

CEO Projections 2023: *Growing Forward*

Presented by:



Joe Galvin

Chief Research Officer, Vistage
@joegalvin



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BUSINESS GROWTH & STRATEGY

The top 3 priorities for CEOs in 2023 [New report]



Joe Galvin
April 10, 2023

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AFTERSHOCKS

"All the News That's
Fit to Print."

The New York Times.

THE WEATHER.
Fair to-day and to-morrow;
rising southerly winds.

VOL. LV...NO. 17,617. ***** NEW YORK, THURSDAY, APRIL 19, 1906.—TWENTY TWO PAGES. ONE CENT In Greater New York, (Elsewhere,
Jersey City and Newark, TWO CENTS.

OVER 500 DEAD, \$200,000,000 LOST IN SAN FRANCISCO EARTHQUAKE

Nearly Half the City Is in Ruins and
50,000 Are Homeless.


WATER SUPPLY FAILS AND DYNAMITE IS USED IN VAIN

Great Buildings Consumed Before Helpless Firemen—Federal
Troops and Militia Guard the City, With Orders to
Shoot Down Thieves—Citizens Roused in Early
Morning by Great Convulsion and Hun-
dreds Caught by Falling Walls.

Firemen and United States soldiers, who
assisted them, blew down building af-
ter building. Their efforts, however,
was ruined, though its massive walls
were not all destroyed.
A little further down Market Street,
Pacific Division of the United States
Army, were asked to send troops.
A thousand men from the Presidio

EARTHQUAKE'S AUTOGRAPH AS IT WROTE IT 3,000 MILES AWAY.

Tracing Made by the Seismograph Needle in the Office of State Geologist John M. Clarke, State
Museum, Albany, Showing How the Earthquake Traveled Across Continent in 19 Minutes.



The drawing represents the vibration of the north and south pendulum of the seismograph during the time of the
most intense activity, beginning in San Francisco at 8:10 A. M., in Albany at 8:32. In Albany the violent agitation
ended at 8:40 A. M. The straight lines at the side of the wavy line indicate the normal condition of the record as the
recording drum revolves, and this serves to show the contrast between the ordinary progress of the record and that
during a disturbance. The spaces between the dots indicate lapses of one minute each.
The same violent disturbance was noticeable on the seismograph at Washington between 9:32 and 9:35 A. M., thus
verifying the time of transit across the continent—19 minutes.

From the opera house the fire leaped
from building to building, leveling them
almost to the ground in quick suc-
cession. The flames could be seen even
on the hills, which were out of the
danger zone. Here many thousands
of people congregated and viewed the
city is under martial law, and all
the downtown streets are patrolled by
cavalry and infantry. Details of troops

ALL SAN FRANCISCO MAY BURN; CLIFF HOUSE RESORT IN SEA

Flames Carried From the Business
Quarter to Residences

PALACE HOTEL AND MINT GO; BIG BUILDINGS BLOWN UP.

Other Shocks Felt During the Afternoon—Insane Asylum Is
Wrecked and Hundreds of Former Inmates Are
Roaming About the Country—Reports of
Heavy Loss of Life at San Jose.

5:24 AM
April 18, 1906

VISTAGE

AFTERMATH

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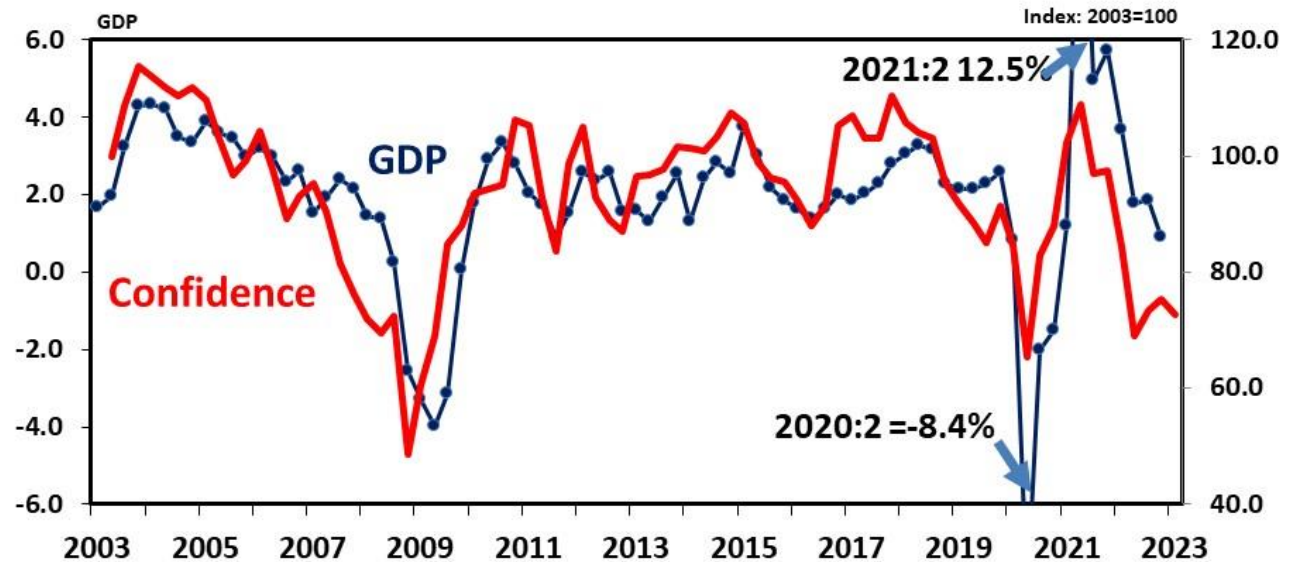
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ECONOMIC SEISMOGRAPH



March 2020

Vistage CEO Confidence Index and
Year-to-Year Changes In GDP



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AFTERMATH



March 2020

Everything has changed...

... but nothing's different

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EVERYTHING HAS CHANGED



Economy

Inflation, Interest rates, Unemployment

Workforce

Behavioral, Generational, Flexible

Workplace

Hybrid, Digital, Collaborative

Customer

Pandemic, Inflation, Buyers

VISTAGE

NOTHING IS DIFFERENT



Fiscal discipline

Hard learned pandemic lessons

Operational execution

Ability to operate at full capacity

Workforce competition

Quit rates and pay raises

Get close to customers

Everyone is in the aftermath

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AFTERMATH ECONOMY

ECONOMIC / FUTURE TRENDS

ITR Economics presents: 'A Changing Landscape: Calculate to Win' [Member Exclusive]



Joe Galvin

January 27, 2023 Like

Print PDF Share



Connor Lokar
Senior Forecaster,
ITR Economics

The onset of the recession won't likely happen until the end of 2023

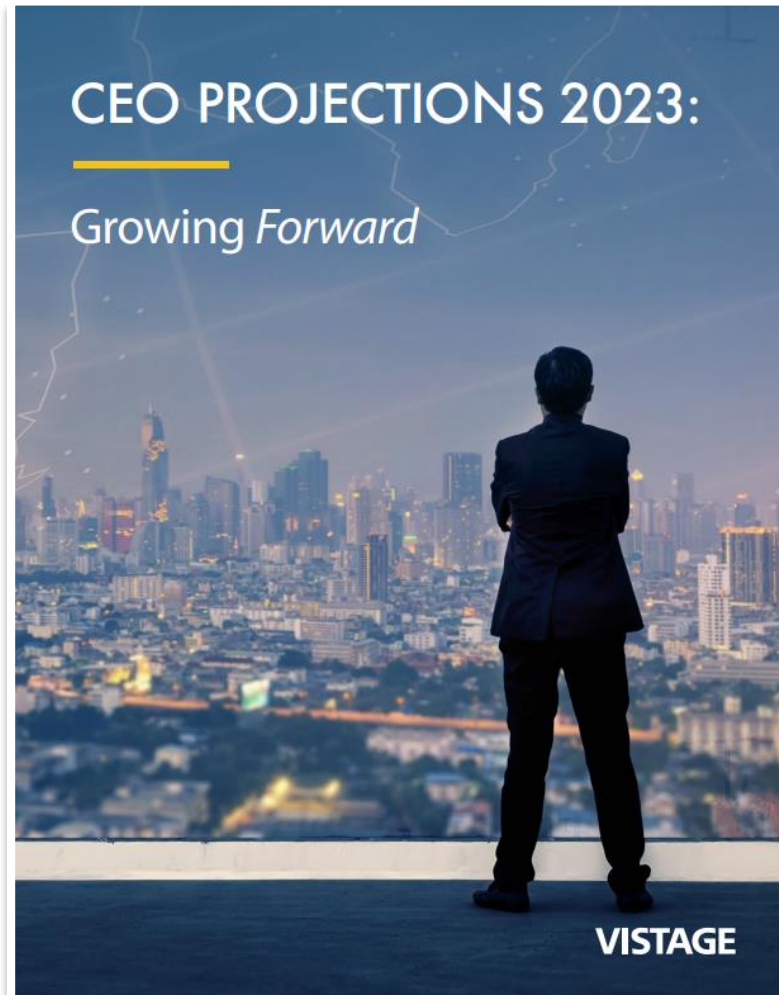
In general, we think 2024 is the worst year, relative to 2023

Right now however, we see a cleaner growth horizon for 2025 to 2028



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CEO PROJECTIONS 2023



Growing *Forward*

Decisions, Investments and Challenges

Workforce velocity

Infrastructure for execution

Opportunity in the aftermath

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IT'S HARD TO BE A CEO....

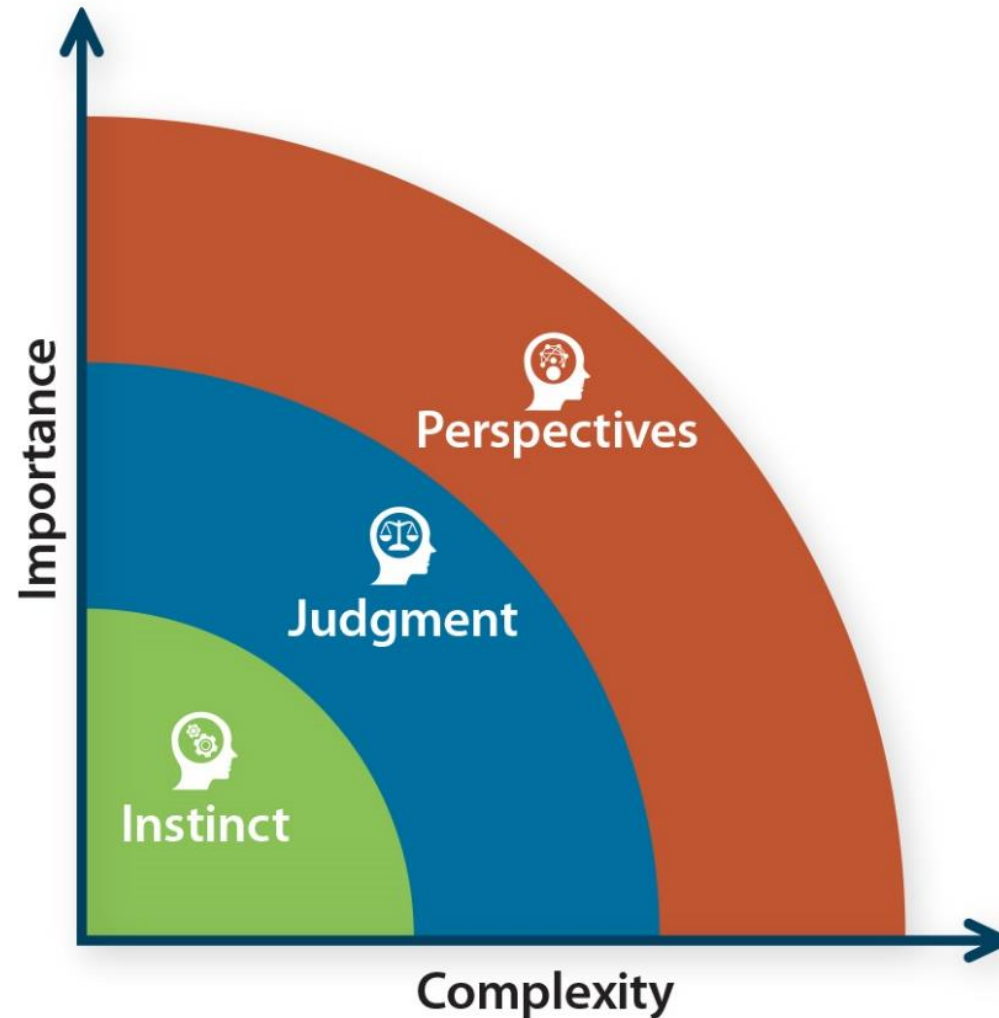
**“CEOs are in the Business
of Making Decisions”**



- Sam Reese
CEO, Vistage Worldwide

VISTAGE

OPTIMIZED DECISION MAKING



VISTAGE

VISTAGE RESEARCH



The SMB CEO's most trusted resource
for research, data and expert perspectives
on the issues, topics and decisions of Business
Optimization and Leadership Enhancement

VISTAGE

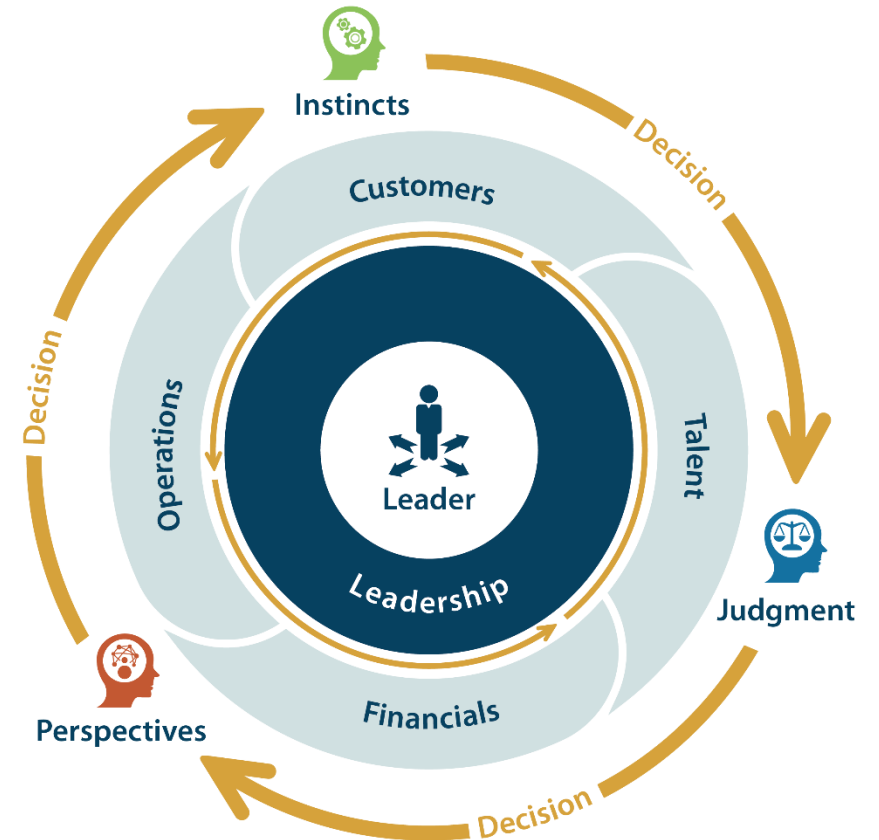
DECISION MODEL

Vistage Decision Model

Leader

Leadership

Business Optimization



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VISTAGE CEO CONFIDENCE INDEX

ECONOMIC / FUTURE TRENDS

CEO confidence stalls ahead of economic slowdown [Q1 2023 CEO Confidence Index]



Joe Galvin
April 13, 2023

Share this:

When approaching a tight corner at high speed, a race car driver will downshift, leveraging both the brakes and the engine to slow the car into the turn. By maintaining high RPMs, the driver maintains the power and has the torque to accelerate rapidly down the track as they exit the turn.

VISTAGE CEO Confidence Index

Surveying CEOs of small to midsize businesses since 2003

Q1 2023 | March 6-13

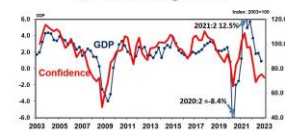
CEO confidence continues to fall amid recession concerns

The Vistage CEO Confidence Index retreated in the Q1 2023 survey, nearly erasing the small gains of the last two quarters. Overall, the index was 13.9% below Q1 2022 and has now fallen 33.3% from the post-pandemic peak of 108.8 reached in Q2 2021.

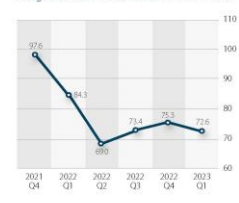
Importantly, the index has held at these depressed levels since Q2 2022, which is when the Federal Reserve implemented its first interest rate hike. The impact of higher interest rates on the index was stunning: In the four quarters since the Fed first hiked rates, the index has averaged 72.6, a sharp decline from the 97.0 recorded in the prior four quarters. So far, the slow pace of cumulative confidence losses reflects the near-zero starting level of rates and that CEOs widely desire lower inflation. New fixed investments, however, have been under duress since business loans are often based on the prime rate, which automatically reflects the Fed's rate changes.

Moreover, the evolving banking crisis will make loans harder to get and more expensive as interest rates continue to rise. Although some of the data in this report was collected from Friday to Monday, March 10th to the 13th, there were only small differences between the data before and following the collapse of Silicon Valley Bank. While its impact on the economy will depend on the length and manner in which the crisis is resolved, it has elevated the prospects for a 2023 recession.

Vistage CEO Confidence Index and Year-to-Year Changes in GDP



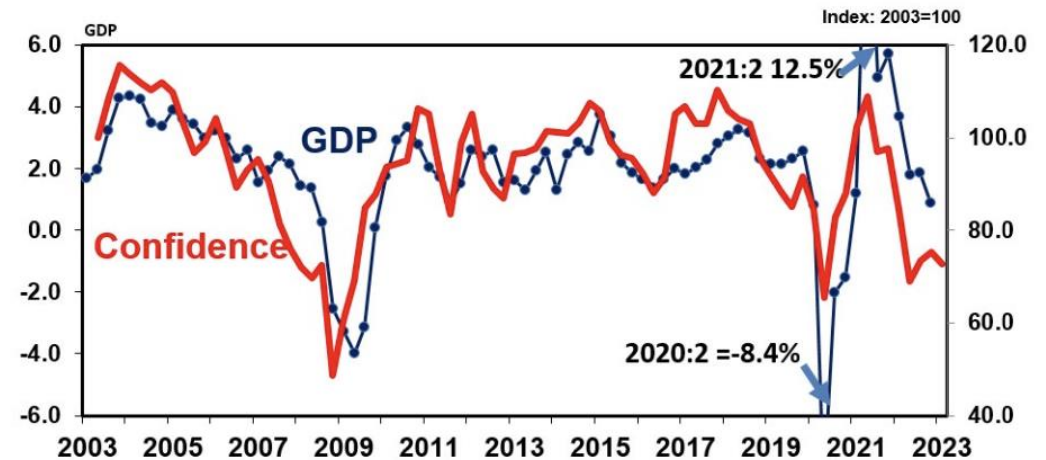
Vistage CEO Confidence Index: 6-Month Trend



The Vistage CEO Confidence Index fell to 72.6 in Q1 2023, a 13.9% decrease from last year's 84.3.

For more Vistage CEO Confidence Index results, visit vistage.com/ceoindex.

Vistage CEO Confidence Index and Year-to-Year Changes in GDP



Q1 2023

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CEO PROJECTIONS 2023



Growing *Forward*

Decisions, Investments and Challenges

Workforce velocity

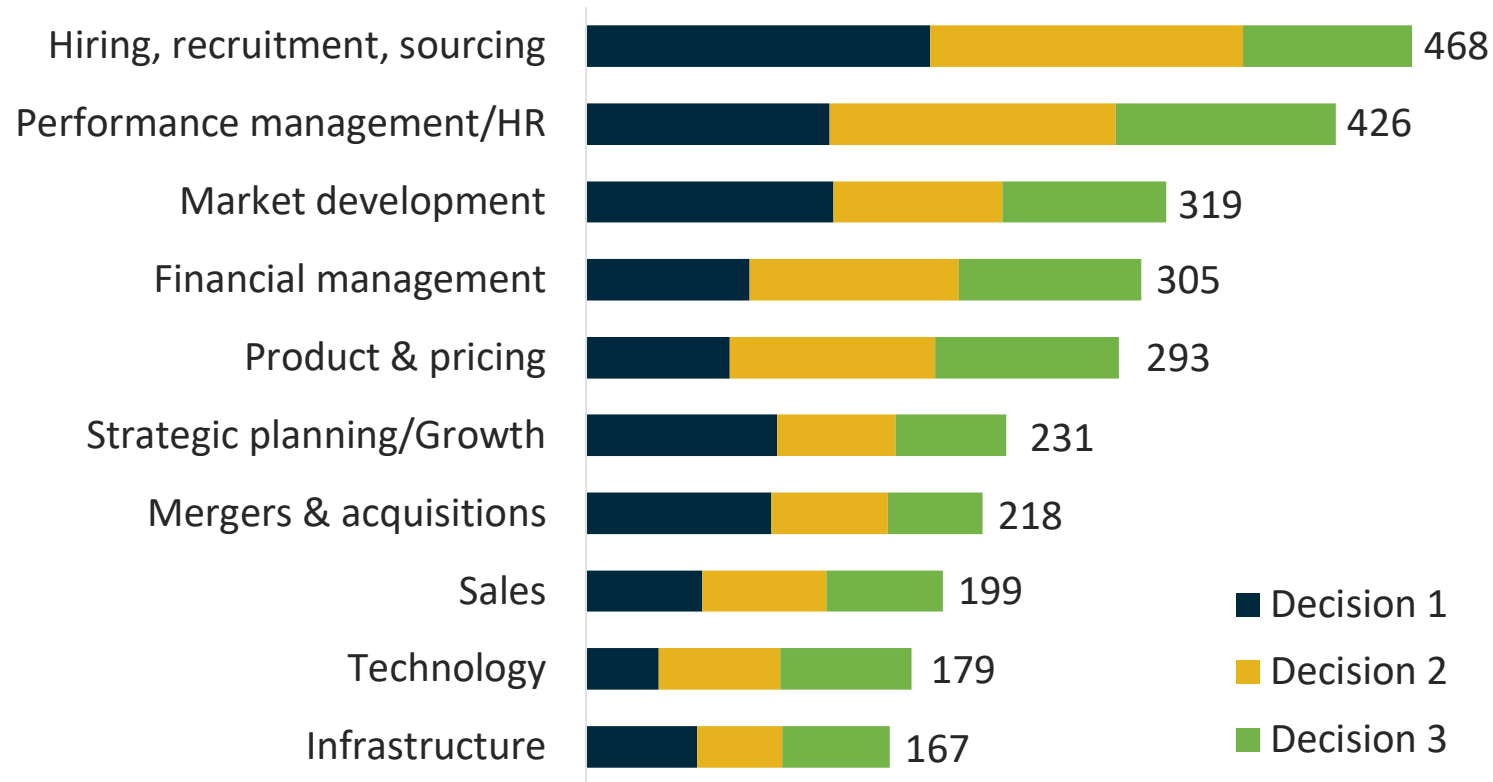
Infrastructure for execution

Opportunity in the aftermath

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RESEARCH INSIGHTS: MAJOR DECISIONS

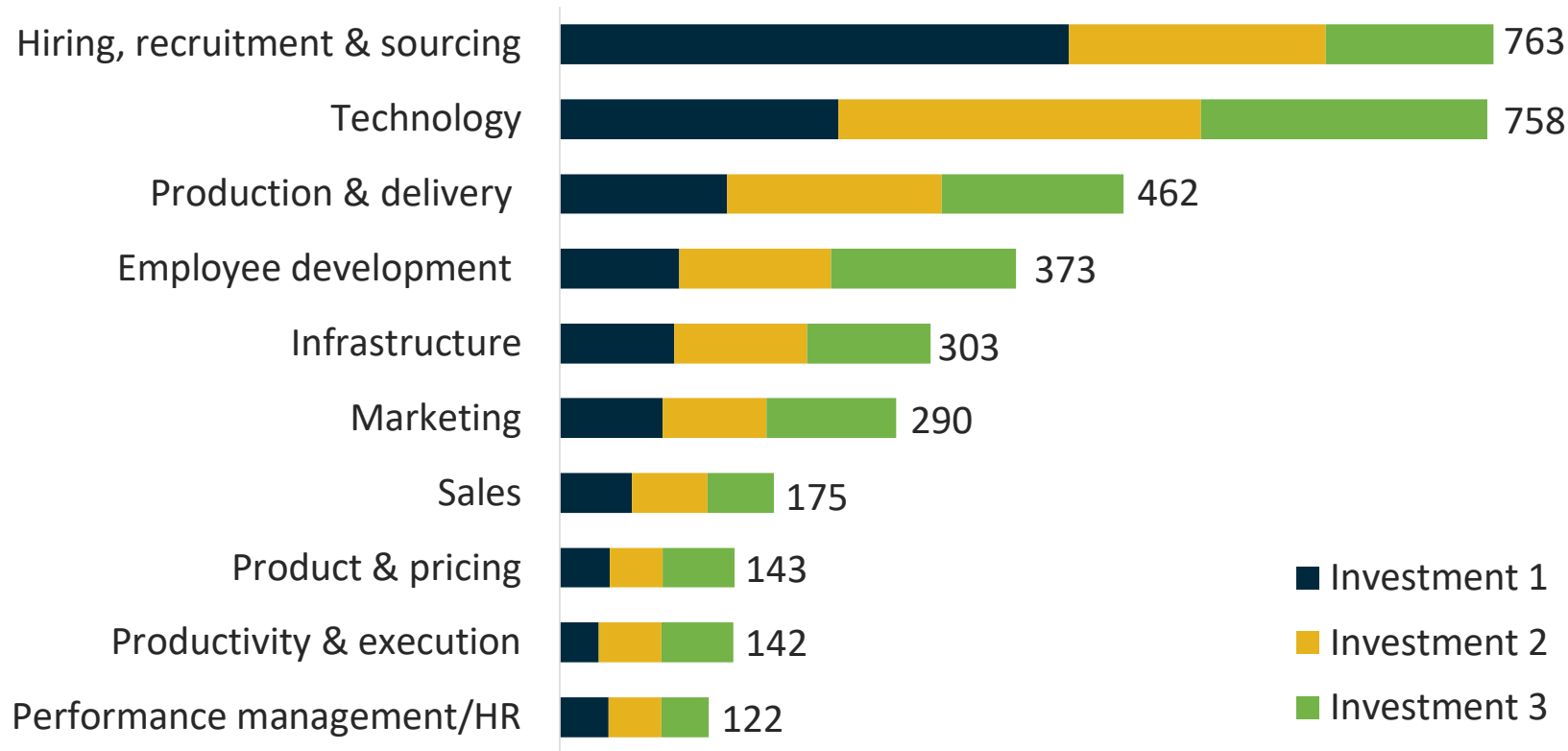
What are the major decisions you'll have to make regarding your business in 2023?



Source: Q4 2022 Vistage CEO Confidence Index
4,017 responses from 1,373 respondents

RESEARCH INSIGHTS: MAJOR INVESTMENTS

What are the major investments your are planning to make for your business in 2023?



Source: Q4 2022 Vistage CEO Confidence Index
4,120 responses from 1,373 respondents

LEADERSHIP CHALLENGES

What is the most significant leadership challenge you are facing right now?

Talent

Hiring, retention, employee development, leadership development

Financial management

Continued economic uncertainty, recession prep, inflation, cash flow, cost of capital

Growth

Managing growth, declining demand, changed customers

CEO PROJECTIONS 2023



Growing *Forward*

Decisions, Investments and Challenges

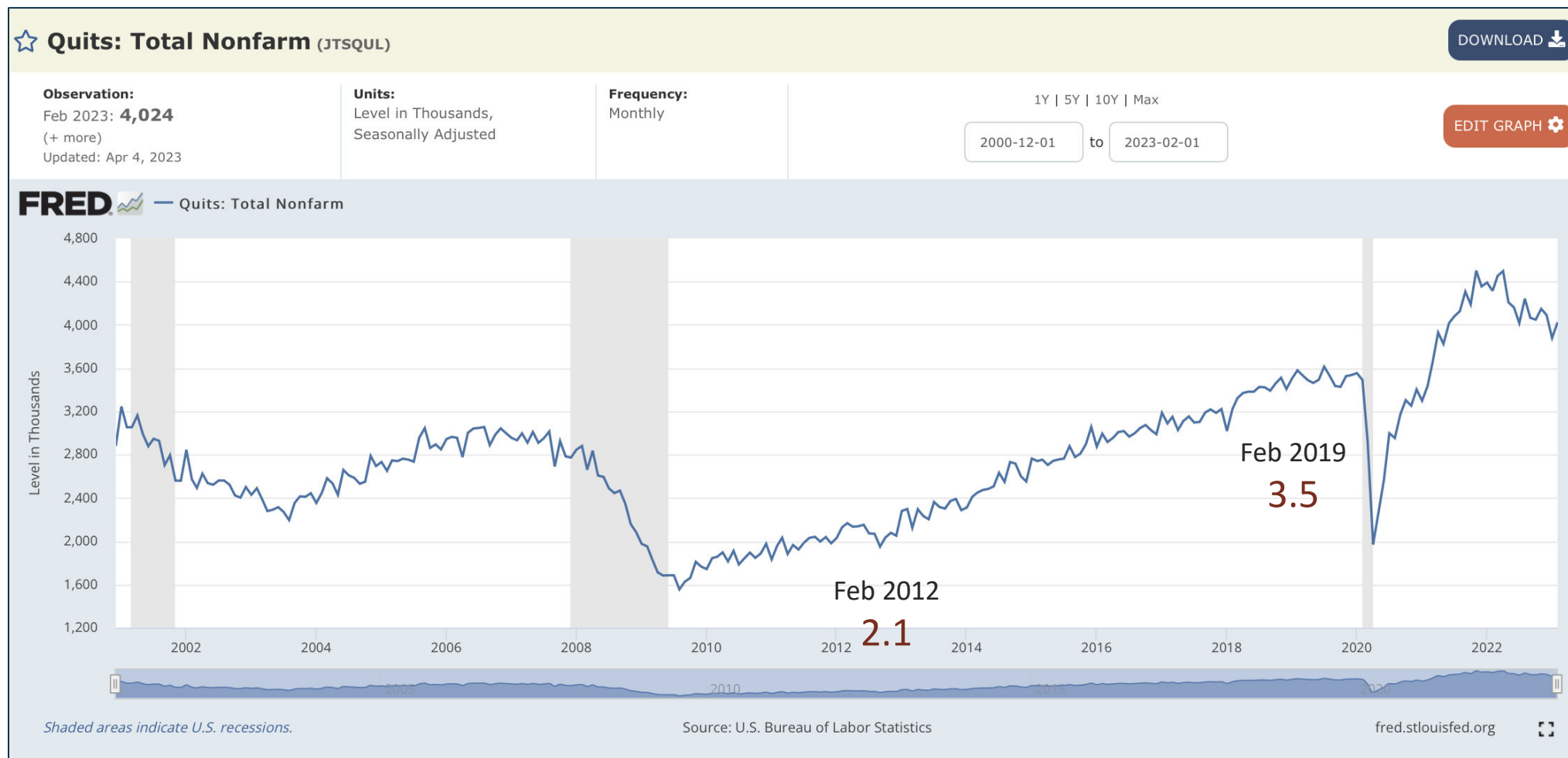
Workforce velocity

Infrastructure for execution

Opportunity in the aftermath

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QUIT RATES



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COMPARABLE QUIT RATES

Annual quit rate up 20% since 2018



Industry	Annual quit rate
Construction	21.6%
Education and Health Services	31.2%
Financial Activities	13.2%
Information	20.4%
Leisure and Hospitality	64.8%
Manufacturing	25.2%
Professional and Business Services	38.4%
Retail	46.8%
Trade, Transportation, and Utilities	42.0%

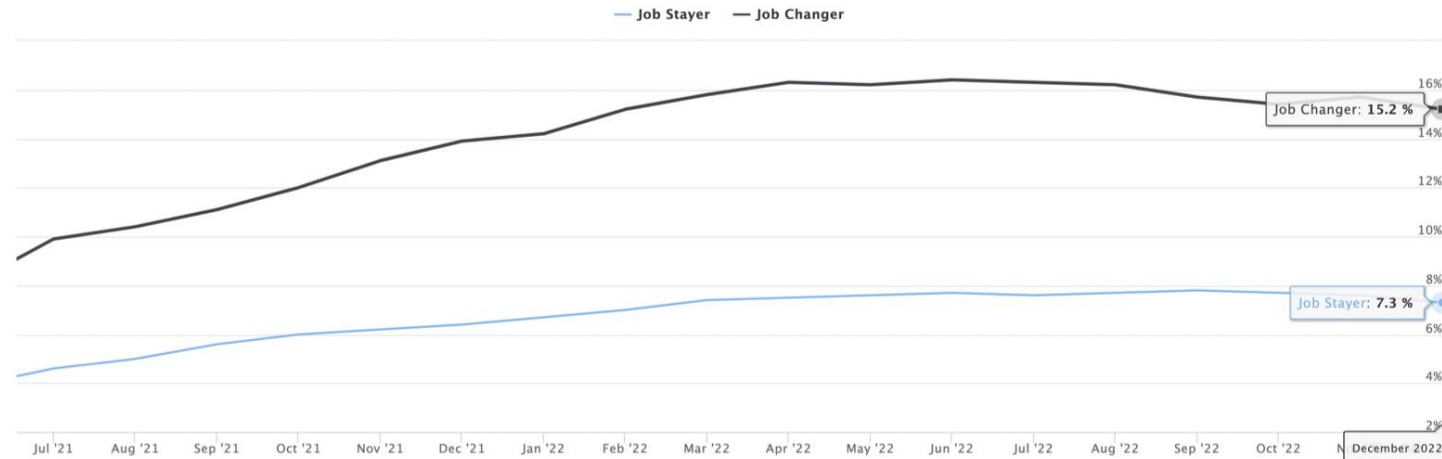
Source: Federal Reserve Bank
through November 2022

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THE BIG UPGRADE

Median year-over-year change in annual pay



+15.2%
Changer

+7.3%
Stayer

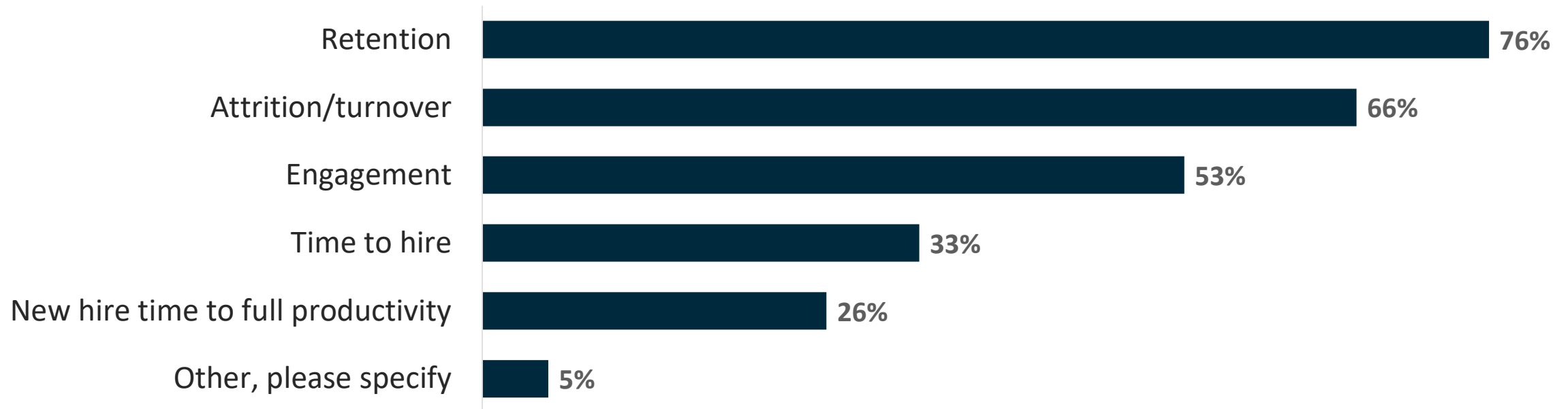
Source: ADP Pay Insights, December 2022

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WORKFORCE VELOCITY

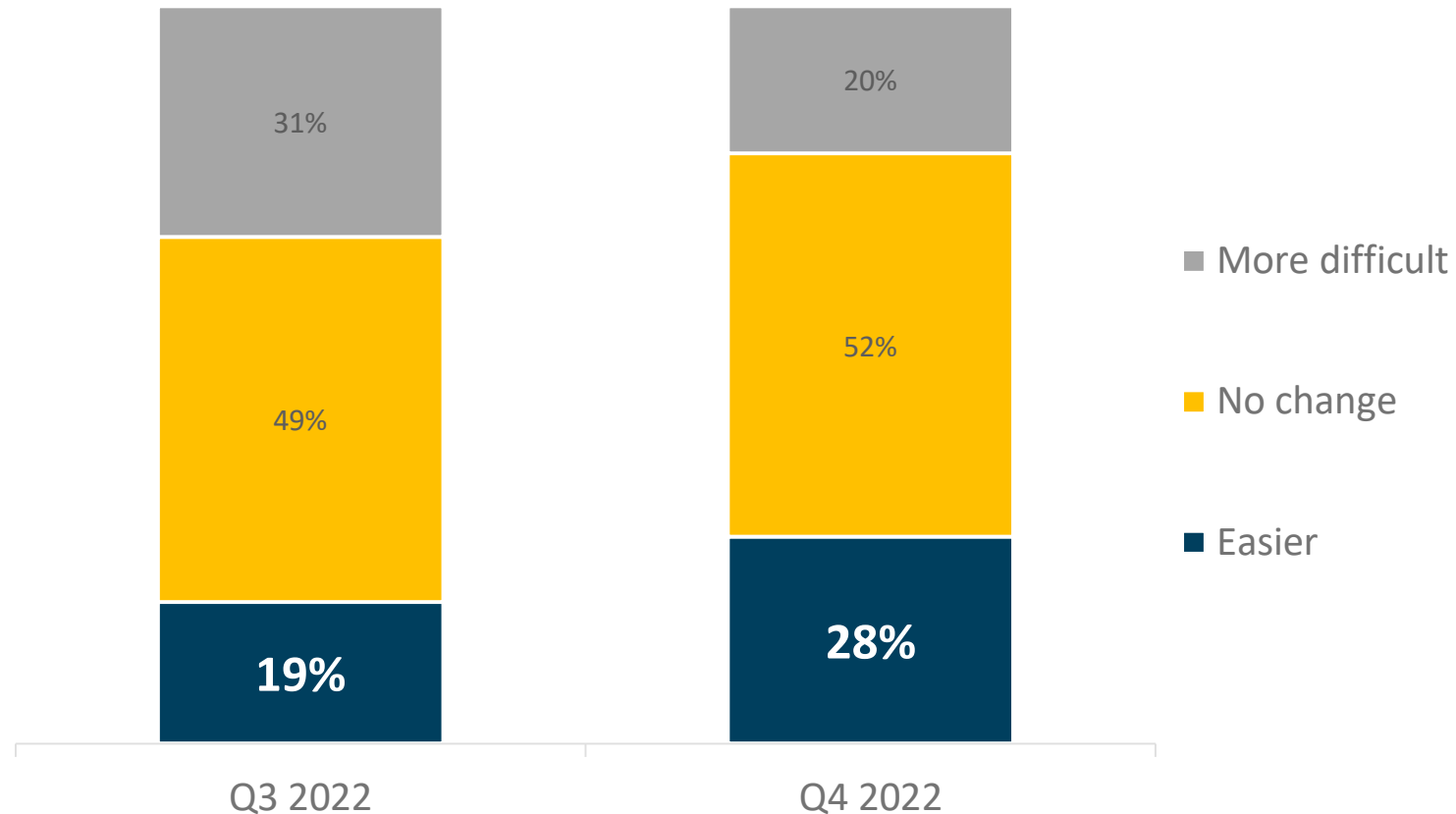
Which of the following people metrics are you currently measuring for your business



Quit rate: The annual quits rate is the number of quits during the entire year as a percent of annual average employment.

HARD TO HIRE

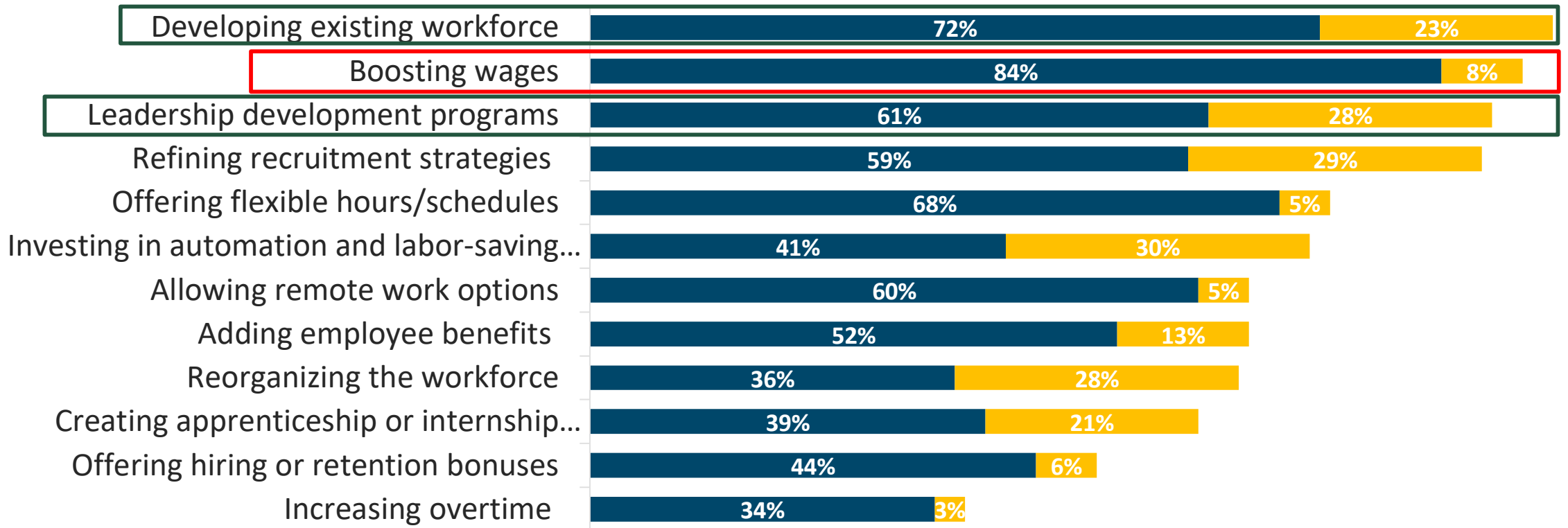
Is your company finding it easier or more difficult to fill job openings than it was at the start of the year?



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HIRING GETS THE HEADLINES

If hiring has become more difficult, what are you doing in response?



■ Have implemented ■ Planning to implement

Source: Q4 2022 Vistage CEO Confidence Index n = 1,373

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EMPLOYEE DEVELOPMENT

Performance

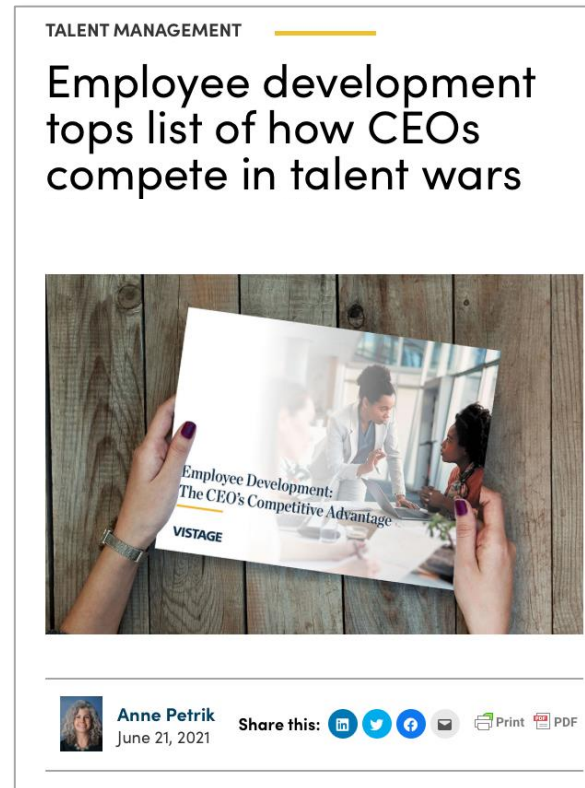
Improve productivity

Retention

Drive loyalty, protect revenue

Acquisition

Gain a competitive advantage



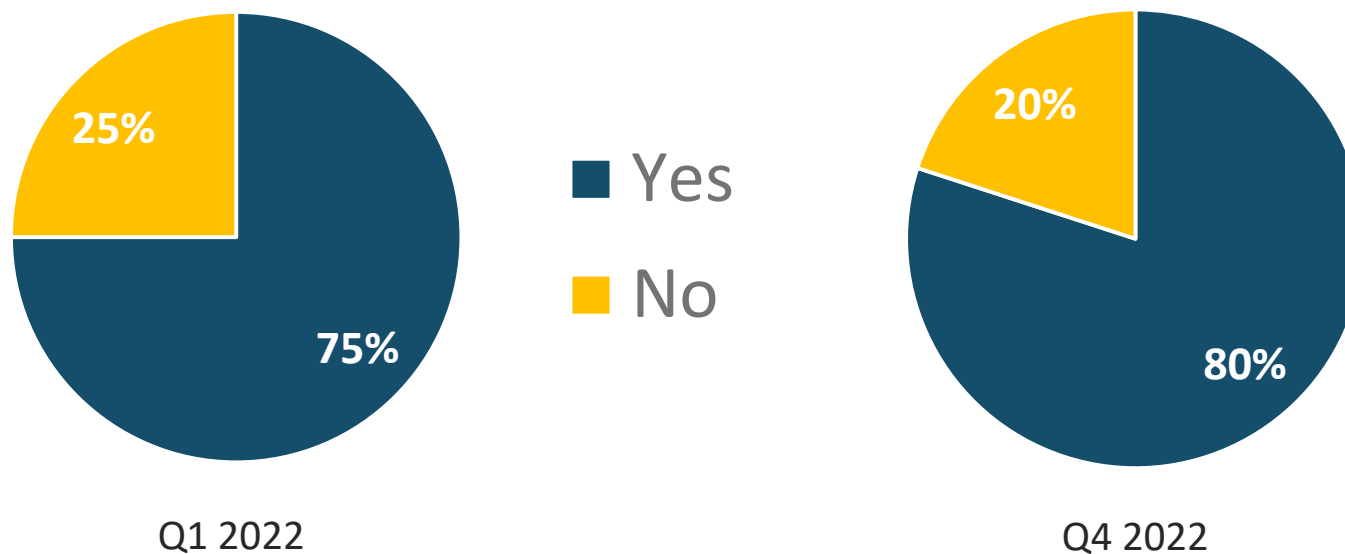
Employee development:
The CEO's competitive advantage

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LEADERSHIP DEVELOPMENT

Do you invest in development specifically for your company's managers and leaders?



BUILDING A BETTER BOSS



Greg Bustin

President, Bustin & Co.

Vistage Speaker and Master Chair

Understand truth about accountability



Margaret "Magi" Graziano

Chief Evangelist

KeenAlignment

Create culture that meets four basic human needs



Dr. Gleb Tsipursky

CEO

Disaster Avoidance Experts

Address proximity bias

EMPLOYEE DEVELOPMENT

To build better bosses, focus on these 3 key areas [new report]



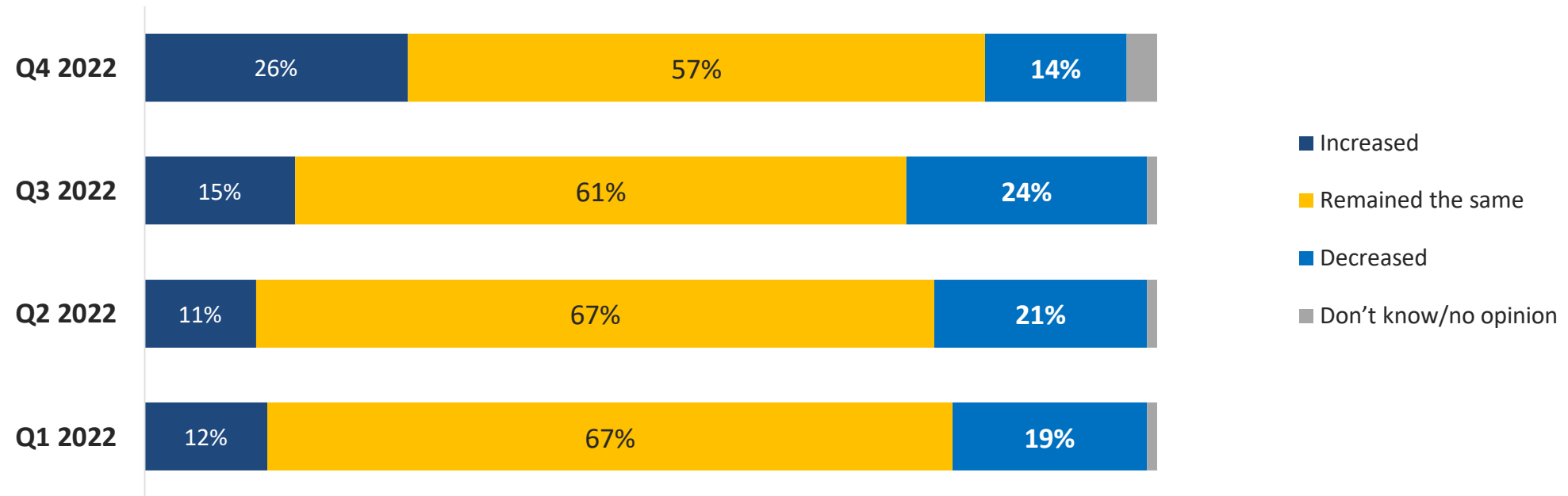
Joe Galvin
June 27, 2022

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PEOPLE QUIT

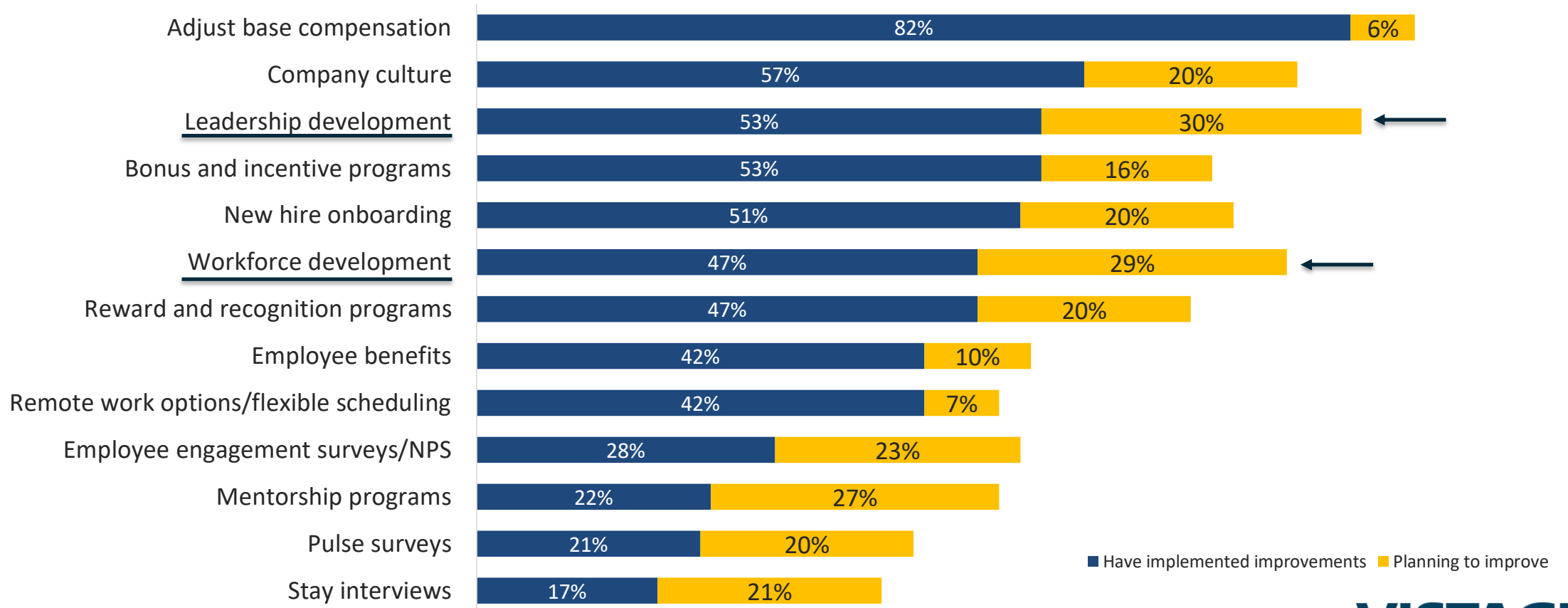
How have your employee retention rates changed since the beginning of the year?



“It will take longer and cost more to hire less experienced, less qualified people.”

RETENTION STRATEGIES

What improvements have you made to increase employee retention in the past 12 months?



Source: Q1 2023 Vistage CEO Confidence Index

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ATTENTION TO RETENTION

Provide competitive compensation

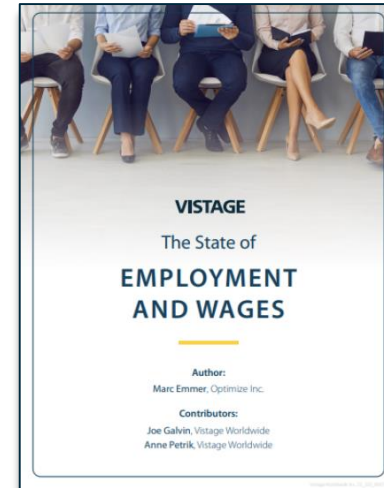
Invest in workforce development

Define, model and reinforce culture

Understand and drive engagement

Managing Workforce Velocity

Publishing early May, 2023



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CEO PROJECTIONS 2023



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Workforce velocity

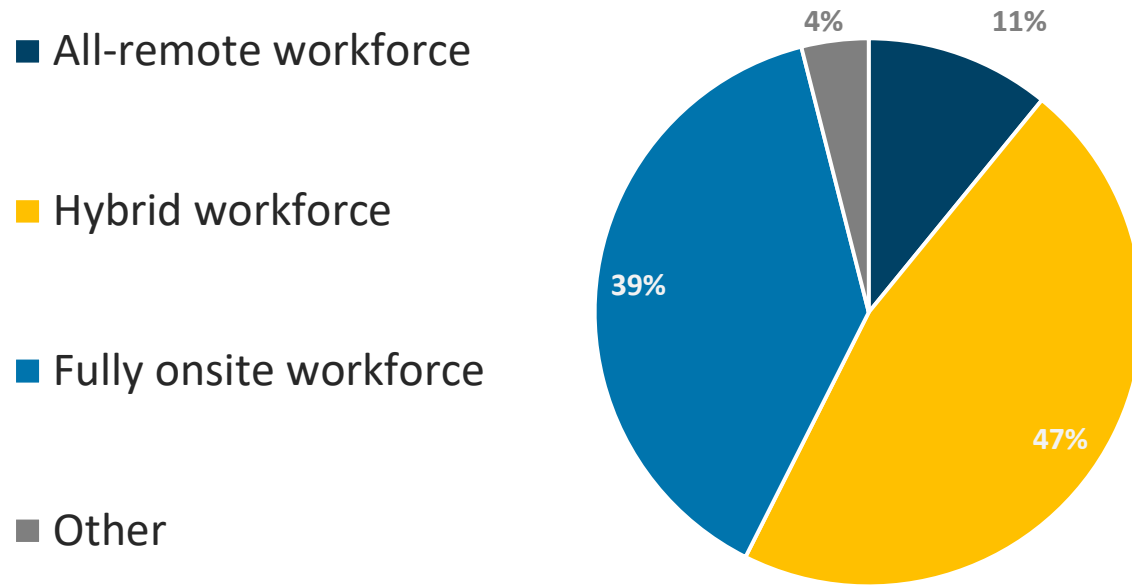
Infrastructure for execution

Opportunity in the aftermath

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DIGITAL TRANSFORMATION

Which best describes your current workforce model?



Desktops to Laptops
Mobility

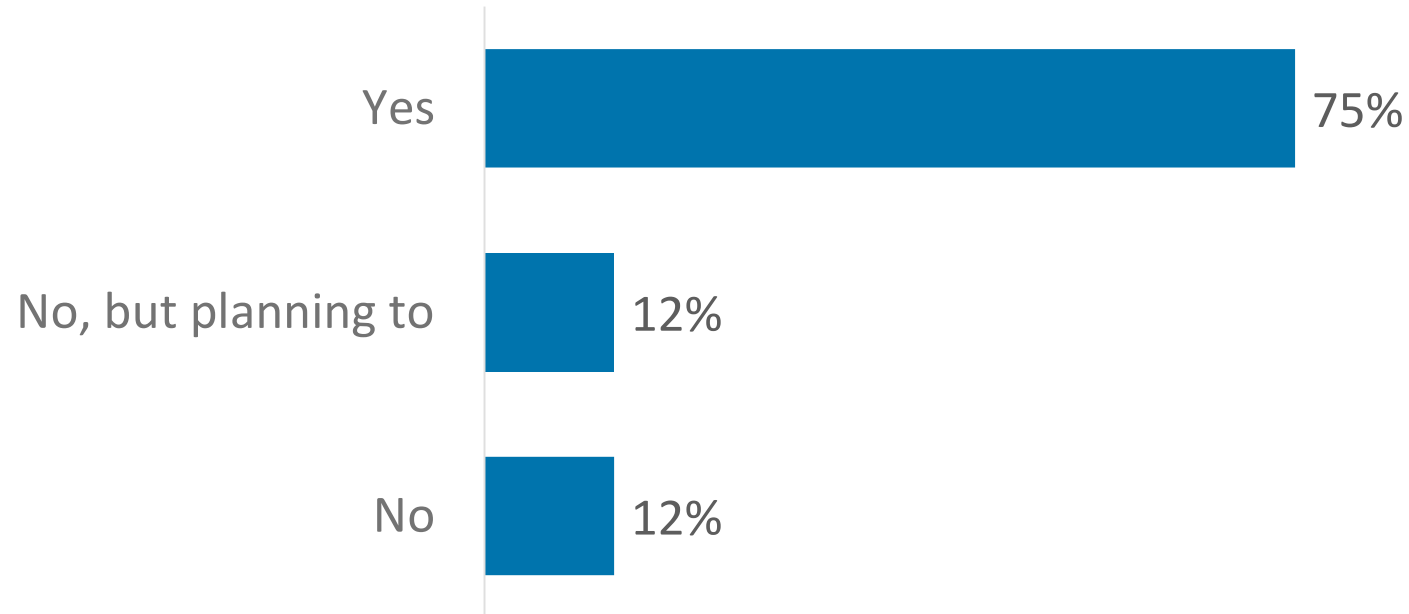
Hardwire to Wifi
Connectivity

Chat to Collaboration
Connections

VISTAGE

INFRASTRUCTURE TO EXECUTE

Are you investing in technology to reduce the labor burden of your product or service?



AI AND CHAT GPT

TECHNOLOGY


March 10 webinar: Navigating the future of business with AI and ChatGPT



Anne Petrik
February 9, 2023


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vistage.com/research-center
Search: AI



Artificial intelligence for small and midsize businesses

Getting started with practical applications of AI

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FALL 2018

VISTAGE

AI AND CHAT GPT

Getting started with practical applications of AI

Part I: The fundamentals of artificial intelligence

Understanding the concept

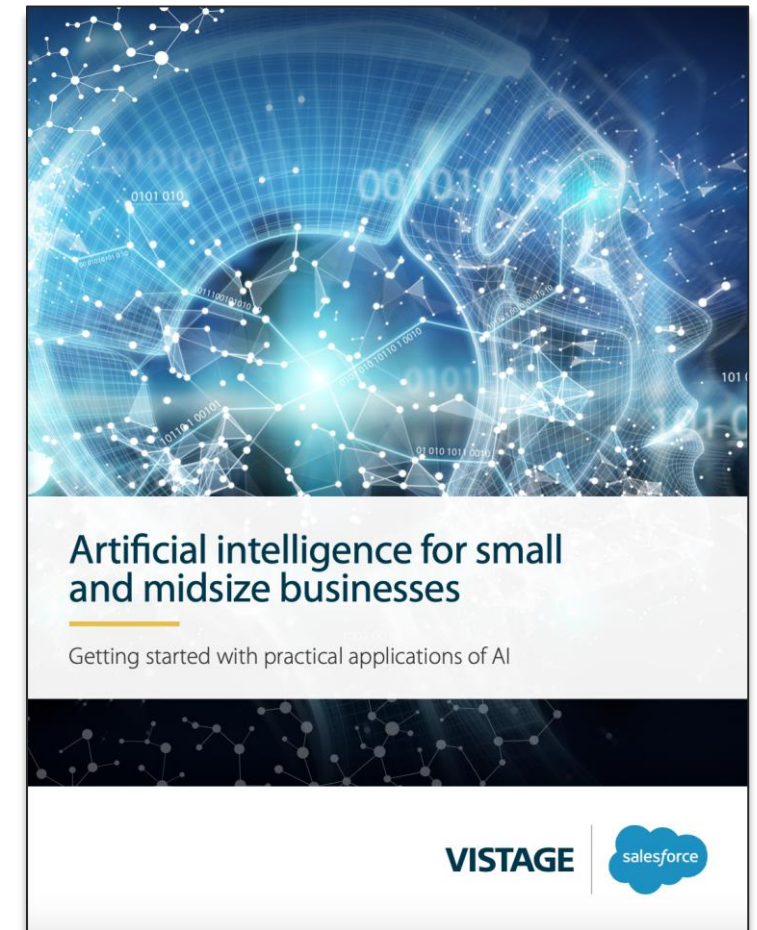
Part II: Artificial intelligence in action

Real world use cases of AI in SMB

Part III: Recommendations for SMB

Prepare for AI in your future

Strategy, Data, Technology and Expertise



FALL 2018

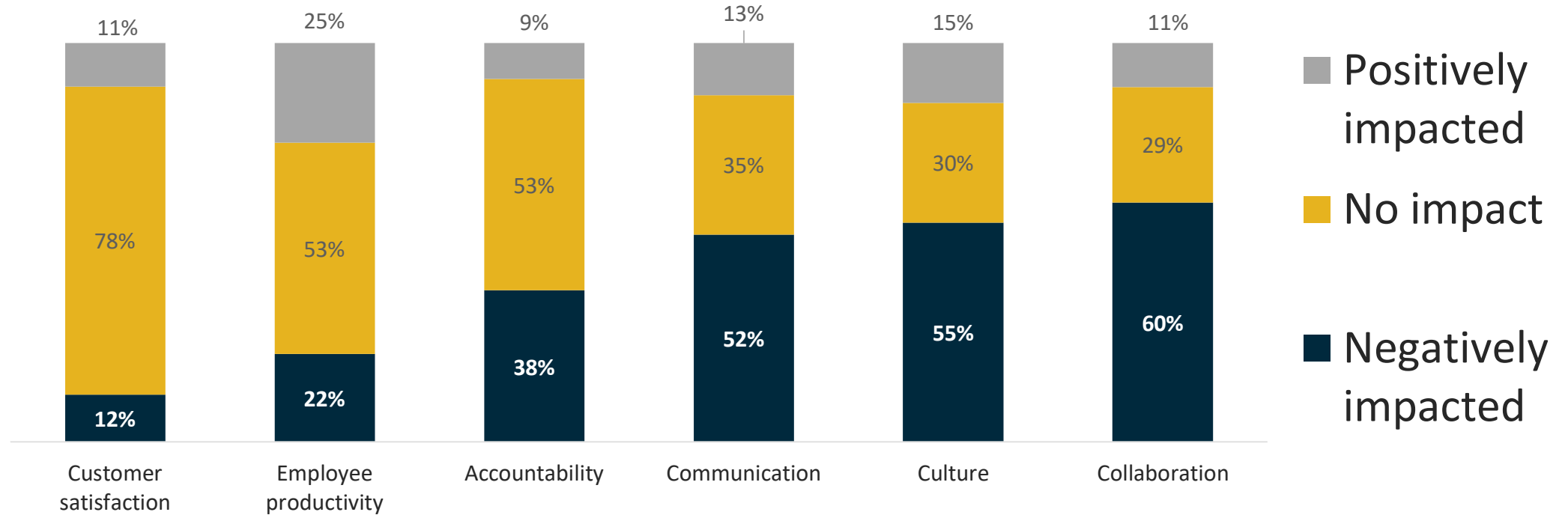
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HIGH-PERFORMANCE WORKPLACE

Tactical: Get good at collaboration

HYBRID IMPACT

How have the following areas of your business been impacted by remote work?



THRIVING IN HYBRID

For hybrid employees:

Maximize office time

Collaborative spaces, meetings

Rules of engagement

Communication expectations, rituals

Establish core hours and days

Expectations for availability, office time

ORGANIZATIONAL CULTURE & VALUES —

What 3 Vistage CEOs say about returning to the office



VISTAGE Vistage Staff
August 8, 2022

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Last fall, business leaders were optimistic about a “return to normal” that included a return to the office for business reasons and employee preference. The reality was starkly different — employees did not line up to come back.

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HIGH-PERFORMANCE WORKPLACE

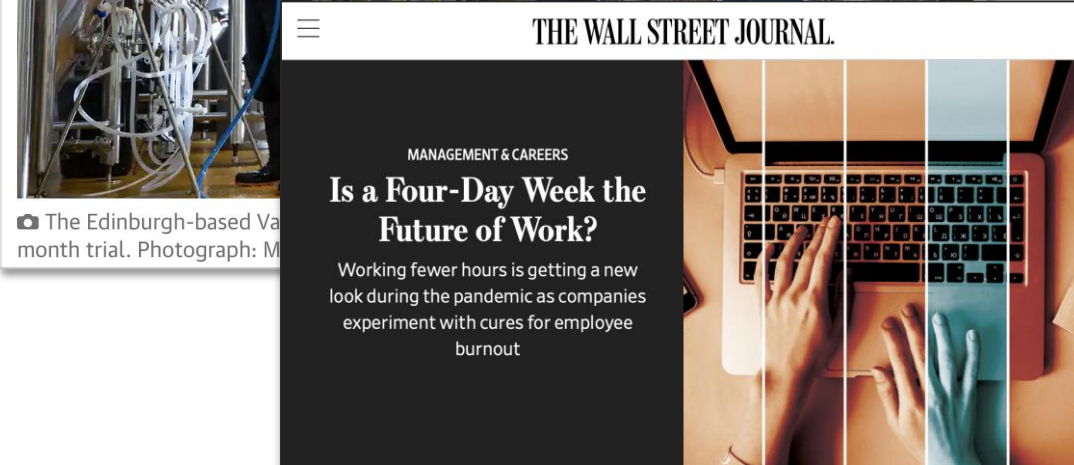
Tactical: Get good at collaboration

Practical: Upgrade the workplace

NEW WORKPLACE

Four-day week could be within reach for British workers

As campaigners seize on how Covid shook up work, 70 UK firms embark on largest trial yet of shorter week



For essential employees:

Upgrade facilities

Comfort, safety, HVAC, extras

Upgrade tools

State of the art equipment, technology and applications

Flexibility

Non-traditional hours, flex time

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HIGH-PERFORMANCE WORKPLACE

Tactical: Get good at collaboration

Practical: Upgrade the workplace

Strategic: Application optimization

CEO PROJECTIONS 2023



Growing *Forward*

Decisions, Investments and Challenges

Workforce velocity

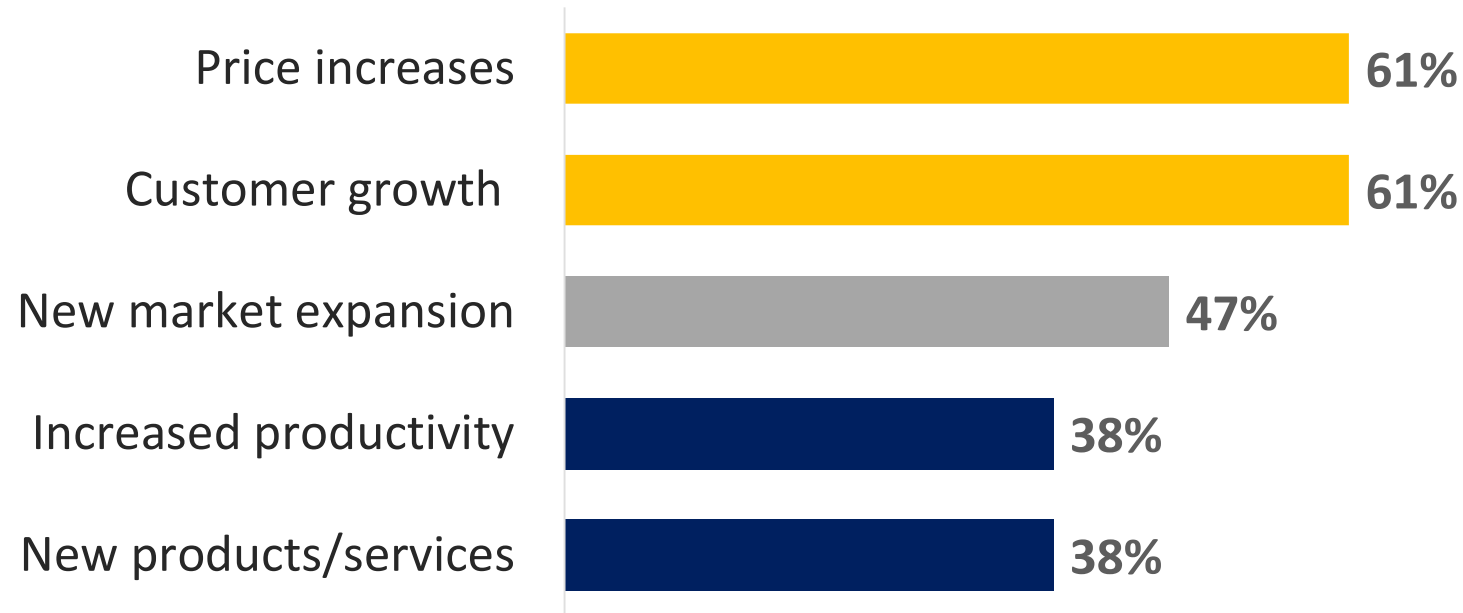
Infrastructure for execution

Opportunity in the aftermath

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OPPORTUNITY IN THE AFTERMATH

Which of the following will contribute to your projected sales revenue in the next 12 months?



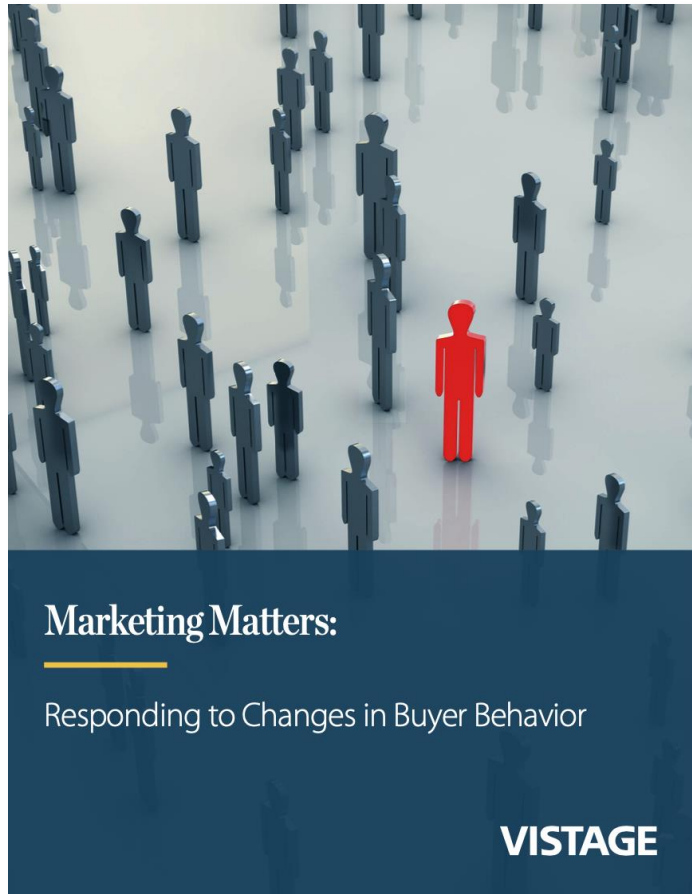
OPPORTUNITY IN THE AFTERMATH

Customers

What to sell, how to sell, where to sell

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CHANGES IN BUYING BEHAVIOR



78%

of small and midsize business
leaders surveyed reported
changes in buyer behavior as a
result of COVID.
Q3 2021

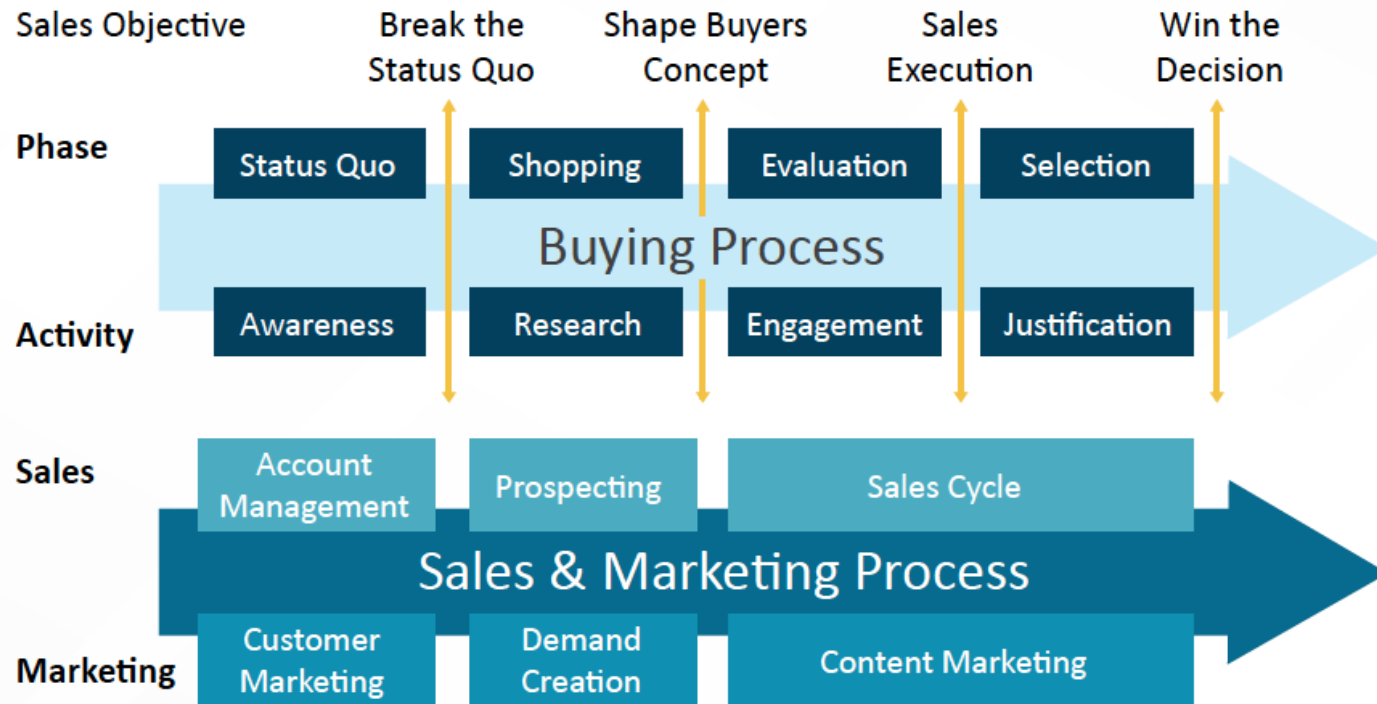
43%

of small and midsize business
leaders surveyed reported
changes in buyer behavior as a
result of inflation.
Q3 2022

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SALES AND MARKETING ALIGNMENT

Buying/Selling Process Alignment | Figure 3



SALES

Building a world-class sales system [webinar]

Joe Galvin
March 9, 2021

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Peak VISTAGE

Building a world-class sales system
Presented by Joe Galvin, Vistage Chief Research Officer

59:59

Our research has shown that sales is consistently one of the top decisions CEOs are focused on to support the growth of their organization.

Building a World-Class
Sales System: The CEO's Guide

VISTAGE

VISTAGE

OPPORTUNITY IN THE AFTERMATH

Customers

What to sell, how to sell, where to sell

Competitors

Acquire their accounts, talent or business

Pricing

Moderating inflation, decreasing tolerance, more increases

CEO PULSE: INFLATION

PRODUCT & PRICING

Strategic pricing when inflation crashes into recession



Anne Petrik
August 26, 2022

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[Download the webinar slides](#)

Segment price increases

Concentrate on the core

Create messaging for now

Align with customer behaviors

Support and arm the team

Fix problems with service not price

Develop strong sales leadership

Increase coaching, rigorous pre-call planning

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CEO PROJECTIONS 2023



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THE LONG VIEW...



Aftermath Economy

Growth Cycle

2030

Great Depression

4-6 years

Global

VISTAGE

THE LONG VIEW...



Between now and 2028

34% are *looking* to exit

25% have *no plans* to exit

42% plan an exit *beyond 2028*

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*“For the prepared, it will be a
fantastic wealth creation opportunity”*

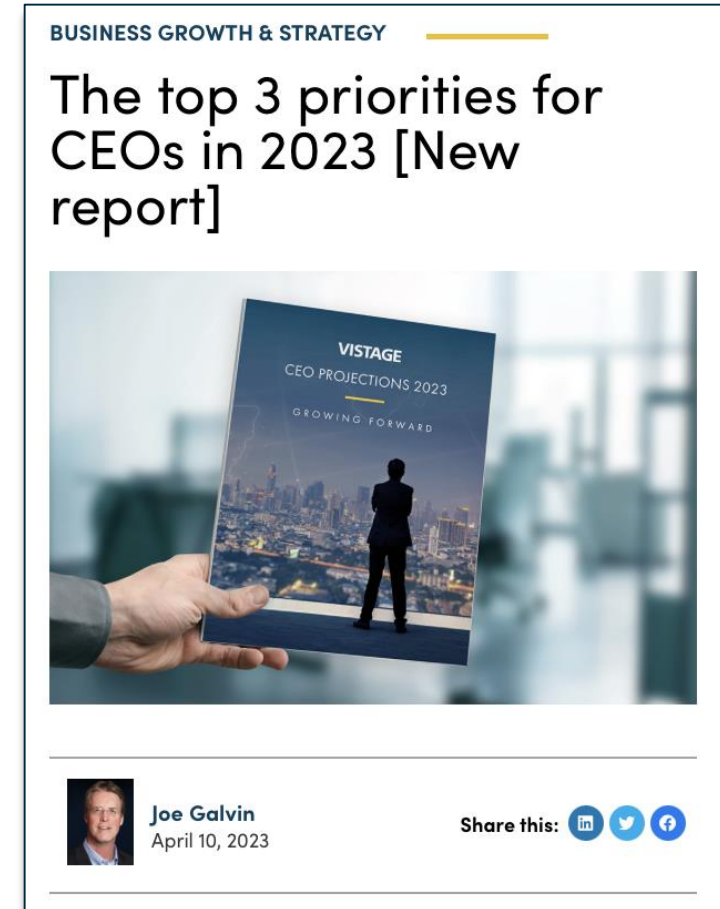
- Dr. Alan Beaulieu, ITR Economics



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