



VISTAGE

CEO ECONOMIC OUTLOOK

Q4 2024 Vistage CEO Confidence Index Analysis

2025 Decisions & Investments

ABOUT THE VISTAGE CEO CONFIDENCE INDEX

Since 2003, the Vistage CEO Confidence Index has captured the sentiment of small and midsize business CEOs, presidents and business owners in the United States about the economy each quarter. The Q4 Vistage CEO Confidence Index survey was conducted online and sent to 9,811 active Vistage members participating in Chief Executive and Small Business groups. It was open between December 2 and 16, 2024, and captured input from 1,438 leaders. Using ITR Economics' rate-of-change methodology, analysis has revealed that the Vistage CEO Confidence Index is a leading indicator of the U.S. Industrial Production Index 9 months in advance.

For more than 20 years, the Vistage CEO Confidence Index has been recognized as the definitive voice of high-performing, high-integrity leaders. As a trusted resource, the Index provides world-class insights to inform decision-making for CEOs and other key leaders of small and midsize businesses.

For more Vistage CEO Confidence Index results, visit

VISTAGE.COM/CEOINDEX

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Confidence soars into 2025

The Q4 2024 Vistage CEO Confidence Index rose sharply to 100.8, a gain of 15.7 points, signaling the approach of the long-anticipated growth cycle. After wallowing in the doldrums and historical lows of the post-pandemic economy, forward-looking economic confidence spiked to levels not seen since Q1 2017. Expectations for increased revenue and profits also rose, as did plans for investments and hiring — all reaching levels above Q4 2019 and the norms from the 2010s.

Powering the shift in economic confidence is the 55% of CEOs who believe that the economy will improve in the year ahead. That’s up from 32% in Q3 and well ahead of the 21% from Q4 2023. A key factor in the change of heart is the optimism CEOs hold for the new administration. A majority of CEOs identified the change in the country’s leadership as their top reason for optimism. The belief is that focusing on pro-business policies and reduced regulations, along with decreasing inflation and lower borrowing costs, will stimulate investments and economic growth.

Just 13% of CEOs believe the economy will be worse in the year ahead, down 10 points from Q3 2024 and 21 points from Q4 2023. Concerns about inflation led to reduced purchasing power and higher costs of goods and services in 2024. The potential downside of the interest rate cuts is that they may fuel the return of inflation in 2025. Higher inflation will then lead to higher interest rates, once again slowing down capital investments and consumer spending. Uncertainty abounds over concerns about the impact of new or unpredictable government policies, especially tax and trade regulations. Other challenges CEOs will face include global economic instability and the uncertainty surrounding political decisions, tariffs and potential shifts in leadership priorities.

CEOs agree that administration policies, trade regulations, inflation and consumer confidence are key determinants of economic conditions. However, the differences in their outlooks come from contrasting expectations regarding the new administration’s policies and their ripple effects on markets, trade, and regulation.

Despite the optimism, traditional challenges remain in play. From an analysis of open-ended responses, the top challenges CEOs are facing include:

- **Talent acquisition and retention (45%):** CEOs consistently cite difficulty finding and retaining skilled, qualified employees with a strong work ethic as their most significant challenge. This includes hiring, engaging and managing workforce shortages.
- **Economic uncertainty and rising costs (28%):** Economic instability, inflation, high interest rates and escalating costs are major concerns. These factors directly impact operational profitability, financial planning and business sustainability.
- **Sales growth and revenue generation (26%):** CEOs struggle to achieve consistent sales growth, generate leads and address market softness. They also face challenges in maintaining top-line revenue amidst competitive pressures.

The early surge in CEO confidence for 2025 reflects a strong belief that new leadership and the policy promises made during the election will power the economy to new heights.

Vistage CEO Confidence Index rose to 100.8 in Q4 2024, its highest level since Q2 2021



Economies, customers and market conditions fluctuate, but the core decisions faced by CEOs remain consistent. Since 2017, CEOs have navigated a rising economy that capped the decade of the 2010s, followed by the upheaval of the COVID-19 pandemic and an uneven recovery. As the economy now appears poised for growth, CEOs' decision-making processes will inevitably drive their investments.

The Vistage CEO Confidence Index captures the sentiment of SMB CEOs. Their beliefs about the economy, expectations for revenue and profit and intentions to invest in their businesses form the foundation of this index, which predicts trends for the next 9-12 months. While beliefs and expectations may fluctuate, clear signs of intentions emerge from difficult decisions supported by capital investments.

The Vistage Decision Model helps identify various decisions leaders face, focusing on their daily leadership style, team strategies and key business decisions regarding talent, customers, finance and operations.



In our analysis of CEOs' top challenges, decisions and investments, key themes emerge that have been consistent over time. While these topics remain unchanged, CEOs must navigate them in varying economic environments and market landscapes.

TOP AREAS OF FOCUS FOR 2025

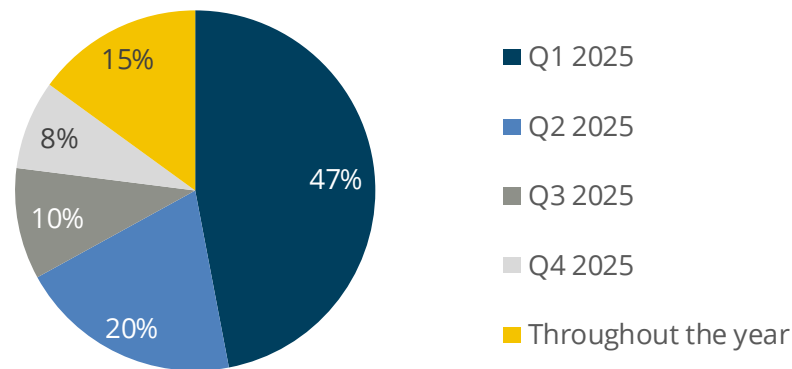
- Talent:** People remain the most challenging aspect of leadership and business growth. While workforce retention rates have improved since 2022, most CEOs believe a new growth cycle is on the horizon. Consequently, 65% of CEOs plan to increase headcount in the upcoming year, matching peaks from the 2010s. Despite productivity gains through training and development, demand for workers continues to rise, underscoring the significance of recruitment. In Q3 2024, 38% of CEOs said they found hiring easier than it was at the start of the year, but challenges are expected to intensify as hiring plans ramp up in 2025.
 - Training and development:** Upskilling talent continues to be a critical investment. Such initiatives not only enhance retention but also boost productivity by equipping workers with essential skills. Leadership development has gained attention as a pathway to improved performance and employee engagement.
 - Succession planning:** As baby boomers exit the workforce and opportunities for workers increase, having a robust transition plan is paramount for retaining talent and facilitating career growth for high-potential employees.
 - Sales talent:** In a rising economy, hiring and developing sales personnel is essential. As customers experience growth, they require additional products and services, making well-trained sales teams crucial for capitalizing on expanding customer spending.
- Technology:** Investment in technology remains a significant focus. CEOs are increasingly investing in both core and emerging technologies. The pressure from automation and evolving business applications has led leaders to seek competitive advantages, requiring both financial resources and commitment to implementation.
 - Generative artificial intelligence (Gen AI) is becoming accessible beyond large corporations. In Q4 2024, 45% of CEOs reported they will increase their technology budget to accommodate for adding AI capabilities.

- 3. **Growth:** CEOs are indicating many areas in which they plan to drive growth, from new products and services to market expansion and acquisitions.
- 4. **Infrastructure:** Investing in facilities, capital, fleet and equipment upgrades is crucial for maintaining the customer base. As growth occurs, existing infrastructure can become strained, leading to missed opportunities. An overworked workforce may struggle, impacting employee retention as workers seek better work experiences.

As economic confidence rises, small and midsize businesses are re-evaluating their investment plans. CEOs should strategically time their investments to take advantage of the low rates during the early part of the year while also purchasing, implementing and mastering the use of these investments.

CEOs are timing their investments: 47% report they will make investments in Q1, while 15% report investments will be made throughout the year.

What is the planned timing of your projected investments for 2025?





Lauren Saidel-Baker
CFA and Economist
[ITR Economics](#)



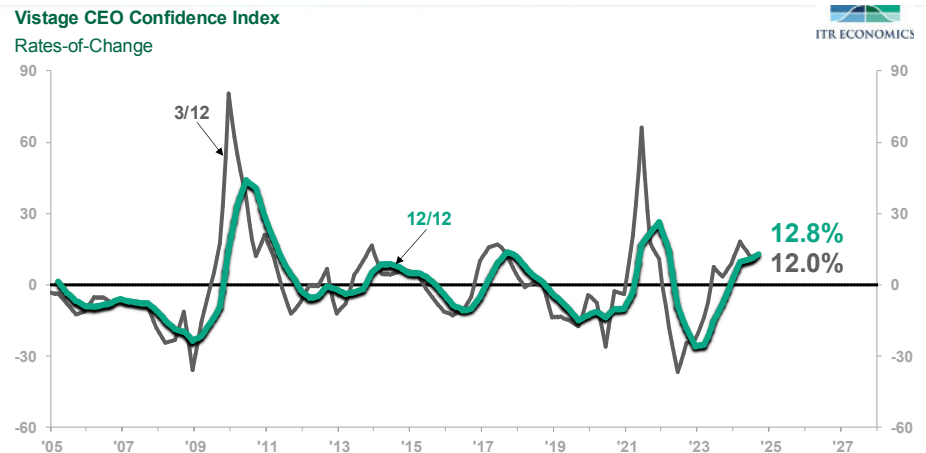
The lift in the Vistage CEO Confidence Index is encouraging as it aligns with ITR Economics’ forecasts for growth in 2025. With interest rate cuts totaling 100 basis points, borrowing costs are lower. This is advantageous in 2 ways: Lower rates will stimulate the economy and make productivity investments more cost effective for small and midsize businesses. While interest rates are still higher than previous lows, there is a window of opportunity to invest, especially with anticipated higher demand in 2025.

The first half of 2025 is the best time for making investments.

Businesses should balance the benefits of lower borrowing costs against the need to be prepared for rising demand. With the recovery in the U.S. Industrial Production Index forecasted for next year, timely investments are crucial.

- **Ensure adequate lead time for your investments** so they can be implemented and start producing results prior to demand increasing. The Federal Reserve will likely make only marginal rate cuts in early 2025, so waiting too long could risk missing the optimal borrowing window.
- **Be more creative in your hiring practices** because the labor market remains tight and shifting demographics impact available workers. Lock in wages at today’s rates before they increase, and consider how you can differentiate your company with an appealing workplace culture.

- **Find strategic ways to leverage artificial intelligence.** While AI may be a potential partial solution for productivity, its impact is not yet proven. Many businesses lack a targeted AI strategy, leading to a scattershot approach. So, while it is exciting to see the potential impacts of AI, ensure your efforts lead to better productivity.



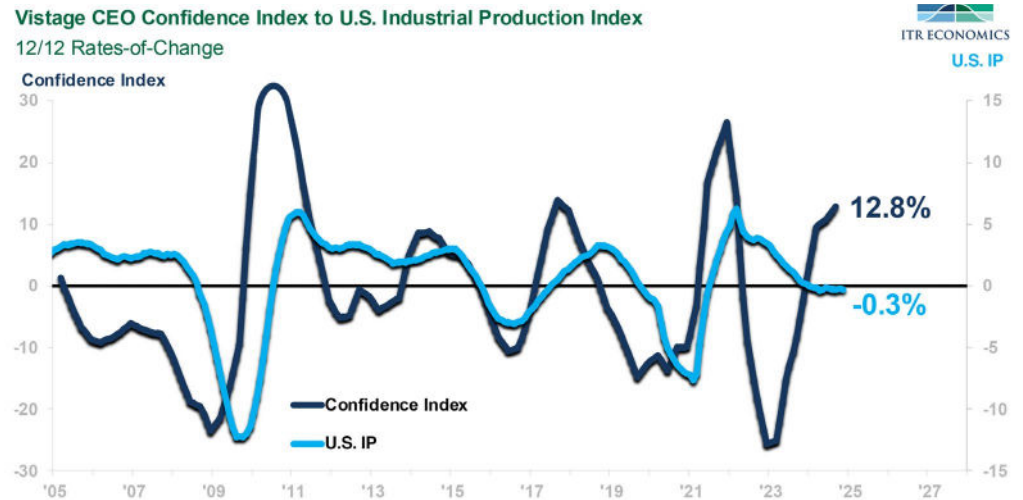
Watch the full interview with Vistage Chief Research Officer Joe Galvin at vistage.com/ceoindex.

“A leading indicator, the Vistage Confidence Index aligns with ITR Economics’ forecasts for growth in 2025.”

Lauren Saidel-Baker
CFA and Economist, ITR Economics

**Leading Indicator:
Vistage CEO Confidence Index**

ITR Economics, using its rate-of-change methodology, has determined that the Vistage CEO Confidence Index is a leading indicator of the U.S. Industrial Production Index 9 months in advance. Businesses reliant on the U.S. Industrial Production Index can map key indicators to the Vistage CEO Confidence Index to aid in forecasting.



↑ Recent Economy

33%

of CEOs reported economic improvements, up 15 points from 18% in Q3.

↑ Future Economy

55%

of CEOs expect the economy to improve in the next year, up from 32% last quarter.



↑ Revenue Projections

76%

of CEOs expect increased revenues in the next 12 months, up from 63% in Q3.

↑ Profitability Projections

61%

of CEOs expect increased profits in the year ahead, up from 49% last quarter.



↑ Investment Plans

41%

of CEOs plan to increase fixed investments in the next 12 months, up from 34% in Q3.

↑ Workforce Plans

65%

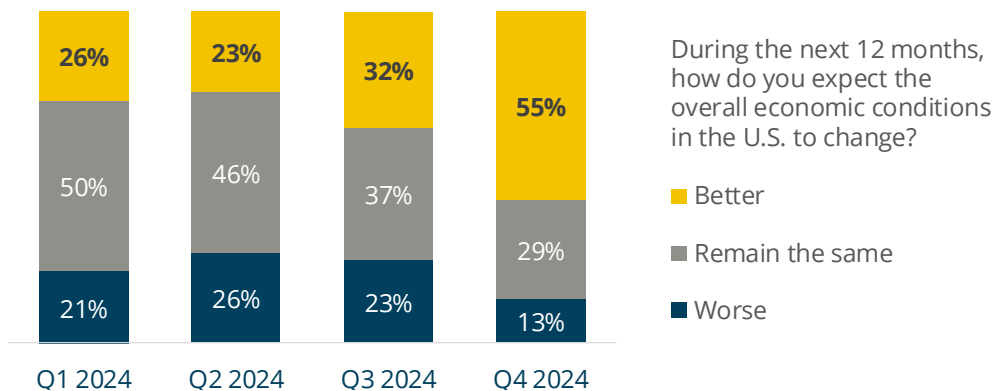
of CEOs plan to expand their workforce over the next 12 months, up from 50% last quarter.



Over the last quarter, CEO sentiment about the economy has significantly improved. Two major events contribute to this: lower interest rates and a new administration that promises more tax-friendly business policies.

Looking ahead paints an even more optimistic picture. Not only is there a growing number of CEOs who believe the U.S. economy has recently improved, more than half (55%) of them expect it to improve in the next 12 months, up from 32% last quarter and more than double in Q1 2024. Last quarter, 61% of CEOs indicated that their business would be impacted by interest rate cuts of up to 1 point; the third cut in December reached that threshold, meaning that a larger portion of businesses will take advantage of this change.

CEO optimism about the future of the U.S. economy continues to improve, up 23 points from last quarter



Why do you believe economic conditions will improve in the next year?

“I believe some transparency to both interest rate reductions and the political landscape is driving companies to have better confidence in their capital investments.”

Philip Eckinger
President, Eckinger Construction Company
Canton, Ohio

“In the construction industry, many projects were delayed due to the election and interest rates. It appears that projects will be moving forward and that our customers have strong backlogs.”

Ben Brown
President, The Chas. E Phipps Company
Cleveland, Ohio

“The negative effects of COVID are behind us, and interest rates are coming down. Overall, it feels like things are balancing again.”

Marci Nava
Principal, FrameworkOrgDev
Oakland, California

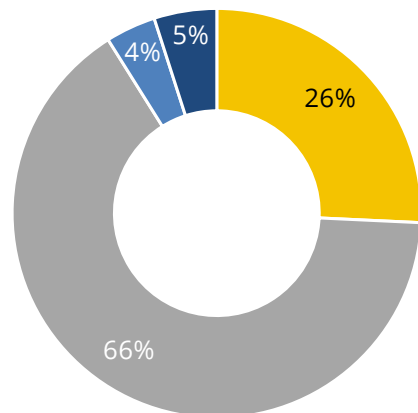


Is the period of profitless prosperity finally coming to an end? Revenue expectations for the upcoming year are among the strongest in years, particularly when excluding the stimulus-inspired surge that occurred after pandemic shutdowns eased.

Over three-quarters of CEOs (76%) report expectations for increased revenue in the year ahead. These optimistic expectations have also been stimulated by a post-election sentiment that has resulted in an increase in demand.

However, not all demand is a result of optimism. Just as lower interest rates and favorable tax policies create optimism, there is concern about the negative impact of tariffs. Proactive stocking of inventory as a defensive play against the possibility of increased tariffs may drive some demand. With economic growth on the horizon and the cost of borrowing lower, now is the optimal time to invest in inventory and raw materials.

Over one-quarter of small businesses say customer demand for their product or service has increased since the U.S. presidential election



How has customer demand for your business's products and services changed since the election?

- Increased
- Remained the same
- Decreased
- Don't know/No opinion

What do you think is causing this increase in customer demand following the election?

“Increased imports before tariffs are implemented. The threat of tariffs and a potential port strike on the East Coast drove customers to stock up in anticipation of price hikes and inventory shortages.”

Paul Delp
President, Lansdale Warehouse Company
Lansdale, Pennsylvania

“We have seen much more normalized business from all sectors except agriculture and automotive, which continue to be significantly down. The uncertainty of what Trump is going to do regarding tariffs, the environment and regulation is obviously leaving a lot of companies in those sectors paralyzed.”

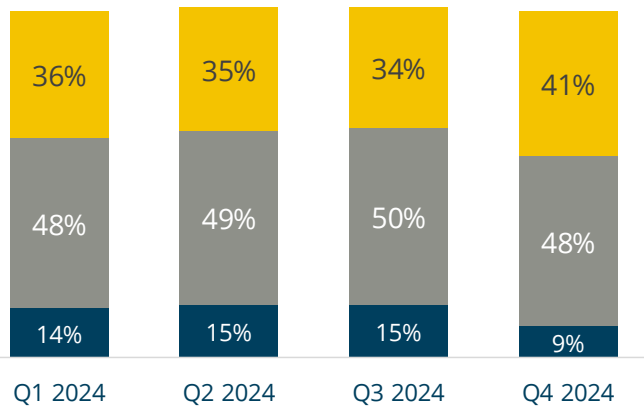
Katie Malnight Meisinger
COO, Engauge Workforce Solutions
and Rely Contract Manufacturing
Menomonee Falls, Wisconsin



After new investments remained stalled across sectors in 2024, CEOs’ plans for the year ahead indicate that lower borrowing costs and disinflation are beginning to stimulate spending. Combine that with the increased demand reported by over a quarter of SMBs, and the forecasted growth comes into focus.

Most notable is the addition of new personnel in the new year. Over the next 12 months, nearly two-thirds (65%) of CEOs plan to increase their workforce, a 15-point increase from last quarter.

After stagnating this year, the proportion of CEOs that plan to increase investments in the next year grows 7 percentage points from Q3



How do you expect your firm’s total fixed investment expenditures to change in the next 12 months?

- Increase
- Remain the same
- Decrease

What is the biggest business challenge you are currently facing?

“Talent acquisition and retention are the biggest challenges we face as we strive to attract and keep top talent in a competitive market. Our organization is finding it increasingly difficult to maintain a stable workforce due to the demand for specialized skills in a competitive environment.”

Rogier Goedecke
 President, RK Engineering Group, Inc.
 Newport Beach, California

“Gaps in our hiring to cover the work needed if someone is out on leave.”

Kyra Morris
 President, Morris Financial Concepts, Inc.
 Mount Pleasant, South Carolina



Joe Galvin | Chief Research Officer, Vistage Worldwide, Inc.

As Chief Research Officer for Vistage, the world’s leading executive coaching organization for small and midsize businesses, Joe Galvin is responsible for providing Vistage members with current, compelling and actionable thought leadership on the top issues, topics and decisions of small and midsize business CEOs.



Anne Petrik | Vice President of Research, Vistage Worldwide, Inc.

As Vice President of Research, Anne Petrik leads the design, deployment and analysis of CEO surveys for Vistage, capturing the sentiment and practices of the Vistage CEO community. Using her analysis in collaboration with perspectives from experts and partners, Anne directs the thought leadership published by Vistage research to provide small and midsize business CEOs with insights that help them optimize their businesses and enhance their leadership.

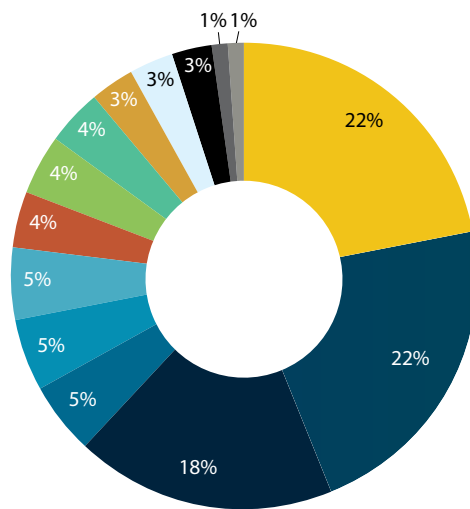


Lauren Saidel-Baker | CFA and Economist, [ITR Economics](https://www.itreconomics.com/)

A speaker and economist at ITR Economics, Lauren Saidel-Baker provides consulting services for small businesses, trade associations and Fortune 500 companies across a spectrum of industries. Lauren graduated with honors from Wellesley College, double majoring in economics and religion. She earned her MBA at Boston University Questrom School of Business. She has also been featured on the Financial Sense Newshour podcast, Floor Covering Weekly magazine and tED magazine’s online publication.

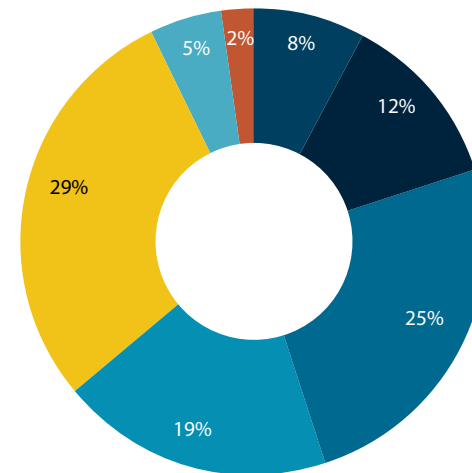
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Industries



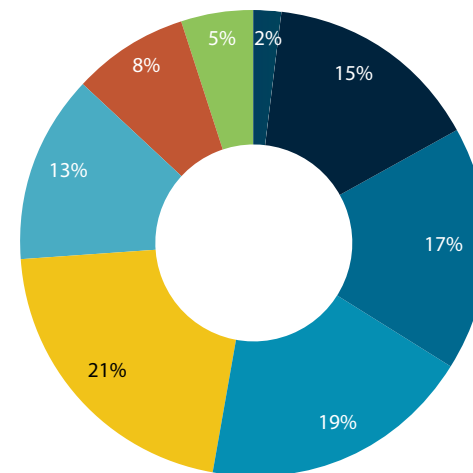
- Manufacturing
- Construction
- Wholesale Trade
- Finance & Insurance
- Consulting Services
- Health Care
- Architectural & Engineering
- Retail Trade
- Computer Systems Design
- Transportation & Warehousing
- Real Estate
- Advertising & PR
- Administrative & Support Service
- All other industries

Number of Employees



- <10
- 10-19
- 20-49
- 50-99
- 100-499
- 500-999
- 1000-4999

Annual Revenues



- < \$1 Million
- \$1-4 Million
- \$5-9 Million
- \$10-20 Million
- \$21-49 Million
- \$50-99 Million
- \$100-249 Million
- \$250+ Million

ABOUT VISTAGE RESEARCH

Vistage conducts original research and curates subject-matter expertise from thought leaders to create actionable, thought-provoking insights for leaders of small and midsize businesses. Our analysis of surveys we conduct, including the WSJ/Vistage Small Business CEO survey and the Vistage CEO Confidence Index survey, informs various reports. Since 2003, Vistage has published the CEO Confidence Index, a proven economic indicator. Vistage provides the data and expert perspectives to help SMB CEOs make better decisions.

Learn more at vistage.com/research-center

ABOUT VISTAGE WORLDWIDE INC.

Vistage is the world's largest CEO coaching and peer advisory organization for small and midsize businesses. For more than 65 years, we've been helping CEOs, business owners and key executives solve their greatest challenges through confidential peer groups and one-to-one executive coaching sessions. Today, more than 45,000 members in 35 countries rely on Vistage to help make better decisions for their companies, families and communities. The results prove it: Vistage CEO members grew their annual revenue on average by 4.6% in 2020, while nonmembers with comparable small and midsize businesses saw revenue decrease by 4.7%, according to a study of Dun & Bradstreet data.

Learn more at vistage.com

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CEO CONFIDENCE INDEX

Capturing sentiment of small and midsize business CEOs since 2003

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