%
	All employees return at the same time	116	14.87%
	Other, please specify	23	2.95%
14 What is the biggest concern your employees have about returning to the workplace?	Following physical distancing guidelines	28	3.59%
	Exposure to too many people	145	18.59%
	Cleanliness and sanitization of office/facility	8	1.03%
	Compliance of co-workers in following safety processes and guidelines	38	4.87%
	Response protocols and guidelines in the event of exposure in the workplace	9	1.15%
	Leave policies if they or a family member becomes ill	4	0.51%
	Other, please specify	26	3.33%

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15	Our employees are highly concerned about returning to the workplace	Strongly Disagree	5	1.94%
		Disagree	52	20.16%
		Neutral	81	31.40%
		Agree	98	37.98%
		Strongly Agree	22	8.53%
15.1	Our return to work plans fully address employee's concerns about personal safety	Strongly Disagree	1	0.39%
		Disagree	8	3.10%
		Neutral	46	17.83%
		Agree	134	51.94%
		Strongly Agree	69	26.74%
15.2	I am confident about worker safety based on the processes and safety guidelines put in place	Strongly Disagree	1	0.39%
		Disagree	10	3.88%
		Neutral	44	17.05%
		Agree	142	55.04%
		Strongly Agree	59	22.87%
15.3	I am confident about employee compliance with processes and safety guidelines put in place	Strongly Disagree	2	0.78%
		Disagree	15	5.81%
		Neutral	63	24.42%
		Agree	149	57.75%
		Strongly Agree	29	11.24%
15.4	We have plans in place to address employees who require special accommodations	Disagree	13	5.04%
		Neutral	55	21.32%
		Agree	128	49.61%
		Strongly Agree	61	23.64%
15.5	We have plans in place to address a COVID-19 exposure in the workplace	Strongly Disagree	1	0.39%
		Disagree	13	5.04%
		Neutral	34	13.18%
		Agree	131	50.78%
		Strongly Agree	77	29.84%

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Question	Factor	Count	Percentage
18 What is currently the biggest external factor impacting your business?	Economic uncertainty	414	33.25%
	Political uncertainty	218	17.51%
	Pandemic/coronavirus	345	27.71%
	Industry/government regulations	61	4.90%
	Jobs market	74	5.94%
	Supply chain	84	6.75%
	Natural disasters	4	0.32%
	Cyberthreats	4	0.32%
	Other	41	3.29%

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23	During your company's last fiscal year, what was its total employment?*	1-9 employees	90	7.22%
		10-19 employees	136	10.91%
		20-49 employees	322	25.82%
		50-99 employees	243	19.49%
		100-499 employees	365	29.27%
		500-999 employees	47	3.77%
		1000-4999 employees	34	2.73%
		5000-9999 employees	7	0.56%
		10000+ employees	3	0.24%
24	During your company's last fiscal year, what were its total revenues? *	Less than 500k	17	1.36%
		500-999k	22	1.76%
		1-4 Million	202	16.20%
		5-9 Million	221	17.72%
		10-20 Million	239	19.17%
		21-49 Million	259	20.77%
		50-99 Million	139	11.15%
		100-249 Million	96	7.70%
		250-499 Million	25	2.00%
		500-999 Million	14	1.12%
		1+ Billion	13	1.04%

About the Vistage CEO Confidence Index

Each quarter the Vistage CEO Confidence Index gathers data from top-performing CEOs on their sentiment regarding the economy, prospects for their business and expansion plans. Started in Q1 2003, the Index has grown to be the largest and most comprehensive report of opinions and projections from CEOs of small and mid-size companies in the U.S.

***Note that this report is a special edition in which we surveyed Vistage members outside the quarterly cadence to understand their sentiment about the coronavirus crisis. The data from this month is intended as a snapshot in time, and will not be included in any future Index trends.

About Vistage Worldwide

Vistage is the world's largest CEO coaching and peer advisory organization for small and midsize businesses. For more than 60 years, we've been helping CEOs, business owners and key executives solve their greatest challenges through confidential peer groups and one-to-one executive coaching sessions. Today, more than 23,000 members in 20 countries rely on Vistage to help make better decisions for their companies, families and communities. The results prove it: Vistage member companies grow 2.2 times faster than average small and midsize U.S. businesses, according to a 2017 analysis of Dun & Bradstreet data.

Learn more at vistage.com.

About our research

Vistage conducts original research and curates subject matter expertise from thought leaders to create actionable, thought-provoking insights for leaders of small and midsize businesses. Our analysis of surveys we conduct, including the WSJ/Vistage Small Business CEO survey and Vistage CEO Confidence Index survey, informs various reports. Since 2003, Vistage has published the CEO Confidence Index, which has been a proven predictor of GDP two quarters in advance. Vistage provides the data and expert perspectives to help SMB CEOs make better decisions.

Learn more at vistage.com/confidenceindex and vistageindex.com