

# VISTAGE

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## Research

# Q4 2017 CEO Confidence Index

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Each quarter, Vistage surveys members that are CEOs of small to mid-sized businesses to produce the CEO Confidence Index. Started in 2003, the Vistage CEO Confidence Index has grown to be the largest and most comprehensive report of opinions and projections from CEOs of small and mid-size businesses in the U.S.

U.S. small and mid-sized businesses represent the most vital sector of the nation's economy, creating 75% of all new jobs and generating 50% of all national revenue. The opinions of leaders of these businesses provide a clear snapshot of current economic, market and industry trends and demonstrate their plans for growth over the next 12 months.

### **Wisconsin Q4 2017 CEO Confidence Index**

This report represents a comparison of data from respondents specific to Wisconsin. Key insights from comparing this local data to national data include:

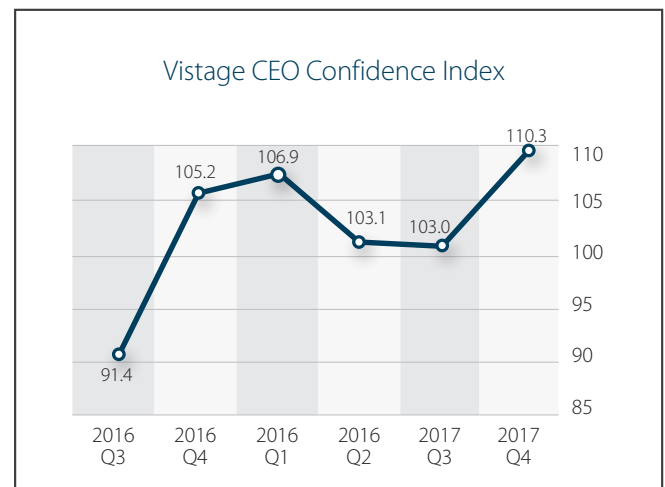
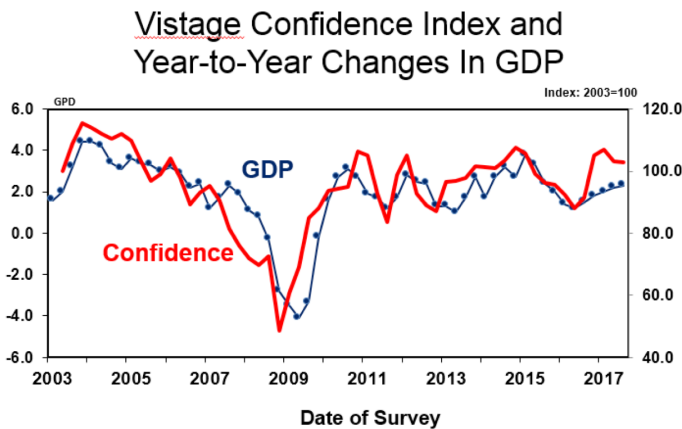
- CEO confidence is high—the most optimistic since 2004
- CEOs are expecting their revenue to increase in 2018
- Most CEOs (69%) are expecting rising profits.

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## CEO optimism surges to decade peak.

In December, CEOs of small to midsized firms voiced the most optimistic economic outlook since Q4 2004. Planned increases in their workforce and expected revenue growth were the highest in a dozen years, anticipated profit growth was the highest in ten, and intentions to expand investments in their productive capacity reached the highest level since 2004. This surge in CEO optimism about all aspects of their firms' health was recorded before the final passage of the tax reform measure, but its passage was certainly anticipated. CEO assessments of the current state of the economy have improved substantially during the past year, but those same gains were not as positive for future prospects. To be sure, firms were more optimistic than last quarter. However, they were less optimistic about continued gains in the overall economy than in last year's Q4 survey. This may reflect their ability to more quickly evaluate how tax reform would affect their own firm's future prospects than it would the entire economy. One might anticipate that as the specifics of the tax reform become more widely understood, firms will react even more positively.



The Vistage CEO Confidence Index was 110.3 in Q4 2017, about the Q3 index of 103.0, and well above last year's 105.2.

Trends in the Vistage CEO Confidence Index show a close correspondence with year-to-year changes in real GDP published by the U. S. Bureau of Economic Analysis. The Vistage CEO Confidence Index is a six-month leading indicator for GDP and currently indicates a continued expansion with an uptick in the average rate of GDP growth during 2017 and early 2018.

– Analysis provided by Dr. Richard Curtin, University of Michigan



Q4 2017 Vistage CEO Confidence Index survey  
Wisconsin

### Wisconsin Survey Highlights

**50%** of CEOs expect the economy to improve in the year ahead (vs. **45%** nationally)

**61%** of CEOs expect to increase investments in the year ahead (vs. **54%** nationally)

**81%** of CEOs expect to increase revenue in the year ahead (vs. **83%** nationally)

**62%** of CEOs plan to expand their workforce in the next year (vs. **71%** nationally)

**68%** of CEOs thought the national economy had improved in the past year (vs. **66%** nationally)

**69%** of CEOs expect rising profits in the year ahead (vs. **67%** nationally)

#### National Economic Outlook by Industry

% of CEOs who expect the economy to improve in the year ahead (includes industries with at least 25 responses). Response count in parentheses.

|  |           |
|--|-----------|
| Transportation & Warehousing                     | 60% (25)  |
| Construction                                     | 53% (131) |
| Wholesale Trade                                  | 52% (60)  |
| Finance and Insurance                            | 51% (45)  |
| Manufacturing                                    | 46% (181) |
| Other  | 46% (578) |
| Real Estate and Rental and Leasing               | 45% (29)  |
| Other Services                                   | 44% (39)  |
| Health Care                                      | 41% (27)  |
| Consulting Services                              | 31% (36)  |
| Architectural, Engineering, and Related Services | 25% (28)  |
| Retail Trade                                     | 23% (30)  |

#### National Employment Outlook by Industry

% of CEOs who plan to expand their workforce in the next year (includes industries with at least 25 responses). Response count in parentheses.

|  |           |
|--|-----------|
| Transportation & Warehousing                     | 84% (25)  |
| Construction                                     | 80% (131) |
| Architectural, Engineering, and Related Services | 79% (28)  |
| Health Care                                      | 78% (27)  |
| Consulting Services                              | 75% (36)  |
| Other Services                                   | 74% (39)  |
| Other  | 70% (578) |
| Finance and Insurance                            | 67% (45)  |
| Manufacturing                                    | 65% (181) |
| Wholesale Trade                                  | 62% (60)  |
| Real Estate and Rental and Leasing               | 59% (29)  |
| Retail Trade                                     | 53% (30)  |



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Wisconsin

Number of respondents in (blue)

|  | Wisconsin  | National  |
|--|--|---|
| 1 Compared with a year ago, have overall economic conditions in the United States improved, remained the same, or worsened?                        | Improved 68% (50)<br>Remained about the same 30% (22)<br>Worsened 3% (2)<br>Don't know/No opinion 0% (0)   | 66% (914)<br>29% (405)<br>4% (53)<br>0% (5)   |
| 2 During the next 12 months, do you expect the overall economic conditions in the United States will be better, about the same, or worse than now? | Better 50% (37)<br>About the same 41% (30)<br>Worse 7% (5)<br>Don't know/No opinion 3% (2)   | 45% (621)<br>43% (596)<br>10% (144)<br>1% (16)  |
| 3 Are your firm's total fixed investment expenditures likely to increase, remain about the same, or decrease during the next 12 months?            | Increase 61% (45)<br>Remain the same 35% (26)<br>Decrease 4% (3)<br>Don't know/No opinion 0% (0)   | 54% (741)<br>39% (533)<br>7% (90)<br>1% (13)  |
| 4 Do you anticipate that your firm's sales revenues will increase, remain about the same, or decrease during the next 12 months?                   | Increase 81% (60)<br>Remain the same 18% (13)<br>Decrease 1% (1)<br>Don't know/No opinion 0% (0)   | 83% (1,139)<br>13% (182)<br>4% (53)<br>0% (3)   |
| 6 Do you expect your firm's profitability to improve, remain about the same, or worsen during the next 12 months?                                  | Improve 69% (51)<br>Remain the same 30% (22)<br>Worsen 1% (1)<br>Don't know/No opinion 0% (0)  | 67% (917)<br>26% (357)<br>7% (98)<br>0% (5)   |
| 7 Do you expect prices for your product or service to increase, remain about the same, or decrease during the next 12 months?                      | Increase 53% (39)<br>About the same 41% (30)<br>Decrease 7% (5)<br>Don't know/No opinion 0% (0)  | 47% (653)<br>47% (652)<br>5% (64)<br>1% (8)   |
| 8 Do you expect your firm's total number of employees will increase, remain about the same, or decrease during the next 12 months?                 | Increase 62% (46)<br>Remain the same 32% (24)<br>Decrease 4% (3)<br>Don't know/No opinion 1% (1)   | 71% (978)<br>25% (338)<br>4% (57)<br>0% (4)   |
| 9 When do you plan to increase your firm's total number of employees over the next 12 months?  | Q1 2018 7% (5)<br>Q2 2018 14% (10)<br>Q3 2018 7% (5)<br>Q4 2018 3% (2)<br>Steadily throughout the next 12 months. 39% (29)<br>I do not plan to increase staff in the next 12 months. 31% (23)  | 17% (238)<br>15% (213)<br>6% (83)<br>2% (23)<br>37% (514)<br>22% (306)  |
| 12 Has the Trump administration changed prospects for your business?   | It has improved prospects for my firm. 55% (40)<br>It has worsened prospects for my firm. 15% (11)<br>It has had no impact on prospects for my firm. 30% (22)  | 45% (609)<br>13% (183)<br>42% (570)   |
| 13 Do you expect to change how your business is structured or operates in response to changes in the..   | Yes 18% (13)<br>No 82% (59)  | 22% (300)<br>78% (1,063)  |
| 21 Does your company have a defined cyber risk strategy that is documented and communicated to executive leaders?                                  | Yes - strategy is current and reviewed at least annually 36% (26)<br>Yes - but the strategy is not current and does not have.. 21% (15)<br>No - but we are actively working on a cyber risk strate.. 16% (12)<br>No - our organisation does not have a defined strategy 27% (20) | 38% (515)<br>17% (237)<br>18% (240)<br>27% (365)  |
| 23 Has your company experienced a cyber attack or threat in the past 12 months?  | Yes, have had an incident in the last 12 months 23% (17)<br>No, have not had an incident in the last 12 months 52% (38)<br>Don't know/no threat detected 25% (18)  | 24% (324)<br>61% (827)<br>15% (209)   |
| 26 Would you be willing to participate in a brief follow up survey on cybersecurity in the future?   | Yes 21% (15)<br>No 79% (58)  | 27% (355)<br>73% (979)  |
| 27 During your company's last fiscal year, what was its total employment?  | 1-9 employees 8% (6)<br>10-19 employees 7% (5)<br>20-49 employees 12% (9)<br>50-99 employees 20% (15)<br>100-499 employees 34% (25)<br>500-999 employees 12% (9)<br>1000-4999 employees 5% (4)<br>5000-9999 employees 0% (0)<br>10000+ employees 1% (1)<br>None 0% (0)           | 8% (104)<br>12% (170)<br>23% (318)<br>20% (271)<br>28% (389)<br>4% (53)<br>3% (39)<br>0% (4)<br>1% (9)<br>1% (20) |

**VISTAGE** | Surveying CEOs of small  
CEO Confidence Index | to mid-sized businesses  
since 2003