

The Climb to Recovery Pauses Amid Uncertainty

While the trend of improving overall confidence among small and midsize businesses (SMBs) has paused according to the latest Vistage CEO Confidence Index survey, data reveals that pessimism of the current economic conditions has lessened, while the future of the economy remains uncertain.

- Over three-quarters of CEOs – 76% – believe that the economy recently got worse, an improvement from 82% last month. And 8% of CEOs said it recently improved, up from 5% in both September and October.
- Looking ahead, 50% of CEOs reported expectations that the economy would improve in the next 12 months, down 3 percentage points from October’s 55% and from 58% in September, while 20% reported it would get worse.

Impacts of rising cases of COVID-19 on SMBs are the primary drivers for the pause in progress. Customers and employees have been the greatest impacts with 63% of CEOs reporting employees were impacted and 64% reporting customer impacts. Despite these impacts, the revenue impact of the pandemic has held at levels recorded in October with 36% of CEOs reporting that their revenues have increased (22%) or remained stable (14%) and 46% reporting declines of 10-25%. Looking ahead, 64% of CEOs expect increased revenues in the next 12 months, down marginally from 66% last month.

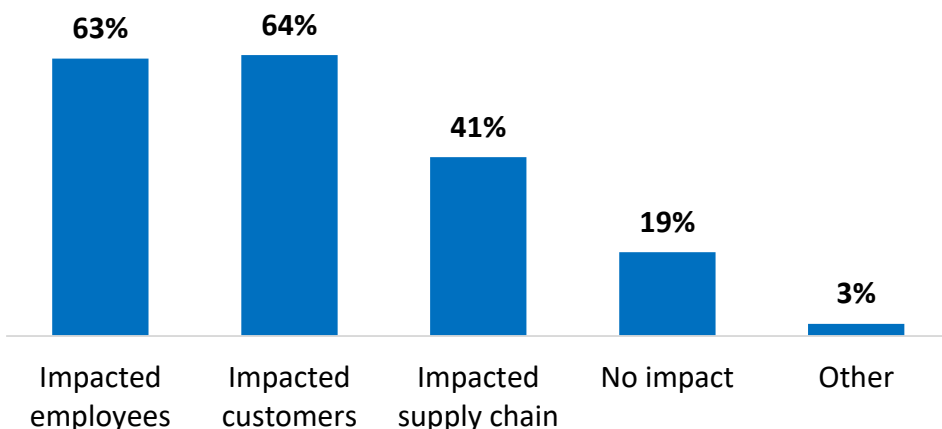
SMB sentiment on the outcome of the election is varied, mirroring the general population. More than one third (39%) of SMBs believe there will be no impact (16%) or it is too soon to tell (23%). The change in administration will have a negative impact according to 33% of CEOs, while 28% believe there will be a positive impact. When asked about policy priorities, CEOs recognize the need for mitigating the public impacts of COVID-19 as one of their top 3 policy priorities. However, the policy that is most critical to the health of their business for SMBs is economic stimulus, and it is hoped that will be addressed before the new year.

Source: November 2020 Vistage CEO Confidence Index, n=1,173

These findings represent data collected between November 9 - 16, 2020 from CEOs and other leaders of small and midsize businesses in the U.S.

COVID-19 impacts 8-in-10 small and midsize businesses

Impacts of recent rise in COVID-19 cases on SMBs



When asked about what areas of their business have been impacted by the recent rise in cases, just 19% of CEOs reported no impact. Employees and customers are impacted equally, and the supply chain saw some disruption as well.

With more schools returning to distance learning, impact on employees is likely to rise. Shutdowns and restrictions will impact customer activity. The recovery is certainly on pause as we wait for public health guidance, new economic stimulus and ultimately a vaccine.

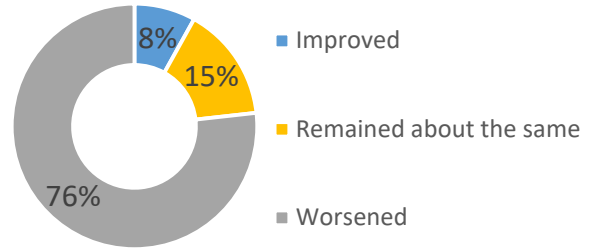
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November 2020

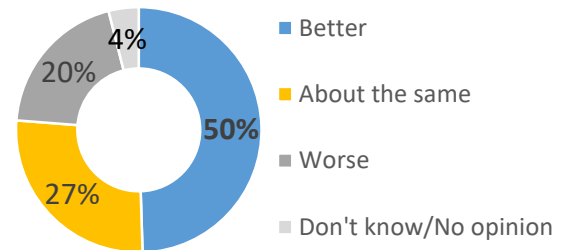
Vistage CEO Confidence Index Highlights

Economy

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

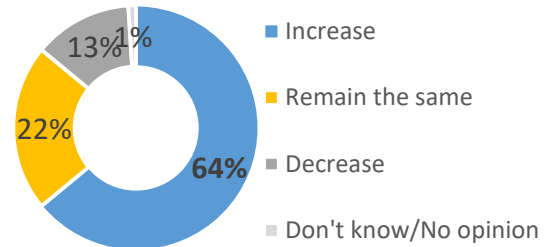


During the next 12 months, do you expect the overall economic conditions in the U.S. will be better, about the same, or worse than now?

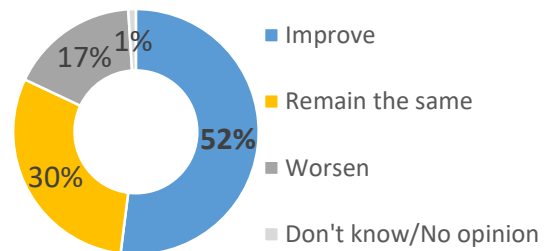


Prospects

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

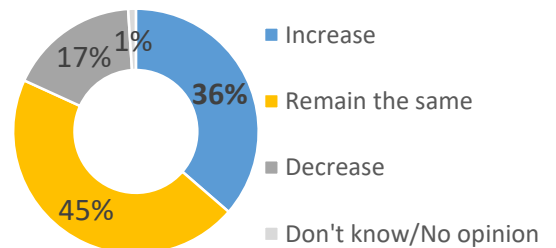


Do you expect your firm's profitability to improve, remain about the same, or worsen during the next 12 months?

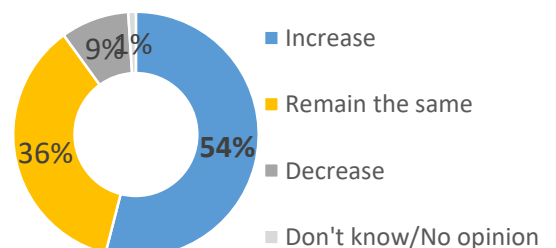


Expansion

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?



November 2020 Vistage CEO Confidence Index

Total Respondents

1,173

Annual Revenue: All
 Number of Employees: All
 Industry: All
 Area: All

| | | | | |
|---|--|-------------------------|-----|--------|
| 1 | Compared with a year ago, have overall economic conditions in the United States improved, remained the same, or worsened?* | Improved | 96 | 8.18% |
| | | Remained about the same | 177 | 15.09% |
| | | Worsened | 896 | 76.39% |
| | | Don't know/No opinion | 4 | 0.34% |
| 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 | 587 | 50.04% |
| | | About the same | 311 | 26.51% |
| | | Worse | 233 | 19.86% |
| | | Don't know/No opinion | 42 | 3.58% |
| 3 | Do you anticipate that your firm's sales revenues will increase, remain about the same, or decrease during the next 12 months?* | Increase | 745 | 63.51% |
| | | Remain the same | 260 | 22.17% |
| | | Decrease | 156 | 13.30% |
| | | Don't know/No opinion | 12 | 1.02% |
| 4 | Do you expect your firm's profitability to improve, remain about the same, or worsen during the next 12 months?* | Improve | 609 | 51.92% |
| | | Remain the same | 349 | 29.75% |
| | | Worsen | 204 | 17.39% |
| | | Don't know/No opinion | 11 | 0.94% |
| 5 | Are your firm's total fixed investment expenditures likely to increase, remain about the same, or decrease during the next 12 months?* | Increase | 421 | 35.89% |
| | | Remain the same | 530 | 45.18% |
| | | Decrease | 199 | 16.97% |
| | | Don't know/No opinion | 23 | 1.96% |
| 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 | 634 | 54.05% |
| | | Remain the same | 418 | 35.64% |
| | | Decrease | 111 | 9.46% |
| | | Don't know/No opinion | 10 | 0.85% |

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|----|--|-------------------------|-----|--------|
| 7 | How do you expect your firm's total number of employees will change during the next 3 months? | Increase | 455 | 38.79% |
| | | Remain the same | 590 | 50.30% |
| | | Decrease | 117 | 9.97% |
| | | Don't know/no opinion | 8 | 0.68% |
| 8 | To what degree have your revenues been impacted by the coronavirus pandemic? | Increased | 263 | 22.42% |
| | | No change in revenues | 158 | 13.47% |
| | | Decreased less than 10% | 239 | 20.38% |
| | | Decreased 10-24% | 309 | 26.34% |
| | | Decreased 25-49% | 145 | 12.36% |
| | | Decreased 50-74% | 38 | 3.24% |
| | | Decreased 75+% | 18 | 1.53% |
| 9 | How long will your cash reserves continue to support your business based on the current economic conditions? | Less than 1 month | 12 | 1.02% |
| | | 1 - 2 months | 95 | 8.10% |
| | | 3 - 5 months | 258 | 21.99% |
| | | 6 - 12 months | 315 | 26.85% |
| | | More than one year | 462 | 39.39% |
| | | Other, please specify | 24 | 2.05% |
| 10 | When do you expect that economic conditions in the U.S. will begin to improve? | Less than 1 month | 47 | 4.01% |
| | | 1 - 2 months | 55 | 4.69% |
| | | 3 - 5 months | 298 | 25.40% |
| | | 6 - 12 months | 448 | 38.19% |
| | | More than one year | 247 | 21.06% |
| | | Other, please specify | 75 | 6.39% |

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Which government policies are most critical for the health of your business or industry? Rank according to importance.

| Policy | Rank | Count | Percentage |
|--------------------|---------------------|-------|------------|
| 11.3 Public health | 1 - Top Priority | 269 | 30.60% |
| | 2 | 177 | 20.14% |
| | 3 | 112 | 12.74% |
| | 4 | 93 | 10.58% |
| | 5 | 83 | 9.44% |
| | 6 | 62 | 7.05% |
| | 7 | 68 | 7.74% |
| | 8 - Lowest Priority | 15 | 1.71% |

| Policy | Rank | Count | Percentage |
|------------|---------------------|-------|------------|
| 11.4 Taxes | 1 - Top Priority | 249 | 25.33% |
| | 2 | 252 | 25.64% |
| | 3 | 178 | 18.11% |
| | 4 | 111 | 11.29% |
| | 5 | 70 | 7.12% |
| | 6 | 61 | 6.21% |
| | 7 | 56 | 5.70% |
| | 8 - Lowest Priority | 6 | 0.61% |

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| Policy | Rank | Count | Percentage |
|-------------------|---------------------|-------|------------|
| 11.5 Tariff/Trade | 1 - Top Priority | 78 | 9.22% |
| | 2 | 136 | 16.08% |
| | 3 | 141 | 16.67% |
| | 4 | 108 | 12.77% |
| | 5 | 117 | 13.83% |
| | 6 | 96 | 11.35% |
| | 7 | 148 | 17.49% |
| | 8 - Lowest Priority | 22 | 2.60% |

| Policy | Rank | Count | Percentage |
|---------------------|---------------------|-------|------------|
| 11.6 Infrastructure | 1 - Top Priority | 82 | 9.98% |
| | 2 | 86 | 10.46% |
| | 3 | 120 | 14.60% |
| | 4 | 149 | 18.13% |
| | 5 | 125 | 15.21% |
| | 6 | 146 | 17.76% |
| | 7 | 108 | 13.14% |
| | 8 - Lowest Priority | 6 | 0.73% |

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| | | | |
|-----------------|---------------------|-----|--------|
| 11.7 Technology | 1 - Top Priority | 34 | 4.19% |
| | 2 | 64 | 7.89% |
| | 3 | 101 | 12.45% |
| | 4 | 114 | 14.06% |
| | 5 | 161 | 19.85% |
| | 6 | 169 | 20.84% |
| | 7 | 155 | 19.11% |
| | 8 - Lowest Priority | 13 | 1.60% |

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| 12 What impact do you believe the outcome of the election will have on your business? | Positive impact | 325 | 27.80% |
| | No impact | 189 | 16.17% |
| | Negative impact | 389 | 33.28% |
| | Too soon to tell | 266 | 22.75% |

| | | | |
|--|-----------------------|-----|--------|
| 14 How has the recent rise in Covid-19 cases impacted your business? Select all that apply | Impacted employees | 738 | 63.02% |
| | Impacted customers | 747 | 63.79% |
| | Impacted supply chain | 476 | 40.65% |
| | No impact | 223 | 19.04% |
| | Other, please specify | 33 | 2.82% |

| | | | |
|---|--|-----|--------|
| 16 What is your top priority in a stimulus bill from the U.S. government? | Forgivable loans | 357 | 30.83% |
| | Grants | 32 | 2.76% |
| | Aid targeted to specific industries | 133 | 11.49% |
| | Long-term low interest loans, even if they aren't forgivable | 100 | 8.64% |
| | Liability protection | 121 | 10.45% |
| | Blanket forgiveness for Paycheck Protection Program loans of less than \$150,000 | 70 | 6.04% |
| | Favorable tax treatment | 273 | 23.58% |
| | Other, please specify | 72 | 6.22% |

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| Question | Response | Count | Percentage |
|---|--|-------|------------|
| 18 How are you rewarding employees at year-end? Select all that apply | Financial year-end bonus | 723 | 62.17% |
| | Additional Personal Time Off around the holidays | 264 | 22.70% |
| | Early release during the work week | 151 | 12.98% |
| | Gifts/gift certificates | 472 | 40.58% |
| | Holiday gathering | 231 | 19.86% |
| | I won't be doing any recognition for end of year | 124 | 10.66% |
| | Other, please specify | 82 | 7.05% |

| Question | Response | Count | Percentage |
|---|---------------------------------|-------|------------|
| 19 What best describes your financial year-end bonus? | Based on individual performance | 197 | 27.29% |
| | Based on company performance | 405 | 56.09% |
| | Flat bonus for all employees | 56 | 7.76% |
| | Other, please specify | 64 | 8.86% |

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| | | | |
|--|---------------------|-----|--------|
| 22 During your company's last fiscal year, what was its total employment?* | 1-9 employees | 90 | 7.67% |
| | 10-19 employees | 124 | 10.57% |
| | 20-49 employees | 322 | 27.45% |
| | 50-99 employees | 217 | 18.50% |
| | 100-499 employees | 329 | 28.05% |
| | 500-999 employees | 51 | 4.35% |
| | 1000-4999 employees | 33 | 2.81% |
| | 5000-9999 employees | 3 | 0.26% |
| | 10000+ employees | 3 | 0.26% |
| | None | 1 | 0.09% |
| 23 During your company's last fiscal year, what were its total revenues? * | Less than 500k | 21 | 1.79% |
| | 500-999k | 19 | 1.62% |
| | 1-4 Million | 197 | 16.79% |
| | 5-9 Million | 213 | 18.16% |
| | 10-20 Million | 232 | 19.78% |
| | 21-49 Million | 218 | 18.58% |
| | 50-99 Million | 123 | 10.49% |
| | 100-249 Million | 90 | 7.67% |
| | 250-499 Million | 28 | 2.39% |
| | 500-999 Million | 18 | 1.53% |
| | 1+ Billion | 14 | 1.19% |

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