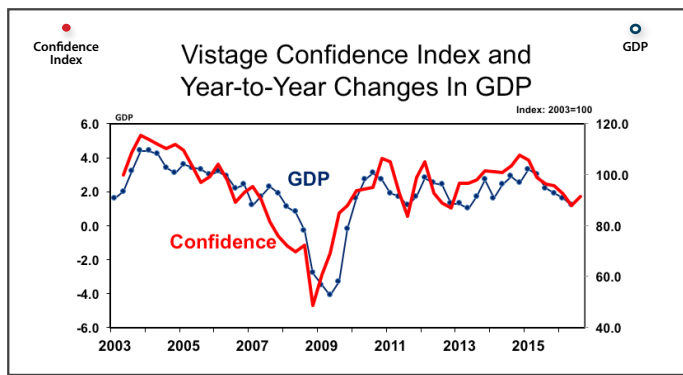


Optimism Inches Upward.

Following six consecutive quarterly declines in confidence, CEOs finally recorded a small uptick in how they viewed prospects for the domestic economy as well as their own firm's prospects. The Vistage CEO Confidence Index stood at 91.4 in the 3rd quarter 2016 survey, up from the three year low of 88.0 in the 2nd quarter, but still shy of the 96.3 recorded in last year's 3rd quarter survey.

Robust gains in consumer expenditures were reflected in improved sales revenues and profits as well as planned increases in hiring. Uncertainty about future economic policies has made firms more cautious about investment expenditures, although they have not hesitated to add employees to take advantage of relatively strong consumer spending. Indeed, one-third of CEOs reported that finding, hiring, and training employees was their most significant challenge, mentioned twice as frequently as any other issue. Current hiring plans will continue to put upward pressure on wages and benefits. Since CEOs anticipate only a modest pace of economic growth in the year ahead, they are more determined to manage costs as well as to retain and expand their customer base in the future.

Analysis provided by Dr. Richard Curtin, University of Michigan



*Since 2003, the Vistage CEO Confidence Index has served as a reliable predictor for changes in GDP, 6 months in advance.

Vistage CEO Confidence Index Highlights

25% of CEOs thought that the economy had improved during the past year, well below the 10-year peak of 63% recorded at the close of 2014.

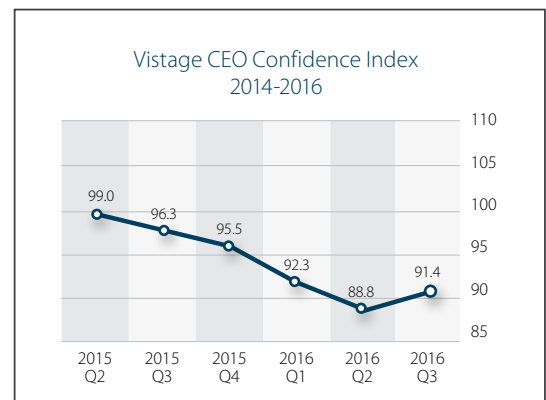
39% of CEOs plan to increase their investment expenditures in the next year, the fewest firms in more than 3 years.

54% of CEOs plan to expand their workforce in the next year.

69% of CEOs expect increased revenues in the year ahead, and 54% expect increased profits.

47% of CEOs say the new overtime pay rules that take effect at the start of December will impact their employees.

70% of employees work remotely, although most of them for less than 25% of their work time.



The Vistage CEO Confidence Index was 91.4 in the 3rd quarter 2016 survey, up from the three year low of 88.0 in the 2nd quarter, but still shy of the 96.3 recorded in last year's 3rd quarter survey.

Question

Answer

Respondents

1. Compared with a year ago, have overall economic conditions in the U.S. improved, remained the same, or worsened?

| | # | % |
|----------------|-----|-----|
| Improved | 336 | 25% |
| About the same | 800 | 59% |
| Worsened | 217 | 16% |

| Question | Answer | Respondents | |
|--|-----------------------|-------------|-----|
| | | # | % |
| 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 | 296 | 22% |
| | About the same | 728 | 54% |
| | Worse | 282 | 21% |
| | Don't know/no opinion | 50 | 4% |
| 3. Are your firm's total fixed investment expenditures likely to increase, remain about the same, or decrease during the next 12 months? | Increase | 523 | 39% |
| | About the same | 636 | 47% |
| | Decrease | 183 | 13% |
| 4. Do you anticipate that your firm's sales revenues will increase, remain about the same, or decrease for the next 12 months? | Increase | 938 | 69% |
| | About the same | 318 | 23% |
| | Decrease | 96 | 7% |
| | Don't know/No opinion | 4 | 0% |
| 5. Do you expect your firm's profitability to improve, remain about the same, or worsen during the next 12 months? | Improve | 730 | 54% |
| | About the same | 467 | 34% |
| | Worsen | 155 | 11% |
| 6. Do you expect prices for your product or service to increase, remain about the same, or decrease during the next 12 months? | Increase | 491 | 36% |
| | About the same | 770 | 57% |
| | Decrease | 90 | 7% |
| 7. Do you expect your firm's total number of employees will increase, remain about the same, or decrease during the next 12 months? | Increase | 732 | 54% |
| | About the same | 511 | 38% |
| | Decrease | 108 | 8% |

| Question | Answer | Respondents | |
|---|---|-------------|-----|
| | | # | % |
| 8. When do you plan to increase your firm's total number of employees over the next 12 months? | Q4 2016 | 159 | 12% |
| | Q1 2017 | 160 | 12% |
| | Q2 2017 | 137 | 10% |
| | Q3 2017 | 52 | 4% |
| | Steadily throughout the next 12 months | 407 | 30% |
| | I do not plan to increase my total number of employees in the next 12 months | 441 | 33% |
| 9. What is the most significant business issue that you are facing currently? | Energy costs | 6 | 0% |
| | Growth (growing too quickly) | 57 | 4% |
| | Rising healthcare costs | 89 | 7% |
| | Political uncertainty | 146 | 11% |
| | Staffing (finding, hiring, retaining, and training) | 445 | 33% |
| | Growth (growing too slowly) | 198 | 15% |
| | Economic uncertainty (concern for local and national economy, budget deficit, housing market) | 195 | 14% |
| | Financial issues (finance, cash flow, profitability) | 126 | 9% |
| | Other | 94 | 7% |
| 10. What is the biggest challenge your business is specifically facing now? (check all that apply) | Paying loans and/or accessing credit | 52 | 3% |
| | Managing costs | 318 | 20% |
| | Cash, liquidity, receivables | 186 | 12% |
| | Customer retention and/or lead generation | 419 | 27% |
| | Cutting staff | 27 | 2% |
| | My business is not facing any extraordinary challenges | 318 | 20% |
| | Other | 245 | 16% |

| Question | Answer | Respondents | |
|---|--|-------------|-----|
| | | # | % |
| 11. Are you finding it easier or more difficult to obtain credit for your business than it was a year ago? | It is now easier to obtain credit for my business. | 422 | 31% |
| | It is now more difficult to obtain credit for my business. | 172 | 13% |
| | Not applicable. | 667 | 49% |
| | Other | 86 | 6% |
| 12. Will the overtime pay rules that change on December 1 impact the pay structure of your salary and/or hourly employees? | Yes | 635 | 47% |
| | No | 577 | 43% |
| | Not applicable | 103 | 8% |
| | Other | 30 | 2% |
| 13. How have you communicated upcoming changes as a result of the overtime pay rules to your internal team? | Mass email | 14 | 1% |
| | Internal memos to entire staff | 50 | 4% |
| | Staff meeting | 193 | 14% |
| | Individually, with employees who will be directly impacted | 225 | 17% |
| | We are still in the planning process | 435 | 32% |
| | Not applicable | 404 | 30% |
| | Other | 24 | 2% |
| 14. How do you manage employees' use of time: | Clock in / out | 540 | 40% |
| | Personal maintenance of daily time sheets | 401 | 30% |
| | Honor system | 286 | 21% |
| | Not applicable | 56 | 4% |
| | Other | 63 | 5% |

| Question | Answer | Respondents | |
|---|---|-------------|-----|
| | | # | % |
| 15. What percentage of your employees work remotely? | None of my employees | 353 | 26% |
| | 1-25% | 700 | 52% |
| | 26-50% | 98 | 7% |
| | 51-75% | 75 | 6% |
| | 76 – 99% | 57 | 4% |
| | All of my employees | 25 | 2% |
| | Not applicable | 28 | 2% |
| | Other | 15 | 1% |
| 16. How do you try to impact employee engagement at your company? (check all that apply) | Employee training | 997 | 24% |
| | Benefits (401k, health insurance) | 996 | 24% |
| | Consistent communication from leadership (all staff meetings, emails, webinars) | 1,133 | 27% |
| | Annual team building events | 600 | 14% |
| | Employee fitness program or gym facility | 272 | 7% |
| | Not applicable | 28 | 1% |
| | Other | 107 | 3% |
| 17. Do you increase wages for your employees annually? | Yes | 900 | 66% |
| | No | 342 | 25% |
| | Other | 105 | 8% |
| 18. What has been the trend for employee turnover in your company over the past year? | Employee turnover is improving. | 313 | 23% |
| | Employee turnover is the same. | 814 | 60% |
| | Employee turnover is getting worse. | 166 | 12% |
| | Other | 51 | 4% |
| 19. Do you have a way to measure employee engagement at your company? | Yes | 545 | 40% |
| | No | 777 | 57% |
| | Other | 23 | 2% |

| Question | Answer | Respondents | |
|---|----------------------------|-------------|-----|
| | | # | % |
| 20. How important is a social media presence to your brand? | Very | 258 | 19% |
| | Somewhat important | 601 | 44% |
| | Not really important | 425 | 31% |
| | I don't use social media | 67 | 5% |
| 21. Which social media platform is most important to your business? | Facebook | 436 | 32% |
| | Twitter | 43 | 3% |
| | LinkedIn | 582 | 43% |
| | Instagram | 33 | 2% |
| | We don't use social media. | 191 | 14% |
| | Other | 57 | 4% |
| 22. Why does your business utilize social media? | Increase brand awareness | 818 | 34% |
| | New business development | 486 | 20% |
| | Recruiting | 468 | 19% |
| | Networking | 418 | 17% |
| | We don't use social media | 195 | 8% |
| | Other | 29 | 1% |
| 23. Do you find social media to be an effective way to network with business professionals in your industry? | Yes | 698 | 51% |
| | No | 580 | 43% |
| | Other | 57 | 4% |
| 24. Do you use social media to make connections with potential clients? | Yes | 739 | 54% |
| | No | 581 | 43% |
| | Other | 20 | 1% |

| Question | Answer | Respondents | |
|--|---------------------|-------------|-----|
| | | # | % |
| 25. Do you encourage your employees to be active on social media to help to build your company's brand? | Yes | 578 | 43% |
| | No | 739 | 54% |
| | Other | 24 | 2% |
| 26. During your company's last fiscal year, what was its total employment? | No employees | 2 | 0% |
| | 1-9 employees | 113 | 8% |
| | 10-19 employees | 162 | 12% |
| | 20-49 employees | 353 | 26% |
| | 50-99 employees | 249 | 18% |
| | 100-499 employees | 391 | 29% |
| | 500-999 employees | 54 | 4% |
| | 1000-4999 employees | 30 | 2% |
| | 5000-9999 employees | 1 | 0% |
| | 10000+ employees | 1 | 0% |
| 27. During your company's last fiscal year, what were its total revenues? | Less than 500k | 21 | 2% |
| | 500-999k | 35 | 3% |
| | 1-4 Million | 244 | 18% |
| | 5-9 Million | 248 | 18% |
| | 10-20 Million | 269 | 20% |
| | 21-49 Million | 249 | 18% |
| | 50-99 Million | 138 | 10% |
| | 100-249 Million | 100 | 7% |
| | 250-499 Million | 29 | 2% |
| | 500-999 Million | 16 | 1% |
| 1+ Billion | 7 | 1% | |

VISTAGE | Surveying CEOs of Small
CEO Confidence Index | to Mid-sized Businesses
Since 2003