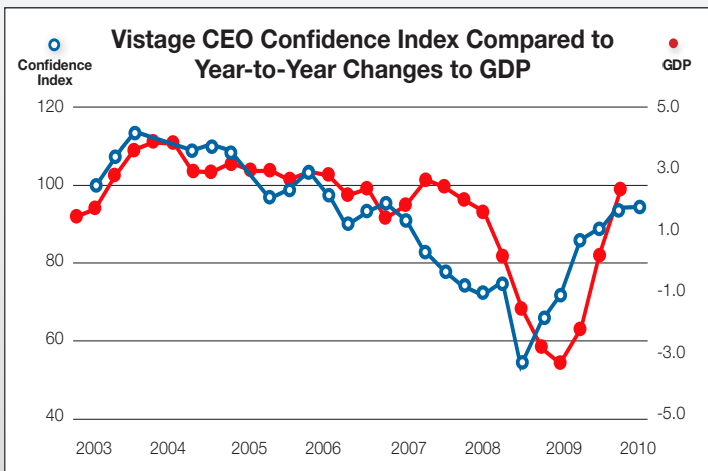


# VISTAGE CEO Confidence Index

Largest Survey of CEOs Since 2003

The Vistage CEO Confidence Index provides an inside look at Vistage member confidence in the economy and their businesses. In Q2 2010, our CEO members expressed increased assurance in their businesses amidst talk of a double dip recession. While CEOs have lowered their expectations for pace of growth in the overall economy, they remain confident that over the next 12 months, they are well positioned to increase revenues and profits, while hiring new employees. Despite the overall positive outlook, Vistage member CEOs reported the biggest challenge they now face is managing costs, credit and cash flow to maintain liquidity amid persistent uncertainty. Moving forward, a larger emphasis will be placed on offering new products and services to keep and generate new customers.

Dr. Richard Curtin, Director of Surveys and Consumers at the University of Michigan, Ann Arbor, and a Vistage consultant for the Confidence Index, notes, "All of the index components rose slightly, except the outlook for the national economy. Despite a weakening economy, CEOs have positioned their firms so that they now expect slowly improving revenues and profits."



## Vistage CEO Confidence Index Highlights

- CEOs cite **economic uncertainty (38%), financial issues (16%)** and **growing too slowly (13%)** as their most significant business issues, with **26% listing customer retention** as their biggest challenge in Q2.
- **35% of CEOs** surveyed will look to innovation in new products and services as their biggest priority to advance their business over the next three years.
- **50% of CEOs** plan to finance their business growth with cash during the next 12 months.
- **87% of CEOs** surveyed believe the federal government does not understand the challenges well enough to expand business opportunities faced by small businesses, especially their concerns about the impact of new taxes, regulations and credit availability.



The Vistage CEO Confidence Index rose to 94.4 in the 2nd quarter 2010 survey, significantly higher than the 69.0 recorded in the 2nd quarter of 2009. The Confidence Index has posted six consecutive quarterly gains, rising to its highest level since the 1st quarter of 2007.

Vistage CEO Confidence Index Q2 2010 | Dates 06/23-07/02 | 1,617 Respondents | National Results

Question	Answer	Respondents	
		#	%
1. Compared with a year ago, have overall economic conditions in the U.S. improved, remained the same, or worsened?	Improved	814	50%
	About the same	592	37%
	Worsened	208	13%
	Don't know/No opinion	3	0%
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	589	36%
	About the same	772	48%
	Worse	243	15%
	Don't know/No opinion	13	1%

<b>3. Are your firm's total fixed investment expenditures likely to increase, remain about the same, or decrease during the next 12 months?</b>	Increase	604	37%
	About the same	774	48%
	Decrease	231	14%
	Don't know/No opinion	8	0%
<b>4. Do you anticipate that your firm's sales revenues will increase, remain about the same, or decrease for the next 12 months?</b>	Increase	1,076	37%
	About the same	395	24%
	Decrease	142	9%
	Don't know/No opinion	4	0%
<b>5. Do you expect your firm's profitability to improve, remain about the same, or worsen during the next 12 months?</b>	Improve	868	54%
	About the same	501	31%
	Worsen	241	15%
	Don't know/No opinion	7	0%
<b>6. Do you expect prices for your product or service to increase, remain about the same, or decrease during the next 12 months?</b>	Increase	713	44%
	About the same	914	57%
	Decrease	185	11%
	Don't know/No opinion	5	0%
<b>7. Do you expect your firm's total number of employees will increase, remain about the same, or decrease during the next 12 months?</b>	Increase	713	44%
	About the same	754	47%
	Decrease	145	9%
	Don't know/No opinion	5	0%
<b>8. When do you plan to increase your firm's total number of employees over the next 12 months?</b>	Q2 2010	66	4%
	Q3 2010	203	13%
	Q4 2010	165	10%
	Steadily throughout the next 12 months	434	27%
	I do not plan to increase my total number of employees	746	46%
<b>9. What is the most significant business issue that you are facing currently?</b>	Rising energy costs	7	0%
	Growth (growing too quickly)	41	3%
	Rising healthcare costs	86	5%
	Political uncertainty	135	8%
	Staffing (finding, hiring, retaining, and training)	144	9%
	Growth (growing too slowly)	204	13%
	Economic uncertainty (concern for local and nation)	619	38%
	Other	121	7%
	Financial issues (finance, cash flow, profitability)	260	16%

<b>10. What is the biggest challenge your business is specifically facing now? (check all that apply)</b>	Paying loans and/or accessing credit	189	9%
	Managing costs	404	19%
	Cash, liquidity, receivables	351	17%
	Customer retention and/or lead generation	540	26%
	Cutting staff	56	3%
	My business is not facing any extraordinary challenges	270	13%
	Skipped	34	2%
	Other	236	11%

<b>11. Has the Healthcare Reform Bill (The Reconciliation Act of 2010) been:</b>	Good for your business	40	2%
	Bad for your business	578	36%
	Made no difference in your business	752	47%
	No opinion	246	15%
	Skipped	1	0%

<b>12. Are you finding it easier to obtain credit for your business now than you did six months ago?</b>	Yes	229	14%
	No	726	45%
	Not applicable	665	41%
	Skipped	7	0%

<b>13. What is going to be your biggest priority to advance your business over the next three years?</b>	Quality employees	435	27%
	Strong leadership	344	21%
	Access to capital	171	11%
	Innovation in new products/services	562	35%
	Skipped	8	0%
	Other	97	6%

<b>14. What do you think the state of manufacturing in the U.S. will be in the next 5 years?</b>	Much stronger	88	5%
	Slightly stronger	703	43%
	No change	216	13%
	Weaker	467	29%
	No opinion	138	9%
	Skipped	5	0%

<b>15. Does the federal government understand the challenges faced by American businesses well enough to expand business opportunities for small business?</b>	Yes	82	5%
	No	1,400	87%
	No opinion	121	7%
	Skipped	14	1%

<b>16. Does state government understand the challenges faced by American businesses well enough to expand business opportunities for small business?</b>	Yes	190	12%
	No	1,292	80%
	No opinion	131	8%
	Skipped	4	0%

<b>17. Where do you believe your next CEO will come from?</b>	Next generation family member	222	14%
	Promotion from within	592	37%
	Outside executive search	316	20%
	CEO of acquiring company	384	24%
	Skipped	25	2%
	Other	78	5%

<b>18. How difficult is it to find people with the right skills to drive your business growth?</b>	Easy to find qualified talent	278	17%
	Difficult to find qualified talent	1,149	71%
	Most interviewee lack required skills	158	10%
	Skipped	32	2%

<b>19. How do you plan to finance your business growth during the next 12 months?</b>	Investment from friends or family or business relationship	70	4%
	Cash	805	50%
	Venture capital or private equity	78	5%
	Bank or third-party loan	546	34%
	Credit cards	7	0%
	Skipped	18	1%
	Other	93	6%

<b>20. In order to be able to increase the number of full-time employees, what do you need to see in the marketplace (check all that apply)?</b>	Increased sales	1,451	69%
	Improved access to loan financing	171	8%
	Lower wage costs	66	3%
	Product improvements	121	6%
	Credit Cards	152	7%
	Skipped	19	1%
	Other	115	5%

<b>21. Is your current access to loan financing limiting your business growth?</b>	Yes	366	23%
	No	1,241	77%
	Skipped	10	1%
<b>22. Are you doing business in China?</b>	Yes	363	22%
	No	1,208	75%
	No, but I plan to in the next 12 months	36	2%
	Skipped	10	2%
<b>23. Is it essential to smaller businesses like yours that Washington enact immigration legislation?</b>	Yes	367	23%
	No	1,228	76%
	Skipped	22	1%
<b>24. Do you like questions like these? Do you want more of these supplemental questions in future surveys?</b>	Yes	1,209	75%
	No	350	22%
	Skipped	1	0%
<b>25. The media often contacts us regarding general business issues for stories. Are you willing to be contacted and interviewed by the media?</b>	Yes	735	45%
	No	882	55%
	Skipped	1	0%



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