

VISTAGE Research

Q4 2018 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.

Q4 2018 CEO Confidence Index

This report represents a comparison of data from 1257 respondents, representing CEOs from small to midsized business in the US. Key insights from comparing this local data to national data include:

- Nationally 78% of CEOs expect to increase revenue in the year ahead.
- Nationally 70% of CEOs plan to expand their workforce in the next year.
- In Wisconsin 13% of CEOs expect the economy to improve in the year ahead.
- In Wisconsin 60% of CEOs expect rising profits in the year ahead (61% Nationally)

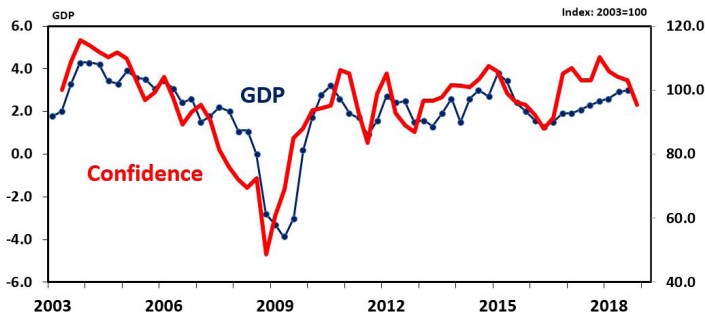
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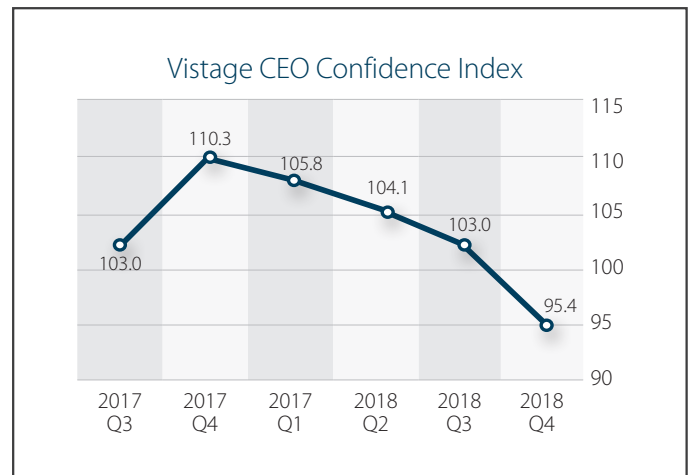
CEO optimism sinks.

Economic confidence among CEOs continued to decline according to the Q4 2018 survey, reversing all of the gains recorded since the election of President Trump. The Vistage CEO Confidence Index was 95.4 in Q4, down from 103.0 in Q3 and last year's fifteen-year peak of 110.3. The plunge was due to weakening evaluations of the national economy. Fewer CEOs reported that current economic conditions had improved (44%) compared to last quarter's 64%. Even more notable is the drop in the increase of CEOs who expected the economy to weaken more than it will strengthen during the year ahead. In the face of weakening growth, more CEOs anticipate a slowdown in the pace of revenue gains and more plan to reduce their spending on new fixed investments. Notably, hiring intentions as well as profit expectations showed only small recent variations, although both were below levels recorded earlier this year. The largest disconnect is between the pessimistic outlook for the national economy and the modest declines in how CEOs view their own prospects. While a divergence between financial markets and the real economy is not uncommon over short period of time, there is little doubt that they will converge in the future. Overall, the data suggest that economic uncertainty has begun to negatively affect firms. Unfortunately, multiple sources of uncertainty now exist, including prospects for future monetary and fiscal policies as well as a potential global slowdown, making subsequent declines more likely than a quick snapback in optimism.

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



Vistage CEO Confidence Index



The Q4 2018 Vistage CEO Confidence Index was 95.4, down from 103.0 in Q3.

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 from the majority of the period — see the chart on the left. This correspondence shows an increasing divergence beginning in early 2017. The gap was closed by an increase in GDP growth and a decline in confidence. In any case, the data indicates a slowing pace of economic growth during 2019.

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



Q4 2018 CEO Confidence Index Survey
Wisconsin

Wisconsin Survey Highlights

Economy	Prospects	Expansion
44% of CEOs thought the national economy had improved in the past year (vs. 44% nationally)	78% of CEOs expect to increase revenue in the year ahead (vs. 70% nationally)	59% of CEOs expect to increase investments in the year ahead (vs. 43% nationally)
13% of CEOs expect the economy to improve in the year ahead (vs. 14% nationally)	60% of CEOs expect rising profits in the year ahead (vs. 61% nationally)	70% of CEOs plan to expand their workforce in the next year (vs. 65% nationally)

National Economic Outlook by Industry

% of CEOs who expect the economy to improve in the year ahead (includes industries with at least 50 responses). Response count in parentheses.

Wholesale Trade	16% (89)
Other	16% (96)
Manufacturing	13% (265)
Other Services	13% (53)
Construction	12% (172)
Finance and Insurance	8% (64)

National Employment Outlook by Industry

% of CEOs who plan to expand their workforce in the next year (includes industries with at least 50 responses). Response count in parentheses.

Other Services	74% (53)
Other	69% (96)
Construction	66% (172)
Manufacturing	60% (265)
Finance and Insurance	59% (64)
Wholesale Trade	57% (89)













































Q4 2018 CEO Confidence Index Survey
Wisconsin

Number of respondents in (blue)

Wisconsin

National

	Wisconsin	National
Compared with a year ago, have overall economic conditions in the United States improved, remained the same, or worsened?	Improved  44% (28)	 44% (559)
	Remained about the same  40% (25)	 40% (503)
	Worsened  16% (10)	 15% (187)
	Don't know/No opinion 0% (0)	1% (8)
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  13% (8)	 14% (172)
	About the same  68% (43)	 52% (655)
	Worse  19% (12)	 33% (411)
	Don't know/No opinion 0% (0)	2% (19)
Do you anticipate that your firm's sales revenues will increase, remain about the same, or decrease during the next 12 months?	Increase  78% (49)	 70% (880)
	Remain the same  17% (11)	 23% (287)
	Decrease  3% (2)	 6% (79)
	Don't know/No opinion 2% (1)	1% (11)
Do you expect your firm's profitability to improve, remain about the same, or worsen during the next 12 months?	Improve  60% (38)	 61% (762)
	Remain the same  30% (19)	 29% (363)
	Worsen  10% (6)	 10% (124)
	Don't know/No opinion 0% (0)	1% (8)
Do you expect prices for your product or service to increase, remain about the same, or decrease during the next 12 months?	Increase  56% (35)	 54% (675)
	About the same  40% (25)	 41% (517)
	Decrease  3% (2)	 4% (54)
	Don't know/No opinion 2% (1)	1% (11)
Are your firm's total fixed investment expenditures likely to increase, remain about the same, or decrease during the next 12 months?	Increase  59% (37)	 43% (544)
	Remain the same  37% (23)	 47% (592)
	Decrease  5% (3)	 8% (103)
	Don't know/No opinion 0% (0)	1% (18)
Do you expect your firm's total number of employees will increase, remain about the same, or decrease during the next 12 months?	Increase  70% (44)	 65% (818)
	Remain the same  29% (18)	 30% (382)
	Decrease  2% (1)	 4% (52)
	Don't know/No opinion 0% (0)	0% (5)



Q4 2018 CEO Confidence Index Survey
Wisconsin

Number of respondents in (blue)

Wisconsin

National

	Wisconsin	National	
When do you plan to increase your firm's total number of employees over the next 12 months?	Q1 2019	23% (10)	26% (212)
	Q2 2019	11% (5)	20% (161)
	Q3 2019	0% (0)	6% (50)
	Q4 2019	0% (0)	0% (4)
	Steadily throughout the next 12 months.	66% (29)	48% (391)
If hiring workers has become more difficult, what are you doing in response? Please select all that apply.	Boosting wages	77% (48)	65% (796)
	Adding employee benefits	48% (30)	36% (445)
	Developing existing workforce	73% (45)	71% (871)
	Slowing or delaying expansion plans	10% (6)	9% (110)
	Reducing marketing activities	6% (4)	4% (50)
	Adjusting fulfillment/delivery timelines	18% (11)	9% (117)
	Increasing investment in equipment to automate tasks	48% (30)	35% (434)
	Shifting work to another location	16% (10)	11% (141)
	Allowing employees to work remotely	16% (10)	25% (309)
	Partnering with organizations to create apprenticeship or internship programs	23% (14)	22% (267)
	None of the above	6% (4)	6% (77)
	Other	5% (3)	9% (114)
Approximately what percent of your total annual revenue will you allocate to technology solutions over the next 12 months, not including salaries?	Less than 1%	14% (9)	16% (205)
	1-1.99%	27% (17)	24% (298)
	2-2.99%	11% (7)	17% (213)
	3-3.99%	19% (12)	12% (148)
	4-5%	11% (7)	11% (140)
	Greater than 5%	14% (9)	13% (165)
	Don't know	3% (2)	6% (79)
Has your company experienced a cyber attack or threat in the past 12 months?	Yes, have had an incident in the last 12 months	25% (16)	27% (339)
	No, have not had an incident in the last 12 months	56% (35)	56% (699)
	Don't know/no threat detected	19% (12)	17% (210)
Does your company have a defined cyber risk strategy that is documented and communicated to your executive leaders?	Yes - our strategy is current and reviewed at least annually	48% (30)	43% (534)
	Yes - but the strategy is not current and does not have a scheduled review cycle	19% (12)	17% (210)
	No - but we are actively working on a cyber risk strategy	14% (9)	16% (195)
	No - our organization does not have a defined strategy	19% (12)	25% (314)



Q4 2018 CEO Confidence Index Survey
Wisconsin

Number of respondents in (blue)

During your company's last fiscal year,
what were its total revenues?

	Wisconsin	National
Less than 500k	2% (1)	1% (16)
500-999k	0% (0)	2% (30)
1-4 Million	8% (5)	16% (201)
5-9 Million	13% (8)	17% (214)
10-20 Million	14% (9)	18% (231)
21-49 Million	24% (15)	21% (258)
50-99 Million	17% (11)	11% (143)
100-249 Million	13% (8)	9% (111)
250-499 Million	6% (4)	2% (31)
500-999 Million	0% (0)	1% (13)
1+ Billion	3% (2)	1% (9)

During your company's last fiscal year,
what was its total employment?

1-9 employees	6% (4)	8% (95)
10-19 employees	8% (5)	12% (147)
20-49 employees	16% (10)	21% (268)
50-99 employees	13% (8)	21% (265)
100-499 employees	33% (21)	31% (385)
500-999 employees	16% (10)	5% (60)
1000-4999 employees	5% (3)	2% (31)
5000-9999 employees	0% (0)	0% (1)
10000+ employees	3% (2)	0% (4)
None	0% (0)	0% (1)



Surveying CEOs of small
to mid-sized businesses
since 2003