VISTAGE

CEO PROJECTIONS 2023

GROWING FORWARD

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Growing Forward

Introduction | Navigating Unfamiliar Territory

The COVID-19 pandemic was a seismic event for the world. Like the aftershocks of an earthquake, it created waves of turbulence that rattled the economy and reshaped society. Those shocks continue to reverberate today.

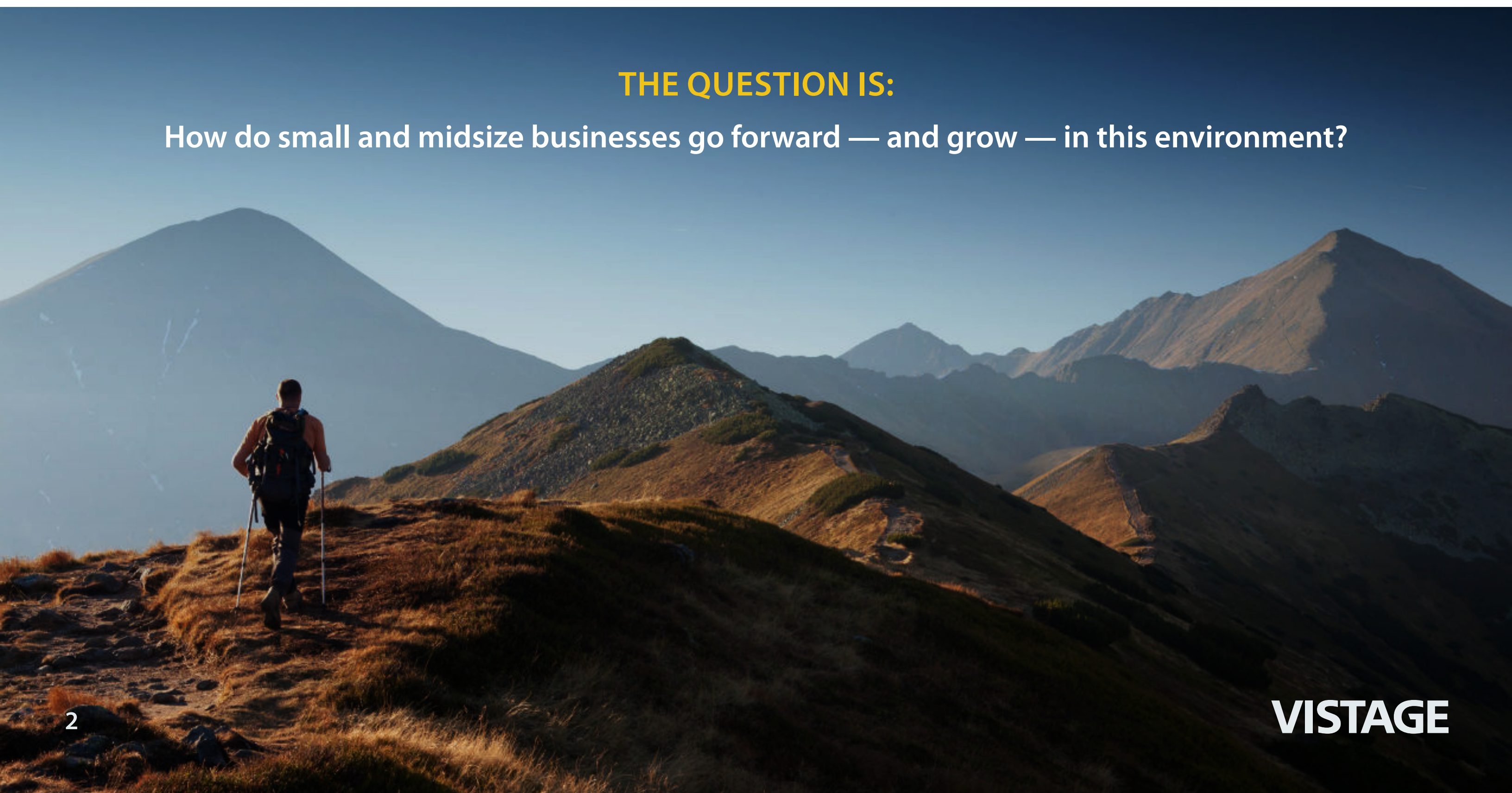
Now, in the aftermath of the crisis, CEOs of small and midsize businesses find themselves in a strange place. In some ways, everything has changed for their businesses; in other ways, nothing is different.

Everything has changed with respect to the economy, workforce, workplace and customers. A once-skyrocketing inflation rate has descended and is now settling at a higher level than before COVID. Unemployment is historically low and interest rates continue to rise, although at a slower rate. Employees, especially Millennials and Gen Zers, are demanding flexibility and more meaningful work. Digital-first workplaces have become the norm, and hybrid models have increased the need for improved collaboration. Customers are behaving and buying in new ways.

Yet, when it comes to the fundamentals of business success, nothing is different. Organizations still need to maintain fiscal discipline and operate at full capacity to remain competitive. Recruiting and retaining talent remains a top priority. Staying close to customers is critical — if not more important than before.

THE QUESTION IS:

How do small and midsize businesses go forward — and grow — in this environment?



Leading a Business in the "Aftermath Economy"

The U.S. economy has entered a new phase, according to data from the Q4 2022 Vistage CEO Confidence Index, which captured feedback from 1,373 CEOs of small and midsize businesses. We call this the "Aftermath Economy," and we project it to last for 18 to 24 months before the next growth cycle begins.

Based on our analysis of the major investments, major decisions and major leadership challenges that CEOs identified in our survey, we expect the work of business leaders to center around these three themes for the next 12 months:

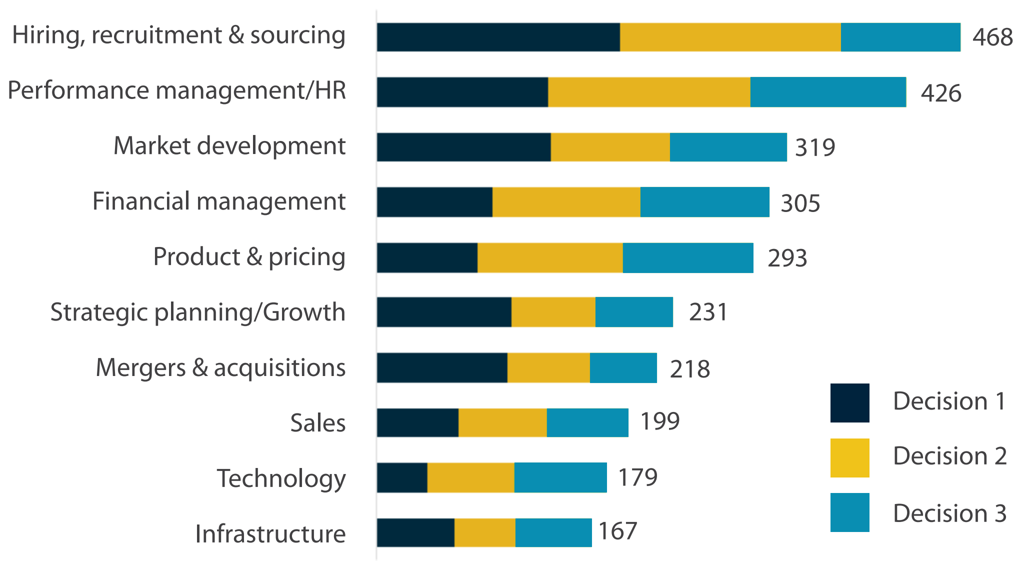
Workforce velocity: Minimizing talent disruption in a competitive labor market

Infrastructure to execute: Improving productivity and communication with technology

Maximizing opportunity in the aftermath: Growth from new opportunities and weakened competitors

Research Insights: Major Decisions

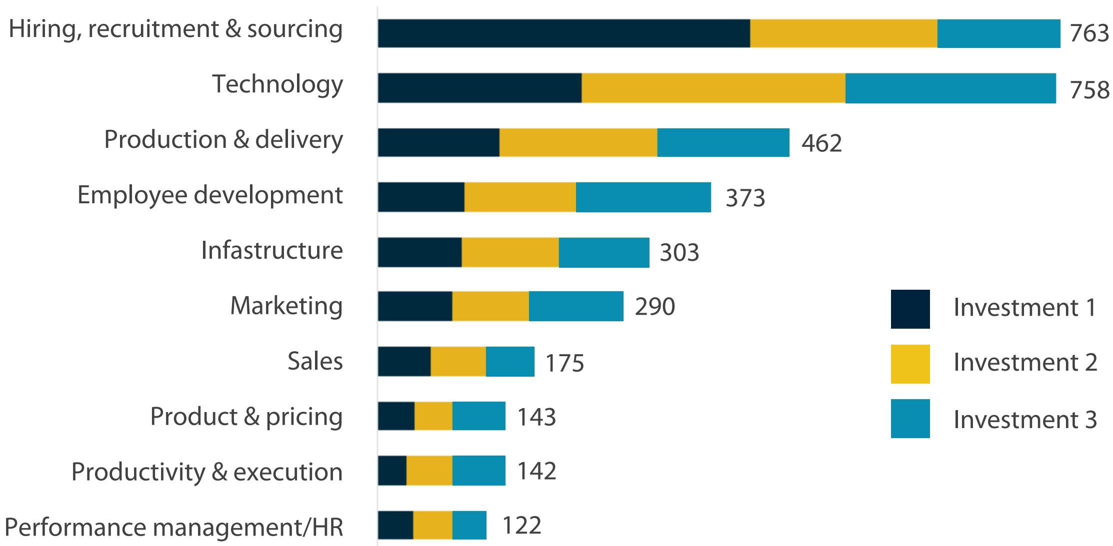
What are the major decisions you'll have to make regarding your business in 2023?



Source: Q4 2022 Vistage CEO Confidence Index | 4,017 responses from 1,373 respondents

Research Insights: Major Investments

What are the major investments you are planning to make for your business in 2023?



Source: Q4 2022 Vistage CEO Confidence Index | 4,120 responses from 1,373 respondents

Until the next growth cycle begins in late 2024 or 2025, many CEOs will find it hard to grow their business in the Aftermath Economy. Some will collapse under the pressure, while others will push through. In this report, we offer a guide to the latter based on our projections for the year ahead.

IN THIS REPORT

BUSINESS CONDITIONS | Economic Update

What to expect for the remainder of this year

A mild recession. While the economic outlook remains gloomy, unemployment remains historically low (3.6%). As long as that continues, the forthcoming recession is likely to be soft and end within two years.

Increasing costs, but at a slower rate. Inflation is starting to level out in the Aftermath Economy, rising at lower rates. This is a preview of the "financial recalibration" that will take place this year, as interest rates, wages and other costs rebalance at a higher but more stable level. Already, more than half (52%) of CEOs see prices increasing at a slower pace, and 25% are seeing no change in prices.

Improvements to supply chains. The scars of broken supply chains are healing, with 61% of CEOs seeing improvements to their supply chains and 16% having no problems at all. To further mitigate the risk of disruption, small and midsize businesses will increasingly move to "nearshore" or "onshore" their supply chains this year.

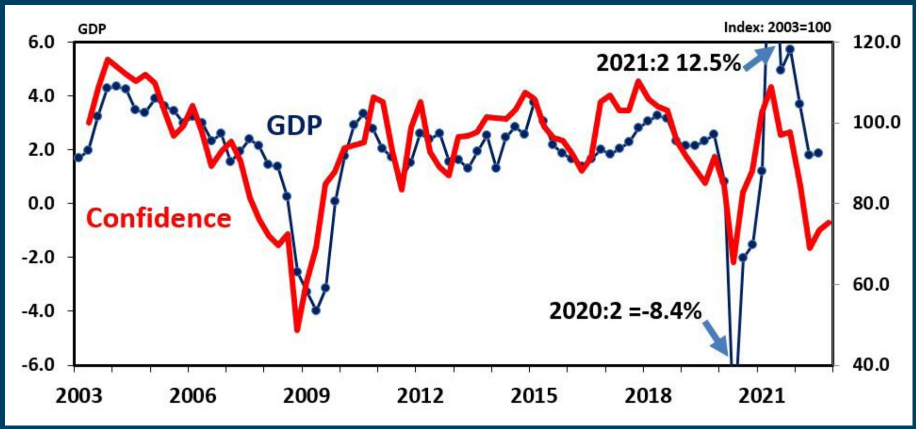
Ongoing competition for talent. Despite headlines about large company layoffs, small and midsize businesses are still fighting for talent. At the same time, people are confident they can get a job, with workers continuing to quit at high rates (2.6% in October 2022 and 2.7% in November 2022, according to the U.S. Department of Labor).

Aggressive tactics for hiring and retention. The appetite for growth remains strong among small and midsize businesses, making recruitment and retention a top priority. To compete in the talent wars, 84% of CEOs are paying higher wages, 52% are offering expanded benefits and 44% are providing hiring and retention bonuses.

LEADING INDICATOR | Vistage CEO Confidence Index

After three years of high volatility, the Vistage CEO Confidence Index has stabilized and reset at a lower level — what we consider the new normal of the Aftermath Economy. **In Q4 2022, the Index rose 1.9 points to reach 75.3, only 2.5% higher than Q3 2022.** This is 22.9% lower than last year's level and the fourth-lowest reading since the Great Recession.

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



Across the six components that comprise the Index, CEO sentiment improved in some areas but worsened in others. While hiring plans, profit growth and revenue growth all posted gains, these improvements were offset by worsening prospects for the economy and declining investments. Similarly, the impact of decreasing energy prices and moderating inflation was diminished by increased costs from wages, compensation and interest rates.

Economic Sentiment

15%

of CEOs said the economy recently improved, while 58% said it worsened.

10%

of CEOs expect the national economy to improve in the year ahead, while 51% expect it to worsen.

Revenues and Profits

58%

of CEOs expect increased revenues in the next 12 months.

43%

of CEOs expect increased profits in the year ahead, a 5-point gain from Q3 2022.

Investments and Hiring

36%

of CEOs plan to increase fixed investments in the next 12 months.

60%

of CEOs plan to expand their workforce in the next 12 months.

Connor Lokar
Senior Forecaster,
ITR Economics

In 2023, things are going to be challenging. We had hoped to avoid a hard landing for this cycle, but we officially made the call for a recession in mid-December.

The onset of the recession won't likely happen until the end of 2023. It will be comparable to that of the early 2000s, not like 2008, 2009 or 2020. For the second half of this year, we expect GDP to move sideways, with a sub-1% growth rate for the year and then mildly negative in 2024.

In general, we think 2024 is the worst year, relative to 2023. But it's going to depend on your industry. For the housing sector, 2023 will be the worst year in recent memory. For general manufacturers with any sort of backlog, the year will be mostly okay, but order books will start looking ugly in the second half of the year. Commercial contractors will have a good 2023, but it will be harder to fill the 2024 pipeline.

In the short term, the cost of money is going to get more expensive. Capital costs are going to continue to go up. We think the long bond has already peaked and is coming down. But short-term rates are going to keep cranking up and then plateau, with cutting probable by the end of the year. If the Federal Reserve takes the Federal Funds Rate above 5.5%, we would start to see more downside in our outlook. **That doesn't change our thoughts on what we've been trying to guide CEOs toward, which is ongoing, aggressive investments in their businesses, especially in automation and productivity enhancements.**

We recommend businesses look at nearshoring or onshoring for their supply chains or opportunities. If anything, increased global economic stress in the next 18-24 months will drive more of the "me-first" type of policy prioritization of domestic needs and markets, so we do not see the nearshoring/onshoring trend going anywhere.

The labor market is likely to soften later this year. While this will provide a little slack in the labor market, it won't fundamentally fix it. We're seeing tech companies like Salesforce and Amazon impose mass layoffs, but businesses in manufacturing and distribution are still pounding the table for people. Some pressure is going to come off wage raises by the end of the year as the economy slows and inflation and job openings decrease.

> *"We've been trying to guide CEOs toward ... aggressive investments in their businesses, especially in automation and productivity enhancements."*
>
> Connor Lokar

By the end of 2023, we'll want to see the inverted yield curve peeling out of normalized long- and short-term bond yields, and see leading indicators rise in some areas. If we don't, that would indicate a 2024 downside, potentially leaking into 2025. **Right now, however, we see a cleaner growth horizon for 2025 to 2028.**

WORKFORCE VELOCITY

Minimizing talent disruption in a competitive labor market

For workers, the "Big Upgrade" continues. **The latest employment figures show that quit rates remain high (3.9 million as of February 2023), unemployment remains low (3.6% as of February 2023) and open positions remain plentiful (10.8 million vacancies as of February 2023).** Workers have so much power, leverage and freedom of movement that changing jobs pays off, literally. In December 2022, the ADP Research Institute reported median changes in annual pay increased by 7.3% for job stayers, but 15.2% for job goers. Adding to this momentum, workers are making themselves visible to potential employers by promoting their value on platforms such as LinkedIn.

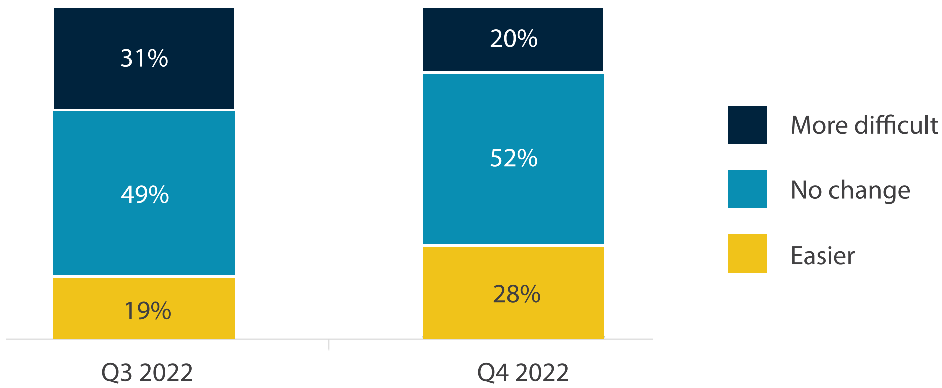
These factors contribute to high levels of workforce velocity, which is disruption to the labor force that is measured by quit rates, open headcount and days to fill roles. And that's creating challenges for small and midsize businesses as the majority (60%) plan to increase their headcount and only 7% plan to decrease it this year. CEOs also identify "hiring, recruiting and sourcing talent" as the No. 1 investment and No. 1 decision area for 2023.

To manage workforce velocity and secure top talent, 84% of CEOs are increasing wages, 68% are offering flexible hours, 60% are providing remote working and 52% are increasing benefits. While the operational impacts of talent scarcity are easing for small and midsize businesses, 61% of CEOs say hiring challenges are impacting their ability to operate at full capacity. Hiring is also the top decision, investment and leadership challenge for CEOs.

Fortunately, some of the pressures contributing to talent challenges are starting to ease. **For the first time since our survey has tracked ease of hiring, the proportion of CEOs who say it is easier to hire is greater than those who say it is more difficult (28% vs. 20%), suggesting the talent pipeline is getting stronger**. With hiring momentum swinging in the right direction, CEOs should see the workforce velocity metric of days to fill open positions improve, which minimizes the disruption to productivity.

For the first time, the proportion of CEOs reporting it is easier to hire is greater than those reporting it is harder

Is your company finding it easier or more difficult to fill job openings than it was at the start of the year?



Source: Q4 2022 Vistage CEO Confidence Index n= 1,373 respondents

Managing workforce velocity

Managing workforce velocity requires an integrated strategy of hiring, retention and development. Consider these tactics as part of your strategy.

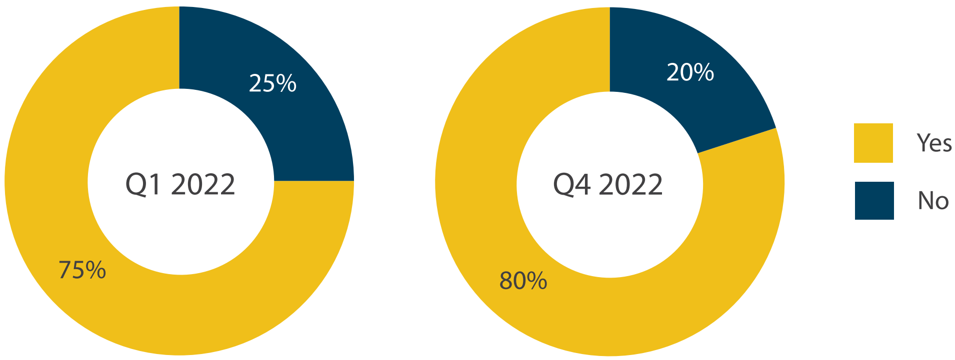
> **Top Decisions for 2023:**
> *"How to take advantage of softening labor market to upgrade talent."*
> Nathan Wicker, Managing Director, Zelvac Capital

Adapt to the needs of changing demographics. Generational shifts are rebalancing the relative values of compensation, flexibility and culture. Millennials and Gen Zers, which represent the bulk of today's workforce, have different wants and needs than older generations. They expect more from companies, including flexibility, strong culture and a connection to something important — what bestselling author Daniel Pink calls "capital P purpose." Companies that satisfy these needs will capture the best talent.

Build better bosses. As our research shows, bosses have a significant impact on retention. In fact, no one has a greater impact on an employee's work experience than their direct boss. Bosses also wield the power to bring out the best or the worst in workers. Shaping managers into good bosses, therefore, is critical to a strong talent strategy. Fortunately, 80% of CEOs are currently investing in the development of their managers.

Proportion of CEOs that report investing in development for managers and leaders grew 5 percentage points

Do you invest in development specifically for your company's managers and leaders?



Source: Vistage CEO Confidence Index

Top Decisions for 2023:

"What coaching system(s) are a good fit for us to bring up new leaders as we grow?"

Shane Jette, CEO,
Facility Improvement

Crystallize your organizational structure. As a CEO, it's a good idea to ask the blunt question: What hires are critical for your business, and at what cost? If the clamor for talent has clouded your perspective, it's time to take a step back. Clarify your organizational structure so you can gain a clear line of sight to existing and potential hires. Formalize job descriptions so you can redraw boundaries for wages and compensation.

Give people a career pathway. To seal the deal on an employment offer, present your candidate with a career pathway so they can envision their future with your company. At the same time, provide career pathing to your existing employees. They're more likely to stay for the long term if they know where their career is going and how to get there. Career pathways are also highly motivating for skills development. Succession planning is important for the future of the organization.

Use big-company layoffs to your advantage. Large-company layoffs are creating an infusion of talent that's ripe for the picking. To tap into this talent pool, present your company as a place where people can play a meaningful role and have more flexibility and autonomy in their work. Many prospective employees will welcome the opportunity to be more than just a cog in a wheel.

Retention is the foundation of strong talent strategy. When you're busy hiring workers, it's easy to forget about retaining those that make up the base today. Don't fall into this trap: Replacing people is particularly expensive and time-consuming for small and midsize businesses, which often depend on human capital for business workflow. Large organizations, by contrast, can afford to over-hire and use layoffs to address poor performers, as they're doing now. With uncertainty in the economy, workers might be more likely to stay; the proportion of CEOs reporting improved retention grew 12 points (26%) in the last year, and most CEOs (57%) say their retention rate is stable.

For More, Download:

Employee Development:
The CEO's Competitive Advantage

Develop *all* employees. Employee development, inclusive of leadership development, is a key predictor of retention. About three-quarters (72%) of CEOs are investing in employee development programs as part of their talent management strategy, which is a differentiator in hiring and supports retention.

Cara Silletto
President and Chief Retention Officer, Magnet Culture

The age of "doing more with less" is over. Doing more with less has caused us to cut important items like training and whittle down onboarding and orientation to the bare minimum. It's also caused us to overload management. No one has time to manage and train new hires. No one has the cushion to take time off without feeling guilty about it. **And then we wonder why everyone is quitting.**

Retention problems are not going to solve themselves. As a first step, companies should create a retention specialist position. A retention specialist does all the things your HR team and managers don't have time to do, including proper onboarding, mentoring and training. They conduct "stay interviews," which are check-ins based on an employee's relationship with management and the company. They figure out why people are leaving, diving into data from employee surveys that are often captured but not analyzed.

Leadership training tends to produce the greatest ROI on retention. That's because managers have the most influence on whether a person stays or goes. If you think about the smaller reasons people get upset and quit — such as their schedule isn't working for them, there's conflict on the team, or their equipment is slow — those can be buffered or solved by a great manager.

"When you invest in your leaders at every level — from executives to department directors to mid-level managers, and all the way down to supervisors and frontline leaders — people want to stay."

Cara Silletto

It's important to create what we call "magnetic leaders," or leaders that people are drawn to. We've all seen these leaders; they're the ones who leave a company and take three people with them. Magnetic leaders aren't always charismatic. They are the managers who have been taught how to be good listeners and communicators; how to flex their management style based on the understanding that one size does not fit all; and how to tune into people's motivations, concerns and fears about their roles. In addition to teaching managers these skills, you need to prune down their job descriptions and reduce the number of people they are managing. Today, it's common for managers to have 15, 20, 25 and more people reporting to them. You can't even have a conversation with that many people in a week.

When you invest in your leaders at every level — from executives to department directors to mid-level managers, and all the way down to supervisors and frontline leaders — people want to stay. **That's not necessarily because they build trust and loyalty to their company, but because they build trust and loyalty to their leader.**

INFRASTRUCTURE TO EXECUTE

Improving productivity and communication with technology

Decades ago, a business could hardly exist without the infrastructure of physical buildings such as offices, warehouses or shops. **Today, it's the infrastructure of technology that is especially critical.**

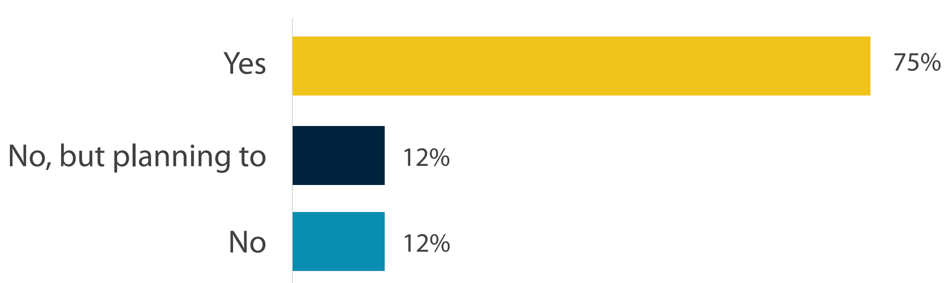
COVID-19 made this abundantly clear. When offices closed and people went into isolation, technology became the lifeblood of a functioning business and society. Slack enabled virtual collaboration, Square kept business transactions going and Zoom became a portal to human connection. Organizations adopted these and other tools quickly — and without much thought — because they didn't have a choice. They also assumed, like everyone else, that remote work was a temporary solution.

Today, it's clear these tools aren't going anywhere, and hybrid work is here to stay. But that leaves businesses with a new imperative: to think carefully about the technology they're using and how they're using it. Businesses also need to solve the pain points that emerged in the shift to hybrid work, such as how to build culture, facilitate collaboration and uphold accountability when people are working remotely.

After all, technology spending isn't slowing down. This year, more than half (55%) of CEOs identify technology as a "major investment" for their business. Three-quarters (75%) are using technology to reduce their labor burden and improve their products or services, and another 12% have plans to do so. The question is, how can these businesses leverage, streamline and integrate technology to optimize the hybrid workplace?

Three-quarters of CEOs are using technology to reduce their labor burden and improve their products or services

Are you investing in technology to reduce the labor burden of your product or service?



Source: Q4 2022 Vistage CEO Confidence Index n=1,373

Top Decisions for 2023:

"Implementing technology to address people shortage so we can keep up with growth."

Greg Mattson CTPO, CPA,
President of Fabtech Systems LLC

How to optimize your workplace

CEOs need to take a three-pronged approach to technology, evaluating it from tactical, practical and strategic angles.

TACTICAL: Get good at collaboration

Collaboration is one of the biggest challenges facing businesses with a hybrid workplace. Because there's no foolproof solution, businesses must determine whether they're using the right collaborative tools; how to upskill the employees working with those tools; and what processes and expectations to put in place for using the tools.

Questions to ask include:

- What etiquette is expected of employees when they're on Zoom (e.g., attire worn, backgrounds applied, camera usage)?
- Which platforms are best used for one-to-ones vs. small-group meetings vs. team meetings and why?
- How can we make better use of Slack, Box, Google Docs and other collaboration tools?
- What training do we need to use our applications to their fullest potential?

PRACTICAL: Upgrade the workplace

Do your employees have all the technology and tools they need at the office or at home to succeed? Given how much the world has changed in the past three years, it might be time for some upgrades. For knowledge workers, take an inventory of what's available at home, on the road and in the office, and get your workers' input on whether anything is missing. For essential workers, look for ways to improve the safety, comfort and modernization of facilities so employees can do their best work.

STRATEGIC: Application optimization

Take stock of every business application that you have, and ask three questions: How am I using this application? Can I get more from this application? Should I remove, replace or upgrade this application? Pay special attention to your automation tools — thinking beyond robotic machines on the factory floor — as those will serve as a point of differentiation. Consider whether you have, or need, to automate any processes to improve productivity and performance while freeing up employees' time for more strategic tasks. As a bonus, your investments will support employee retention, as today's workforce wants to work with the latest technology and doesn't tolerate mundane tasks that a computer could easily do.

Dave Nelsen

President, Dialog Consulting Group LLC

It's time to move beyond email in favor of a new corporate communication system. Email is a very archaic tool. It was invented in the 1970s and since then it has gotten worse, not better. Now, platforms like Slack, Microsoft Teams, Google Spaces, Riff and Zulip can take a company much further in the way it communicates and collaborates internally. CEOs should choose whichever vendor integrates into existing systems and works best for them. They should also set an objective to transfer all internal communication into the system within six to 12 months, shutting down internal email and employee-to-employee texting in the process.

In doing so, a CEO will **create a searchable library of all institutional knowledge and communication.** There is power in this for several reasons. It preserves information that would otherwise be lost when an employee leaves. It increases transparency, accountability and trust among employees, teams and departments by making information accessible to all. It's helpful for ramping up new employees. And it's far more secure than email.

But the real innovation of these products? **They revolutionize how we communicate internally.** Instead of organizing communication chronologically — as with email — these products organize communication into different channels. **This is so important to the way our brains operate. When we are forced to constantly switch tasks, we reduce our productivity by up to 40%. Channels allow us to get deep into a particular task or topic without getting distracted.** Unlike with email, we don't have to click on messages to view the content. We don't have to think about copying anyone on a message. This is really a quantum leap forward in how we communicate and collaborate.

A lot of companies have rushed into these tools without giving any strategic thought to what their channels are. **To use these tools effectively, you need to build the right channel structure.** Delegate this job to a task force made up of executives who can think strategically, along with young employees who can communicate the expectations of Millennials and Gen Z workers. The most common way to organize your channels is by project or product. But you could also organize channels by department, customer, location and, of course, an infinite number of combinations.

Play in the sandbox with your channel structure before you cast it into concrete. **Once formed, your channel structure becomes the foundation of your communication architecture. It is the single most important thing to get right.**

> *"Unlike with email, we don't have to click on messages to view the content. We don't have to think about copying anyone on a message. This is really a quantum leap forward in how we communicate and collaborate."*
>
> Dave Nelsen

MAXIMIZING OPPORTUNITY IN THE AFTERMATH

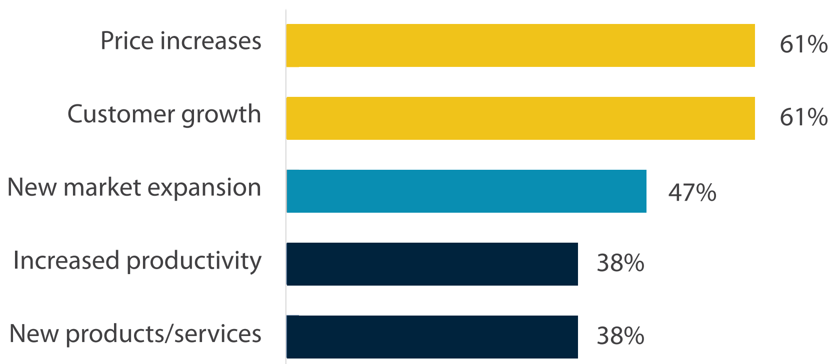
Growth from a changing, competitive landscape

In the aftermath of the pandemic, small and midsize business CEOs are experiencing a different context in which to grow their companies. Customers have evolved, costs have increased, and the competitive landscape has shifted.

Over the next 12 months, CEOs expect the top drivers of growth to include price increases (61%), customer growth (61%) and new market expansion (47%). Nearly three-quarters of CEOs (70%) plan to increase prices this year, compared to 77% of CEOs in 2022.

Price increases and customer growth equally contribute to predicted sales revenues for small and midsize businesses

Which of the following will contribute to your projected sales revenues in the next 12 months?



Source: Q3 2022 Vistage CEO Confidence Index n=1,522

Top Decisions for 2023:

"Whether to scale to another location or focus on current markets."

Lauren Ready,
Owner & Principal Storyteller,
Forever Ready Productions

Considering the state of the economy, CEOs are reasonably optimistic about their businesses' growth trajectory for the year ahead. More than half (58%) expect increased revenues in the next 12 months, and 43% expect increased profits — a 5-point gain from Q3 2022.

But is there a way to further boost these prospects? Our research points to three emerging areas for growth.

Three levers for growth

1. CUSTOMER CHANGES

Customer behavior and norms have changed dramatically since the pandemic began. **Broadly, today's customers expect digital-first experiences; value speed and efficiency when making purchases; are short on time and patience; and have a low tolerance for out-of-date technology.** Reevaluating what, how and where you sell can help you acquire and retain more of these customers.

- **What to sell:** Is your product and/or service portfolio serving the needs of today's customers? To increase the value of your offerings, you may want to complement existing products with new services, expand features for customization or overhaul your portfolio entirely — stripping away offerings that no longer resonate with customers.

- **How to sell:** Can you make investments in your people, process and technology to better serve customers? For example, consider investing in training that helps salespeople understand the evolution of the buyer journey, changing needs of customers and strategies for engaging customers in digital spaces; update or upgrade processes for marketing and lead generation based on a deep understanding of what your customers care about; and invest in technology to make your buying platform best-in-class (think Amazon).

- **Where to sell:** Are you meeting your customers where they are? Look for ways to strengthen your online relationships through websites, social media channels and e-commerce platforms.

2. COMPETITOR CHANGES

High inflation and hiring difficulties aren't just challenging for your business. They've also weakened your competitors. **This is the time to use your competitors' disadvantages to your advantage.**

- **Acquire your competitors' customers:** Offer customers a better deal than your competitors do, whether in terms of quality, price or both. Figure out where your competitors are falling short in the eyes of customers and fill that gap before they catch up.

- **Acquire your competitors' talent:** Make your company a more desirable place to work, such as by offering better compensation, more flexibility or greater autonomy. Recruiting your competitors' employees will help you tap into new talent and insider knowledge.

- **Acquire your competitors:** Identify competitors to merge with or acquire to increase your capabilities and/or dominate greater market share. Consider whether an M&A deal could allow you to enter new geographic locations with better facilities or better talent.

3. PRICING CHANGES

In response to rising costs, most CEOs have price increases baked into their plans for this year. **About 70% plan to increase prices in the next 12 months, compared to 77% last year.** Of course, different businesses are taking different approaches to these price increases. As you're fine-tuning your strategy, here are a few things to keep in mind.

- **Moderating inflation:** As inflation eases, costs are increasing at a slower rate. If you are raising prices this year, those increases probably won't be as significant as last year, and therefore will have less of an impact on your bottom line. As a result, managing your costs will become increasingly important.

- **Dwindling tolerance for price hikes:** Early in the pandemic, customers were broadly accepting of price increases. Now, they're starting to grow weary of them. Tread lightly to avoid turning off customers or pricing yourself out of their budgets.

- **Potential for more increases:** From this point forward, prices will only go up and never go down. The question is, by how much? Since no one knows for certain, it's a good idea to build a small buffer into your prices to help preserve your profitability.

Gary Braun
Owner and Founder, Pivotal Advisors

Most of the time, a company's sales leader is someone who's a good salesperson and got promoted. No one tells them how to implement **the six sales performance factors that impact sales growth, which are growth strategy, people, process, measurement, rewards and recognition, and execution.**

Sales managers tend to be pretty sharp people who are really good at telling people what to do. But they often don't coach or develop their direct reports. People want to be challenged and developed so they can grow. Sales leaders might not be aware of that or know how to execute it.

The biggest downfall for most sales leaders is they're terrible at managing up. They don't communicate with CEOs. And since most CEOs don't come from sales, they don't get what their sales leaders are doing. **CEOs need to meet with their sales leaders at a regular cadence** to discuss what's going on, what deals are coming in and what they're doing with the sales team. Otherwise, the CEO and the sales leader will start drifting apart, and then we'll get the call from the CEO saying, "I'm not sure if we've got the right person in the seat."

> *"The CEO might not realize they're looking for input from the sales leader, and the sales leader is looking for direction from the CEO. That creates a chasm between the two."*
>
> Gary Braun

The other thing I hear from CEOs all the time is "I wish my sales leader was more strategic." And when I press them on that — "What does 'more strategic' mean?" — they have a hard time verbalizing it. **What they want to know is, where is our growth coming from next, and does my sales leader have ideas about how we get there?** For example, do we go after a different market? Do we go after a different vertical? Are there things we need to do differently with our product or pricing? The CEO might not realize they're looking for input from the sales leader, and the sales leader is looking for direction from the CEO. That creates a chasm between the two.

I believe there are all kinds of sales leaders. There are some who are good in the field, some who are better at thinking strategically and some who are good managers. **When we help companies hire sales leaders, they often don't consider those differences or nuances.** But here's the thing: When you have a heart problem, you don't say, "Give me a doctor." You say, "Find me a heart specialist." Otherwise, you might end up with a podiatrist.

Sales leaders are the same. They have different skills within the sales discipline, and **you've got to find the right skill set for you.**

RESEARCH PERSPECTIVE

Taking the long view

The aftershocks of the pandemic are passing as we settle into the aftermath of a new business reality forged by change. **At the intersection of high inflation, rising interest rates and record quit rates is the emerging Aftermath Economy, marked by unprecedented economic and business conditions. Behavioral changes caused by the pandemic, combined with the strong influence of Millennials and Gen Zers, are presenting a new workforce.** The workplace has changed as businesses have adapted to the hybrid environment and responded to demands for flexibility. Customers have also changed as they've faced hardships during the aftershocks of the crisis and in its aftermath.

For CEOs, growing forward in the Aftermath Economy will be hard, demanding financial discipline, operational execution and a workforce strategy — as always. **The extreme business volatility of the last two years is slowly moderating, delivering a low- to no-growth economic landscape for the next two years before revealing the path to the next growth cycle.**

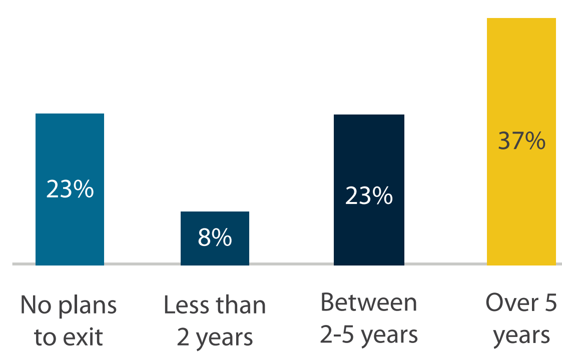
However, 2030 looms as a dark cloud on the horizon. ITR Economics and others have targeted 2030 as the start of a Great Depression, driven largely by demographics and debt. It is predicted to be deep, long and global. **CEOs must take the long view as they consider where they want their business to be when that storm strikes.**

Between now and 2028, 31% of CEOs are looking to exit their business. This means, for them, 2030 represents a personal financial challenge. For the 23% who have no plans to exit, 2030 will require careful planning and preparation to survive the collapse. It's the 37% who plan an exit beyond 2028 that will face a hard decision: **accelerate their timeline or build a business bunker equipped to ride out the worst of the economic storms.**

Over one-third of CEOs plan to exit their business beyond the year 2028

What is your timeline for exiting your business?

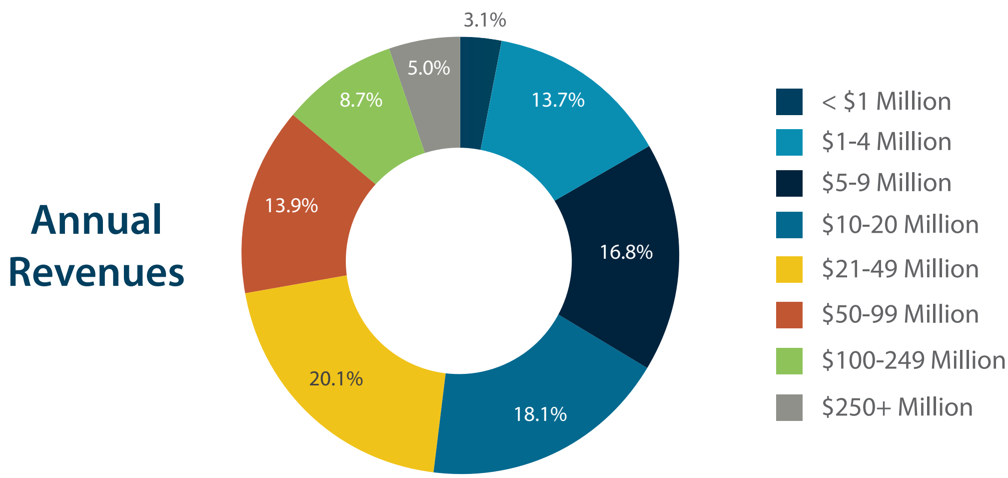
Source: Q4 2022 Vistage CEO Confidence Index n=1,373

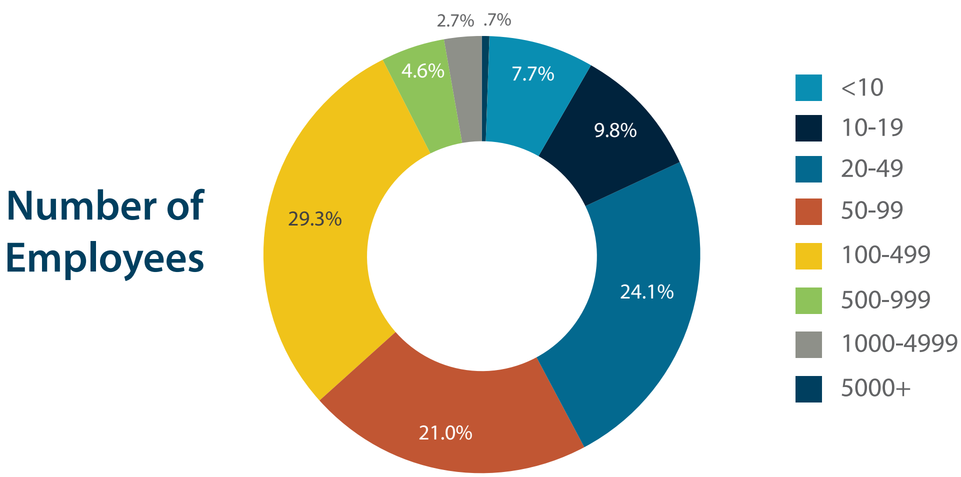


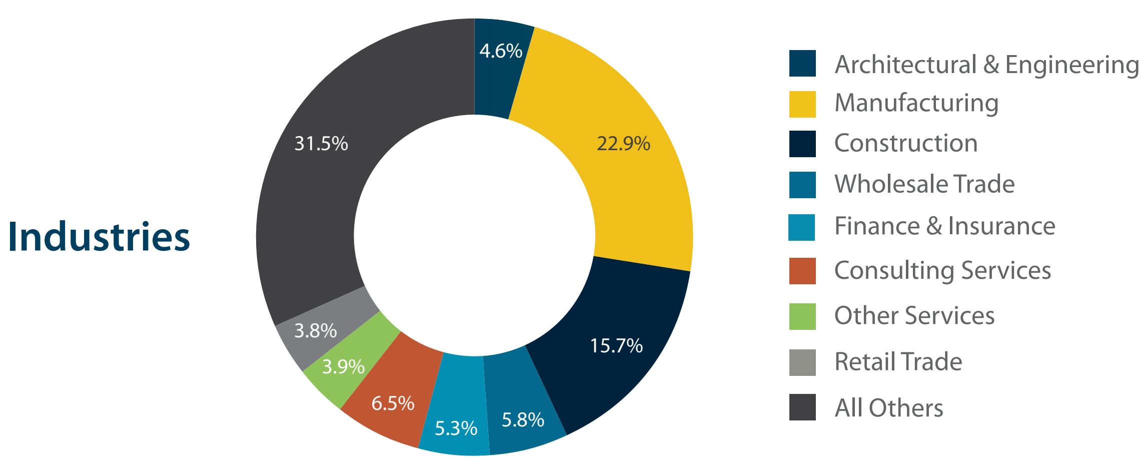
A few years later, when those storms give way to clear skies, the CEOs left standing will receive their reward: the greatest wealth-creation opportunity of a generation.

STUDY METHODOLOGY AND DEMOGRAPHICS

The Q4 Vistage CEO Confidence Index survey was conducted December 5-12, 2022, and gathered 1,373 responses from CEOs and key executives for small and midsize businesses.







CONTRIBUTORS

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As a founder and co-owner of Pivotal Advisors, Gary is primarily responsible for business development and also works with clients in a consulting role. Gary helps organizations drive top-line growth by helping them define where growth is coming from, hire and/or develop the sales team, identify ideal clients and markets, and leverage true differentiators (even in commodity markets). His clients benefit from his expertise in implementing sales processes, targeting specific KPIs, increasing activity, creating and applying sales compensation plans, and developing skills in sales leadership.

Joe Galvin | Chief Research Officer, Vistage Worldwide

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.

Connor Lokar | Senior Forecaster, ITR Economics

Few economists present their insights with the authority, accuracy and humor that Connor Lokar brings to the stage. From the intimate executive retreat to trade association keynotes, he delivers with charm and candor, rousing and enlightening all who attend his talks. As a Millennial, Connor brings a new perspective to the world of economics, delivering ITR's industry-leading accuracy to current C-suite executives while forging connections with the next generation of business leaders. Connor specializes in construction but consults and presents to businesses across all industries, helping them grow revenue and remain profitable through an ever-changing business cycle.

Dave Nelsen | President, Dialog Consulting Group LLC

Dave Nelsen is an award-winning CEO who has founded and run several companies, including social media pioneer TalkShoe. He has raised more than $70M in federal, angel investor and venture capital funding. Most importantly, as a CEO himself, he has successfully tackled many of the same challenges his clients are now facing. Mr. Nelsen co-founded and was CEO of CoManage until selling it to Canadian firm Syndesis after seven years. During this period, he was recognized by Ernst & Young as Entrepreneur of the Year. Mr. Nelsen subsequently founded TalkShoe, which immersed him in the emerging social networking and social media phenomenon. During this period, he was recognized as CEO of the Year by the Tech Council, a leading U.S. technology trade association.

Anne Petrik | Vice President of Research, Vistage Worldwide

As Vice President of Research for Vistage, Anne Petrik is instrumental in the creation of original thought leadership designed to inform the decision-making of CEOs of small and midsize businesses. These perspectives — shared through reports, blogs, webinars and events — are grounded in her analysis of data from Vistage CEO Confidence Index surveys and complemented by insights curated from experts and partners across the Vistage community.

Cara Silletto | President & Chief Retention Officer, Magnet Culture

Workforce thought leader Cara Silletto, MBA, works with organizations to reduce unnecessary employee turnover. Workforce Magazine named her a "Game-Changer," and Recruiter.com listed her in their "Top 10 Company Culture Experts to Watch." She's a highly sought-after keynote speaker and author of the book "Staying Power: Why Your Employees Leave & How to Keep Them Longer."

ABOUT VISTAGE WORLDWIDE

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

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 and Vistage CEO Confidence Index surveys, informs various reports. Since 2003, Vistage has published the CEO Confidence Index, which has been a proven predictor of GDP two quarters in advance. Vistage provides the data and expert perspectives to help SMB CEOs make better decisions.

Learn more at vistage.com/confidenceindex and vistageindex.com

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