

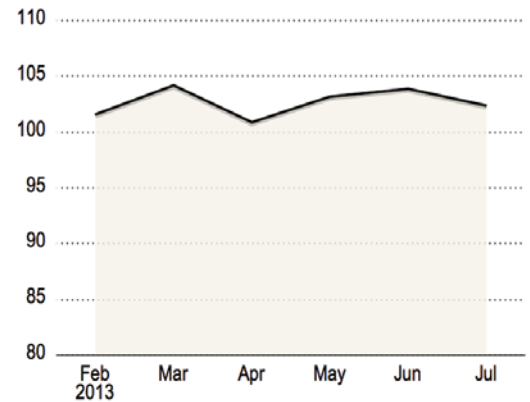
## Small Firms Relatively Optimistic

Small firms surveyed in the July WSJ/Vistage Small Business CEO Survey view the second quarter slowdown as having a minor impact on the future course of the economy. Firms slightly trimmed their outlook for the economy and expected minor downward adjustments in their employment and investment spending, but did not anticipate a significant hit to their revenues or profits. The WSJ/Vistage Small Business **Confidence Index was 102.2 in the July 2013 survey, just below the 103.7 in June, but significantly above last July's 91.7.**

The largest gains compared to last July were related to the pace of economic growth. Most of the shift occurred last February, when small business concluded that the economy was strong enough to withstand the damage from falling off the fiscal cliff. Since February, the Confidence Index has averaged 102.5, showing only insignificant monthly variations. While small firms expect only a modest pace of overall economic growth in the year ahead, they anticipate the upward economic momentum will be sufficient to overcome the constraints from domestic policies and the global economy. Small firms are building the necessary resilience in their planning process so as not to constantly waver in the winds of economic policy debates.

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

**WSJ/Vistage Small Business CEO Confidence Index**



Visit [vistageindex.com](http://vistageindex.com) to see the interactive tool and view results from previous months.

WSJ/Vistage Small Business CEO Survey (665 Respondents)

Question	Answer	Respondents	
		#	%
<b>1. Compared with a year ago, have overall economic conditions in the U.S. improved, remained the same, or worsened?</b>	Improved	326	49%
	Remained about the same	285	43%
	Worsened	52	8%
	Don't know/No opinion	2	0%

*Continued on reverse...*

Question	Answer	Respondents	
		#	%
<b>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?</b>	Better	198	30%
	About the same	355	53%
	Worse	100	15%
	Don't know/No opinion	12	2%
<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	255	38%
	About the same	320	48%
	Decrease	88	13%
	Don't know/No opinion	2	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	449	68%
	About the same	171	26%
	Decrease	40	6%
	Don't know/No opinion	5	1%
<b>5. Do you expect your firm's profitability to improve, remain about the same, or worsen during the next 12 months?</b>	Improve	353	53%
	About the same	228	34%
	Worsen	82	12%
	Don't know/No opinion	2	0%
<b>6. 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	340	51%
	About the same	264	40%
	Decrease	59	9%
	Don't know/No opinion	2	0%
<b>7. Have you put pen to paper in the past three months to figure out the costs of hiring a new employee?</b>	Yes	167	25%
	Yes, I know costs from a recent hire	190	29%
	No, but will do so in the coming months	91	14%
	No	214	32%
	Skipped	3	0%

Question	Answer	Respondents	
		#	%
<b>8. If you are planning to add employees in the coming six months, what factor will weigh the most heavily on whether you do ultimately hire someone?</b>	Cost of salary and benefits	48	7%
	Expected increase in demand for product or service	212	32%
	Now have too much work for current staff to handle	116	17%
	Cost of health care and other regulations	48	7%
	Finding candidates with the right skill set	204	31%
	Skipped	37	6%

<b>9. Has your business been turned down for a bank loan in the past year?</b>	Yes	59	9%
	No	589	89%
	Not sure	13	2%
	Skipped	4	1%

<b>10. What provision of the Senate immigration reform bill, approved last month, would likely have the biggest impact on your business?</b>	An increase in the number of immigrant visas awarded to foreign workers.	70	11%
	A requirement for U.S. employers to verify the legal status of all their employees using the federal online employment verification system, known as E-Verify.	102	15%
	A path to U.S. citizenship for undocumented immigrants currently working in the U.S.	56	8%
	Immigration reform will have no significant impact on my business.	411	62%
	Skipped	26	4%

<b>11. Have you ever used the federal online employment verification system, known as E-Verify, to assess the legal immigration status of an employee?</b>	Yes, I use E-Verify to run background checks on all job applicants.	155	23%
	Yes, but only for job applicants who are neither U.S. citizens nor permanent U.S. residents.	28	4%
	No, I have never used E-Verify to run background checks on a job applicant.	470	71%
	Skipped	12	2%

Question	Answer	Respondents	
		#	%
<b>12. If you have used the federal E-Verify system, how would you describe your experience?</b>	The system was quick, easy to use, and the applicant did not contest the results.	127	19%
	The system was quick, easy to use, but the applicant contested the results.	2	0%
	The system was time consuming and burdensome, but the applicant did not contest the results.	33	5%
	The system was time consuming and burdensome, and the applicant contested the results.	3	0%
	Skipped	500	75%
<b>13. [For businesses with 50 or more employees] With the announcement that penalties under the employer mandate will be delayed for at least one year, how does your business plan to invest money that otherwise would have gone into complying with the new health?</b>	Hire additional employees	43	15%
	Invest in equipment or facilities	67	24%
	Provide raises or other benefits for employees	42	15%
	Lower prices on products or services	9	3%
	Other	113	42%
<b>14. [For businesses with 50 or more employees] Would your business have been ready to comply with the health-care law by January (if there was no delay)?</b>	Yes	225	76%
	No	20	7%
	Not sure	51	17%
<b>15. During your company's last fiscal year, what was its total employment?</b>	1-9 employees	52	8%
	10-19 employees	123	18%
	20-49 employees	241	36%
	50-99 employees	159	24%
	100-499 employees	79	12%
	500-999 employees	3	0%
	1000-4999 employees	8	1%