



# MARCUM CEO SURVEY

QUARTER 2, 2018

Welcome to the Marcum CEO Survey, a quarterly gauge of middle-market CEOs' outlook on the current business environment and their priorities for the next 12 months. The Marcum CEO Survey is a companion to Chief Executive Group's CEO Confidence Index.

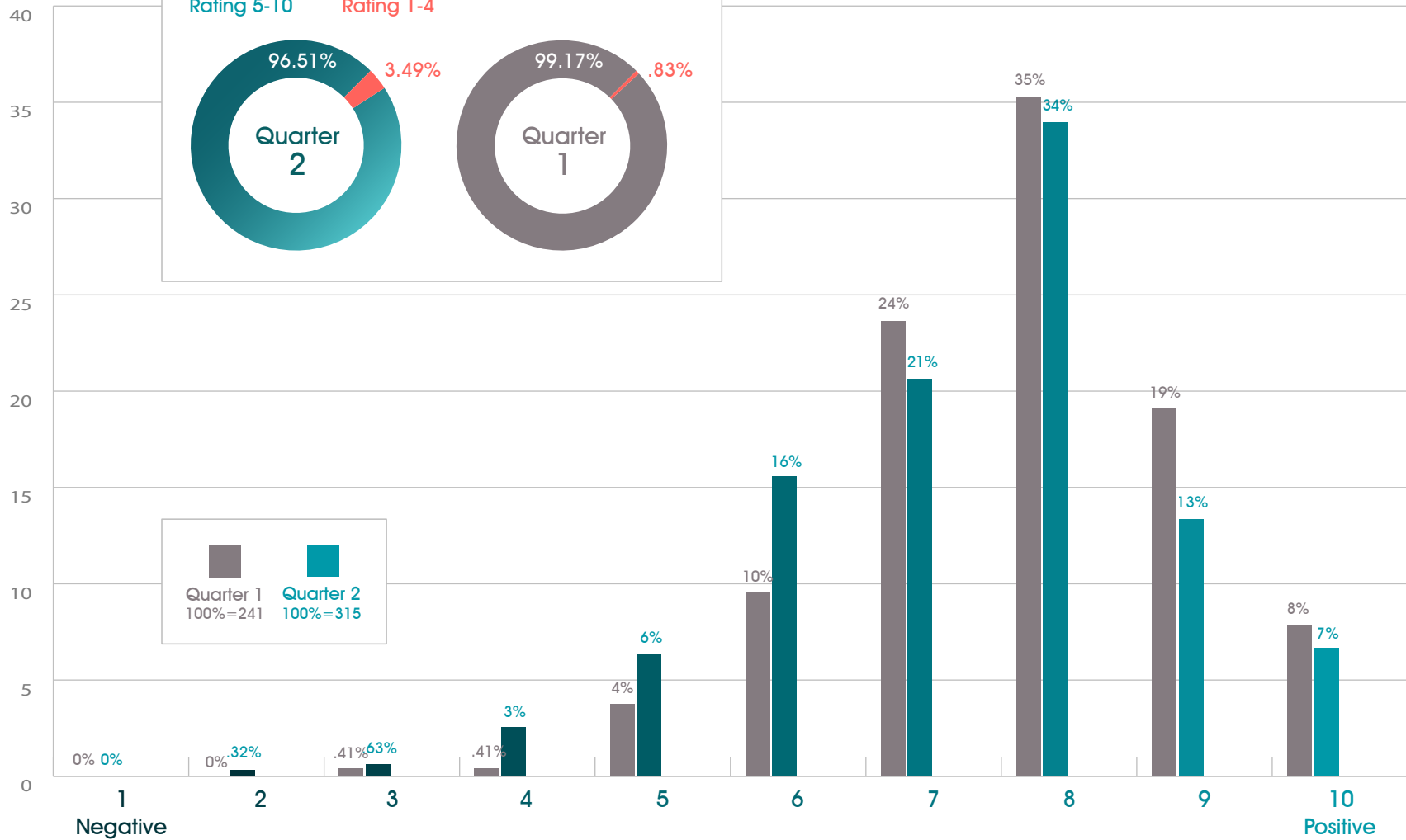
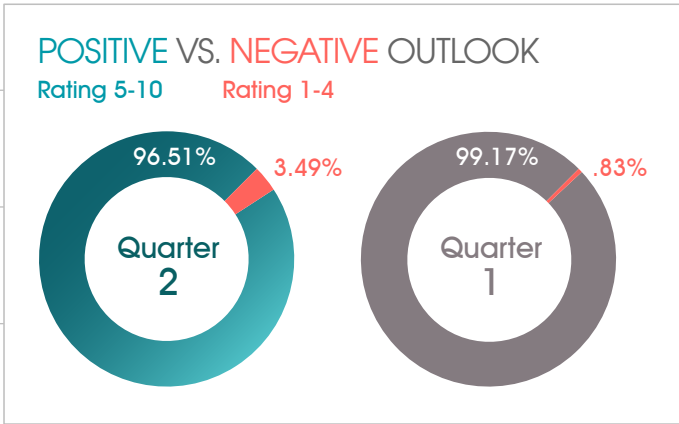
[marcumllp.com/ceosurvey](http://marcumllp.com/ceosurvey)



## QUESTION

What is your view of the current business environment on a 1-10 scale?





## KEY FINDINGS

- ▶ CEOs remained optimistic about the general business environment in the second quarter of 2018, with 96.5% of respondents rating their outlook between 5 (neutral) and 10 (positive).
- ▶ The most-selected answer, again, was 8 (33.97% of respondents).
- ▶ 6.7% of CEOs rated their views a 10.
- ▶ However, there was a marginal increase in negative outlook by CEOs overall. This may be something to watch in future quarters.

# INDUSTRY SPOTLIGHT

cont'd  
What is your view of the current business environment on a 1-10 scale?



## Industries by Outlook

There was a diversity of opinion among CEOs, even within the same industries, with some assigning the highest rating to their business outlook, and others choosing the lowest options.

### INDUSTRIES WITH CEOs SELECTING A RATING OF 10:

- Advertising & Marketing/PR/Media/Entertainment
- Financial Services
- High Tech/Telecommunications/Information
- Manufacturing – consumer goods
- Manufacturing – Industrial Goods
- Other
- Pharmaceuticals & Medical
- Professional Services
- Real Estate
- Retail Trade
- Transportation
- Wholesale

### INDUSTRIES WITH CEOs SELECTING RATINGS OF 2 OR 3\*:

- Advertising & Marketing/PR/Media/Entertainment
- Government & Non-Profit
- High Tech/Telecommunications/Information
- Retail Trade

\*No CEOs selected a rating of 1.



cont'd  
 What is your view of the current business environment on a 1-10 scale?



\* The Marcum CEO Survey launched in Quarter 1, 2018.

\*\* The CEO Confidence Index is America's largest monthly survey of chief executives, compiled by Chief Executive Group and published on ChiefExecutive.net and in each issue of Chief Executive magazine. The Marcum CEO Survey is conducted in collaboration with Chief Executive Group.

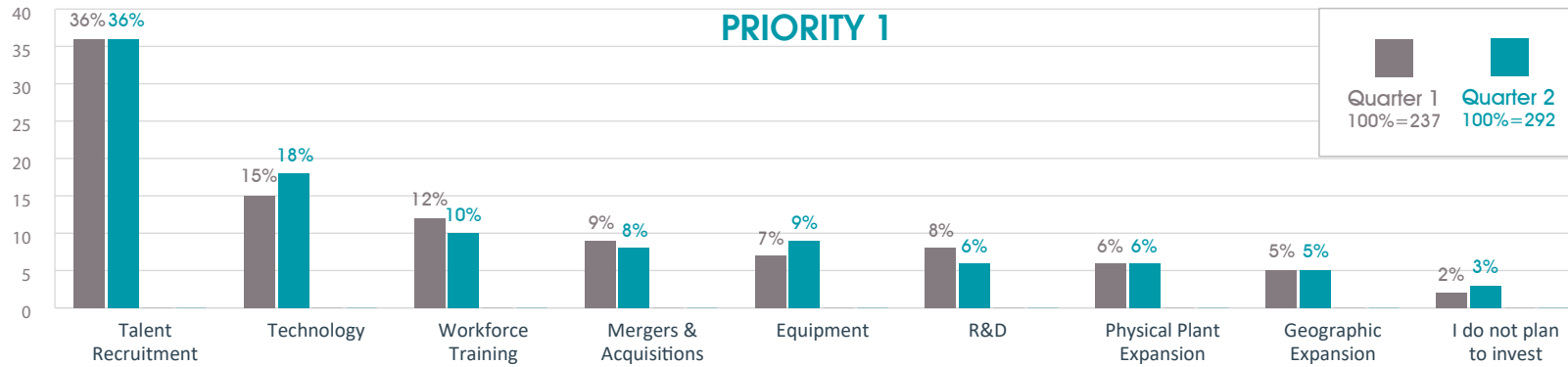


## QUESTION

Over the next 12 months, in which ways do you plan to invest in your company? Please select 3 and rank them in order of priority, 1 being the most important.

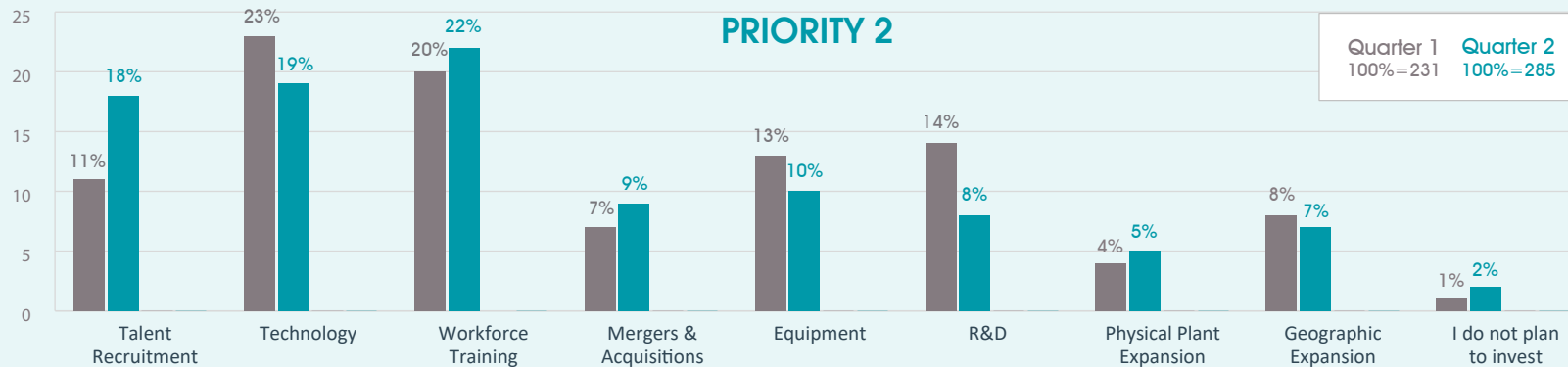


# KEY FINDINGS



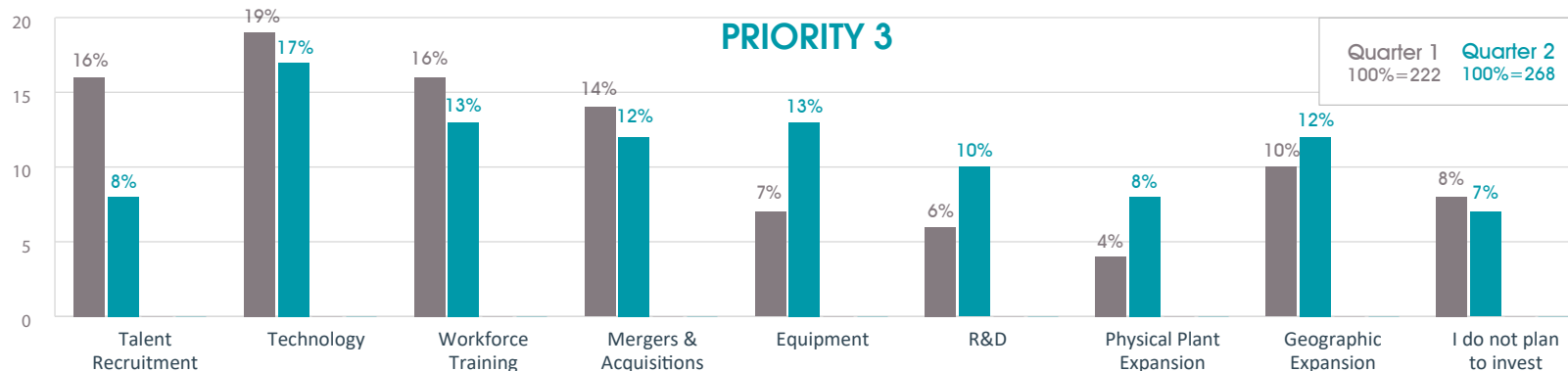
#### PRIORITY 1 FINDINGS

- ▶ Talent recruitment remained the top priority for CEOs in 11 categories in the second quarter with more than a third of respondents again making this selection.
- ▶ CEOs in three industry groups said technology will be their No. 1 investment (Financial Services, Government & Nonprofit, and Pharmaceuticals/Medical Products).



#### PRIORITY 2 FINDINGS

- ▶ Workforce training overtook technology as the No. 2 priority for the majority of CEOs, increasing from 19.91% of respondents in the first quarter to 22% in the second.
- ▶ R&D slid as a choice of CEOs in the second quarter, dropping by nearly half as a percentage of respondents choosing it as their No. 2 priority.



#### PRIORITY 3 FINDINGS

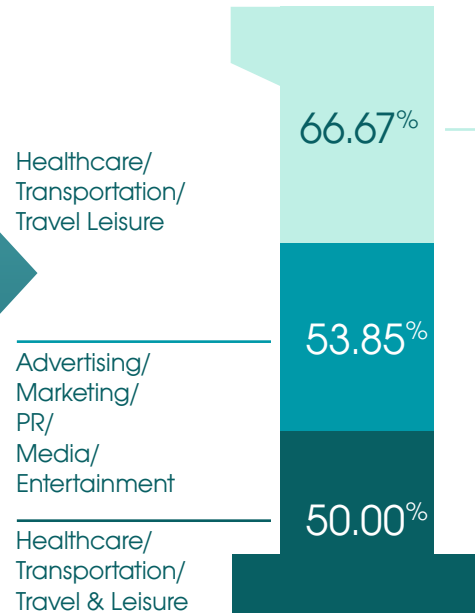
- ▶ Equipment, geographic expansion, R&D and physical plant expansion gained ground as a No. 3 priority in the second quarter as compared to the first.
- ▶ Physical plant expansion doubled as a priority in Q2, and equipment was close behind.

# #1 PRIORITY INVESTMENT (Top 3 Answers)

Top industries selecting each answer

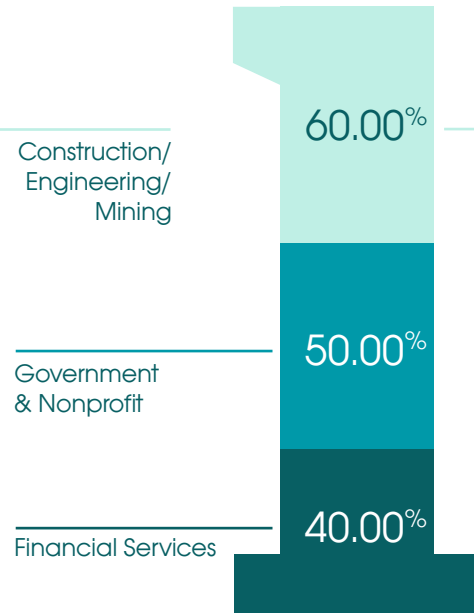
## TALENT RECRUITMENT

110 CEOs (37.67%)



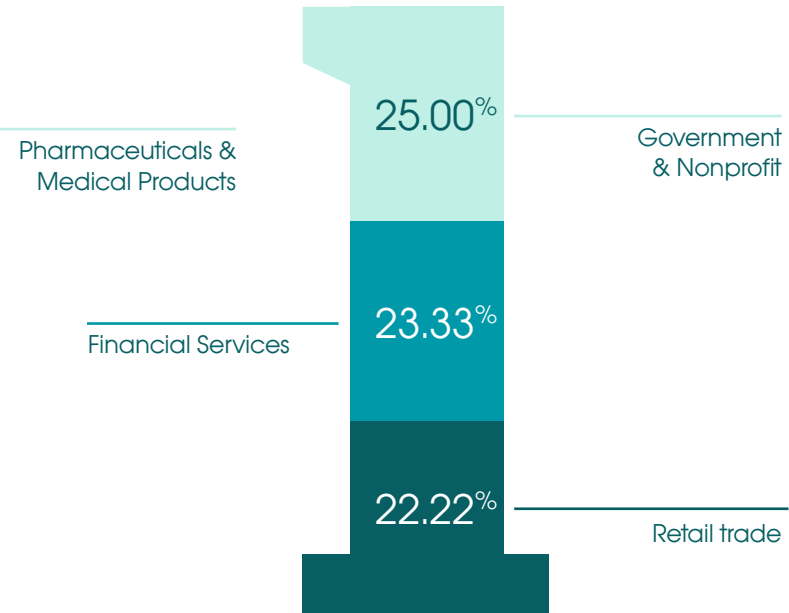
## TECHNOLOGY

55 CEOs (18.84%)



## WORKFORCE TRAINING

31 CEOs (10.62%)



cont'd  
Over the next 12 months, in which ways do you plan to invest in your company? Please select 3 and rank them in order of priority, 1 being the most important.

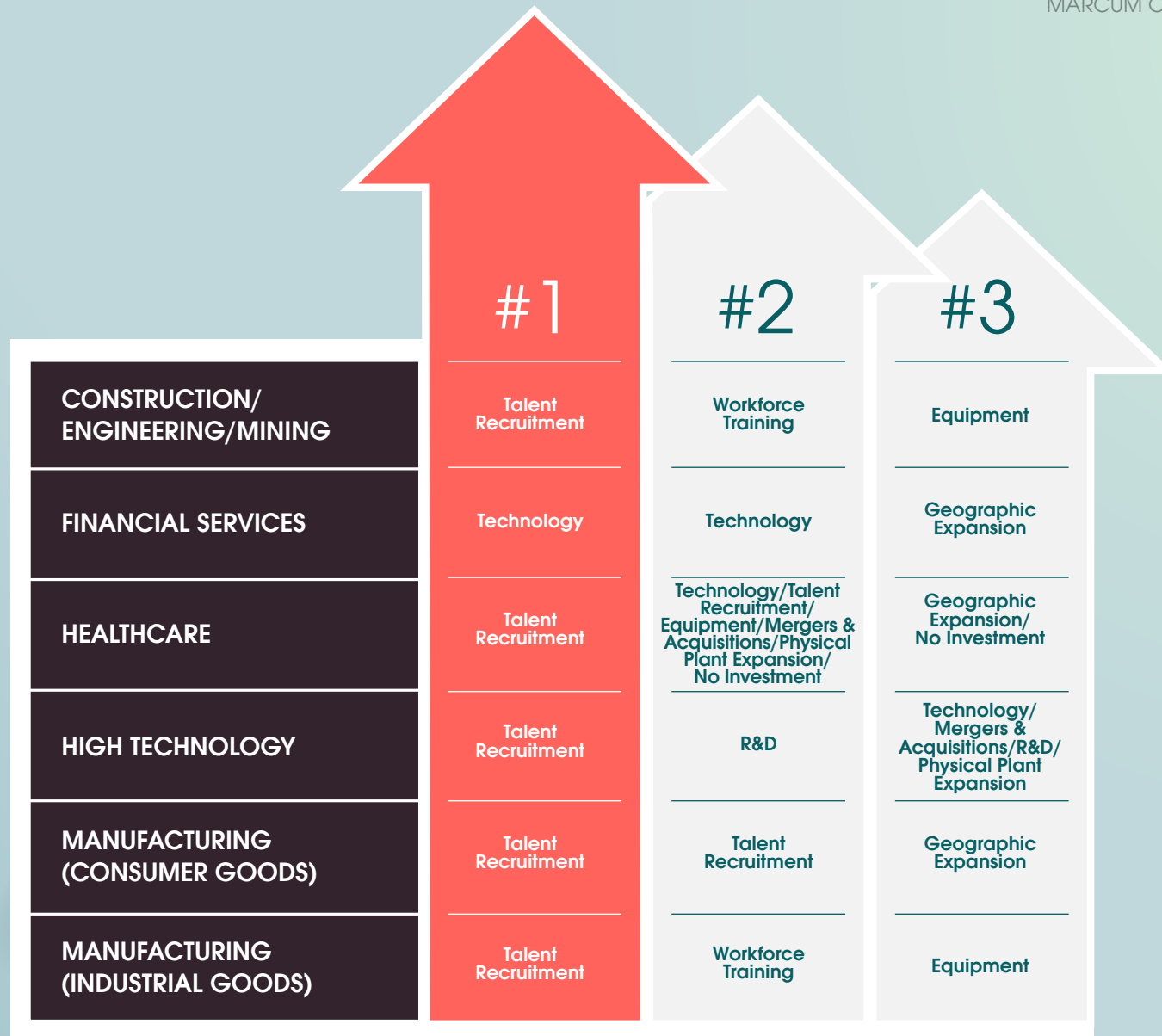
Talent recruitment, technology, and workforce training were the top three priorities for CEOs again in the second quarter.



# INDUSTRY SPOTLIGHT

Priority investments for the next 12 months

cont'd  
Over the next 12 months, in which ways do you plan to invest in your company? Please select 3 and rank them in order of priority, 1 being the most important.

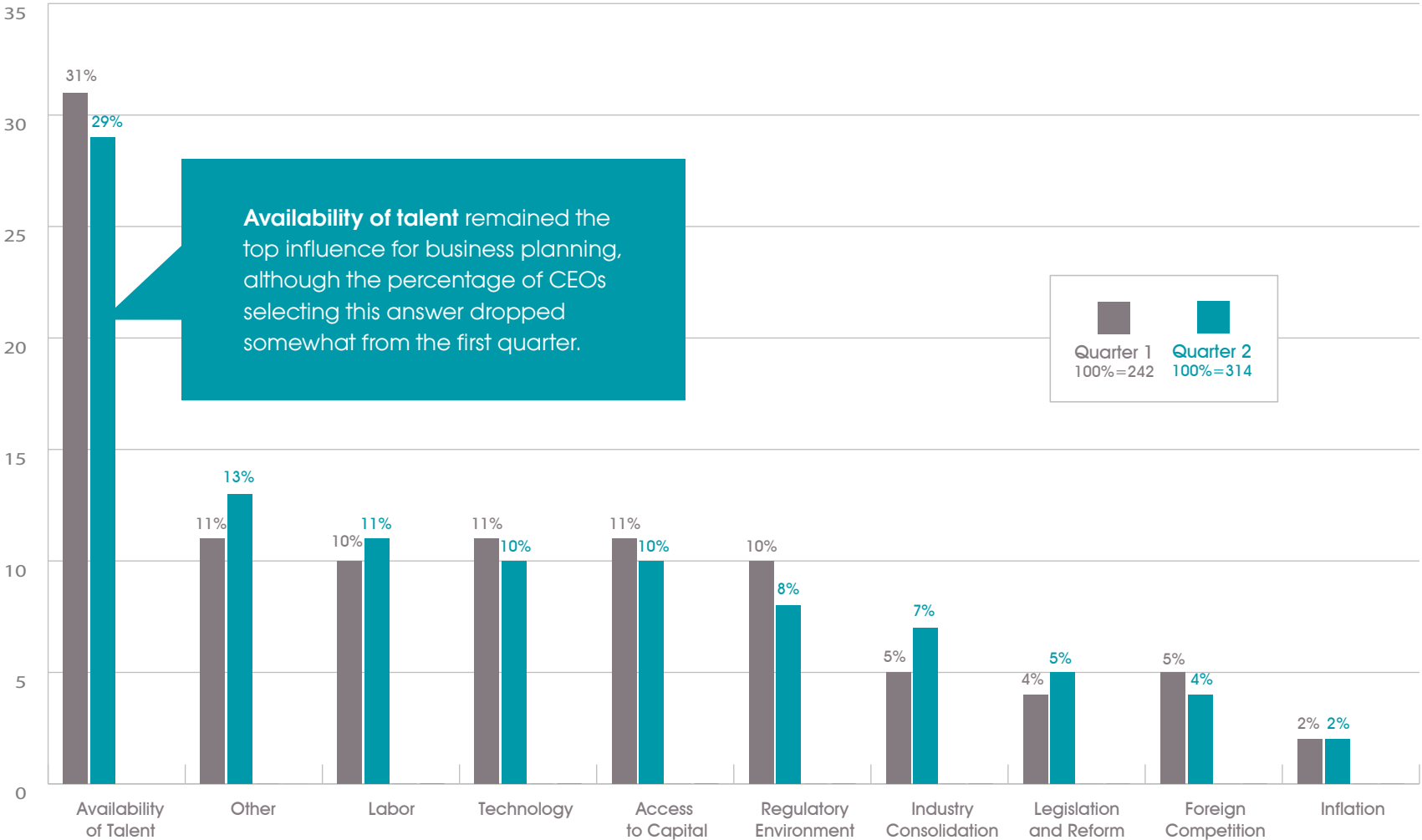




## QUESTION

What is the single most important influence for your business planning for the next 12 months?





## KEY FINDINGS

- ▶ The priority of other most-important influences shifted, with “other” now the second-most frequent answer, and labor, technology and access to capital rounding out the top 5.
- ▶ The gap between the top two answers narrowed from nearly triple in the first quarter (30.58% v. 11.16%) to slightly more than double in the second quarter (28.66% v. 13.38%).

# INDUSTRY SPOTLIGHT

cont'd  
What is the single most important influence for your business planning for the next 12 months?



## Most important business planning influence

Most frequent answer by selected industries

Quarter 2 Quarter 1

### CONSTRUCTION/ ENGINEERING/MINING

**Availability of Talent**  
(55.56%)

**Availability of Talent**  
(60.00%)

### HIGH TECHNOLOGY

**Access to Capital**  
(35.29%)

**Access to Capital**  
(40.00%)

### FINANCIAL SERVICES

**Technology/Regulatory Environment**  
(23.33% each)

**Technology/Regulatory Environment**  
(27.78% each)

### MANUFACTURING (CONSUMER GOODS)

**Labor**  
(35.71%)

**Other**  
(23.81%)

### HEALTHCARE

**Availability of Talent**  
(50.00%)

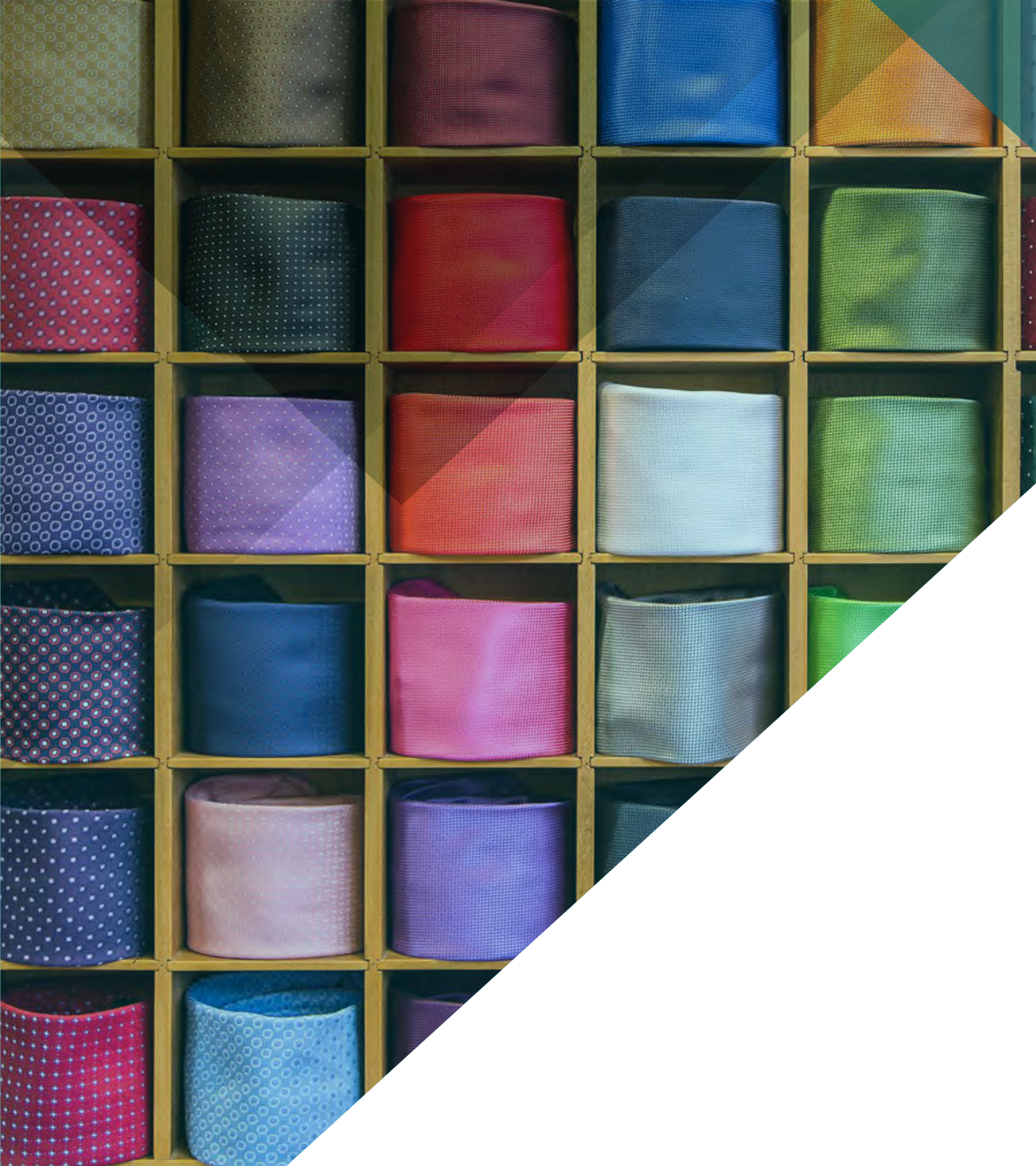
**Access to Capital/  
Availability of Talent/  
Technology/  
Industry Consolidation**  
(18.18% each)

### MANUFACTURING (INDUSTRIAL GOODS)

**Availability of Talent**  
(30.95%)

**Availability of Talent**  
(36.00%)

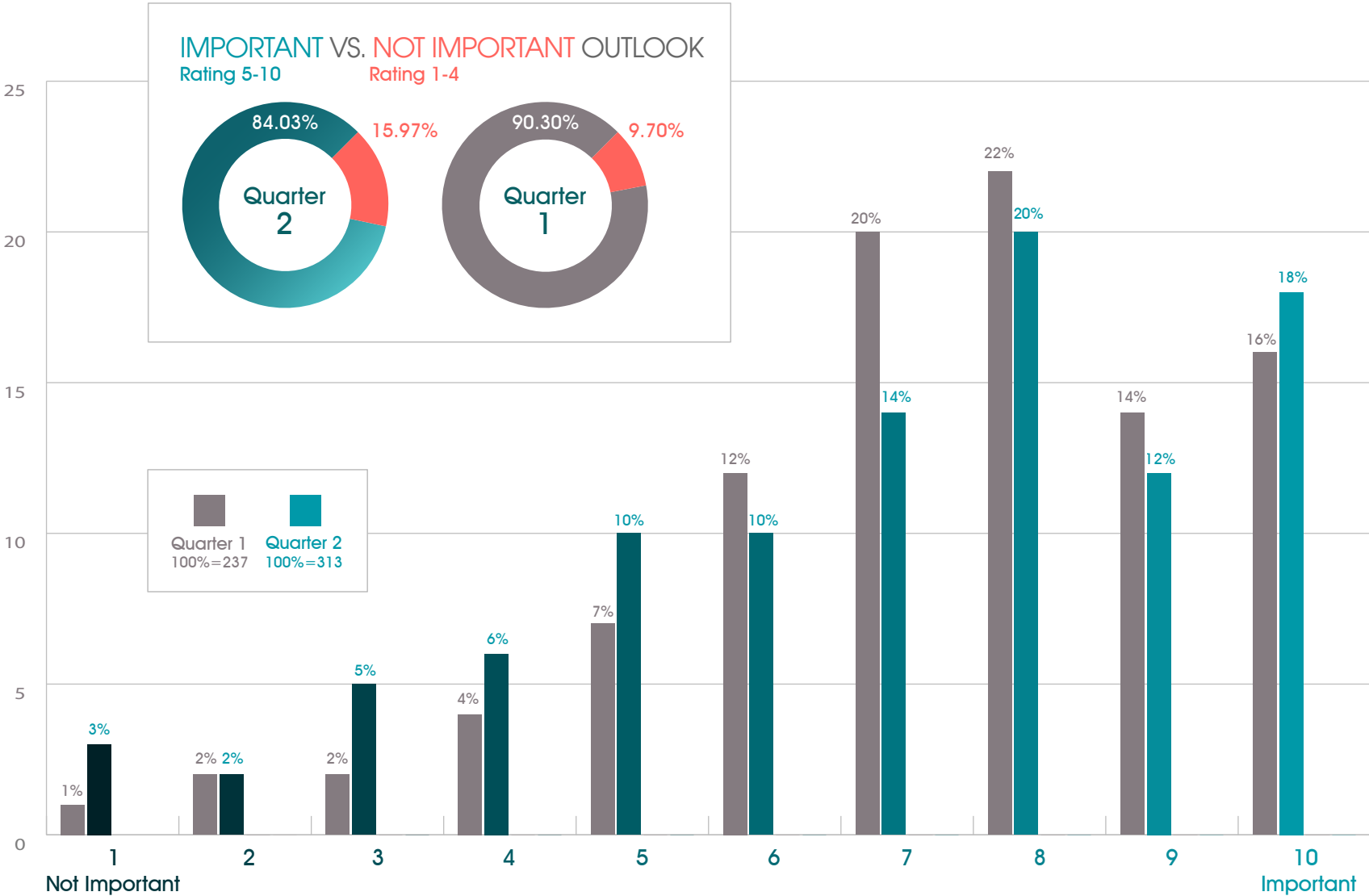




## QUESTION

How important is product/service diversification to your company's future, on a 1-10 scale?





## KEY FINDINGS

- ▶ CEOs rating the importance of product/service diversification a 10 increased more than two percentage points, from 15.61% to 18.21%.
- ▶ Other ratings in the positive range were less robust in the second quarter, with a decline of more than 6 percentage points in the number of respondents selecting ratings of 5-10. (2Q = 84.03% vs. 1Q = 90.30%)
- ▶ 8 was again the most-selected rating: 20.13% of CEOs, down from 21.94% in the first quarter.
- ▶ There was a significant jump in the number of respondents who said diversification is *not* important to their future (a rating of 1-4). (2Q = 15.97% vs. 1Q = 9.70%)



# INDUSTRY SPOTLIGHT

cont'd  
How important is product/service diversification to your company's future, on a 1-10 scale?

## Importance of diversification on a scale of 1-10

Most frequent answer by selected industries

Quarter 2 | Quarter 1

### CONSTRUCTION/ ENGINEERING/MINING

**10/7/5/4**  
(16.67% each) | **9/8/7**  
(21.43% each)

### MANUFACTURING (CONSUMER GOODS)

**8**  
(35.71%) | **7**  
(30.00%)

### FINANCIAL SERVICES

**8/7/4**  
(16.67% each) | **8/6/4**  
(22.22% each)

### MANUFACTURING (INDUSTRIAL GOODS)

**7**  
(20.24%) | **8**  
(24.00%)

### HEALTHCARE

**6**  
(50.00%) | **6**  
(27.27%)

### HIGH TECHNOLOGY

**8**  
(29.41%) | **10**  
(24.00%)

**Average Importance of Diversification**  
(selected industries)

**6.96**  
Q2

**7.50**  
Q1

# CEO INSIGHTS

"We are in a high tech **niche market** and we have to continue to invest heavily in product development."

"It takes years to **train** people in our industry."

"Leveling of the **international trade field** should help in removing the current barriers to my company's international growth."

"Talent acquisition is our single biggest **constraint**."  
**Arthur Dodge**  
Ecore International Inc.

"**Disrupting** traditional distribution, sales and marketing"

"Customer **demand** is directly tied to the industry's growth."

"There are many internal and external factors that each have varying magnitude and **complex interactions of scope and sequence**."

"Without the right people in place to take advantage of opportunities or **side step threats**, growth is limited."  
**Jerry White**  
WTC Performance Group

"Continuing to reduce the malaise of **over-regulation** and the need for meaningful, pro-business immigration reform."



# CEO INSIGHTS

"Education at all levels (is) now focused on advancing social issues rather than on advancing **pure knowledge** and increased learning."

"**Regulatory relief** for community banks is paramount to boosting lending to small and incubator businesses."

"We are in (the) early stages of **start-up** and need to protect, explain and disseminate newly patented technology."

"Businesses with no **UX (user experience) strategy** will simply not survive in (the) future."

**Dereck du Toit**  
Interaction Design Foundation

"Customers want to see our **talent pipeline** as a condition for awarding business."

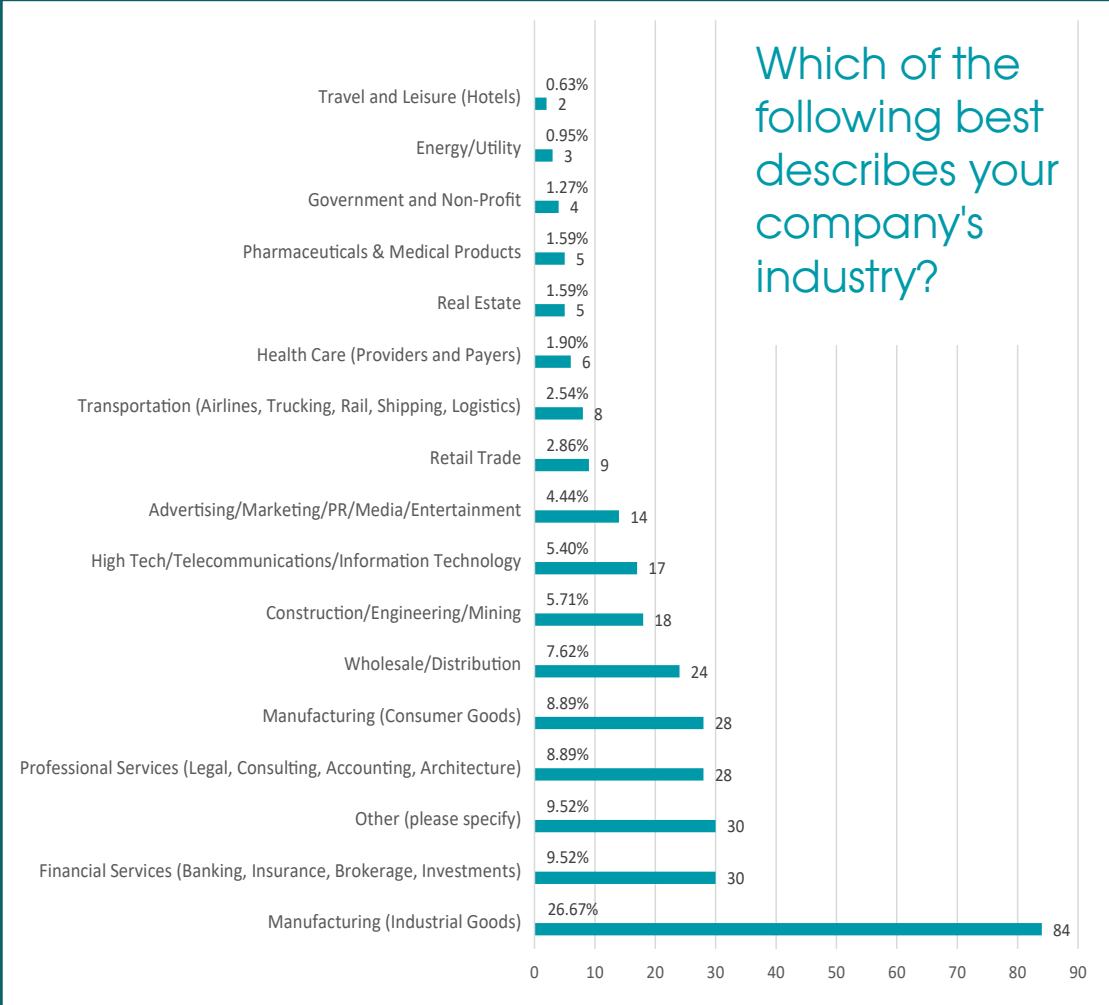
"Need the **talent** to meet the ramp up."

"We will have **key openings** to fill with high level talent; additionally our succession plan needs some strengthening."

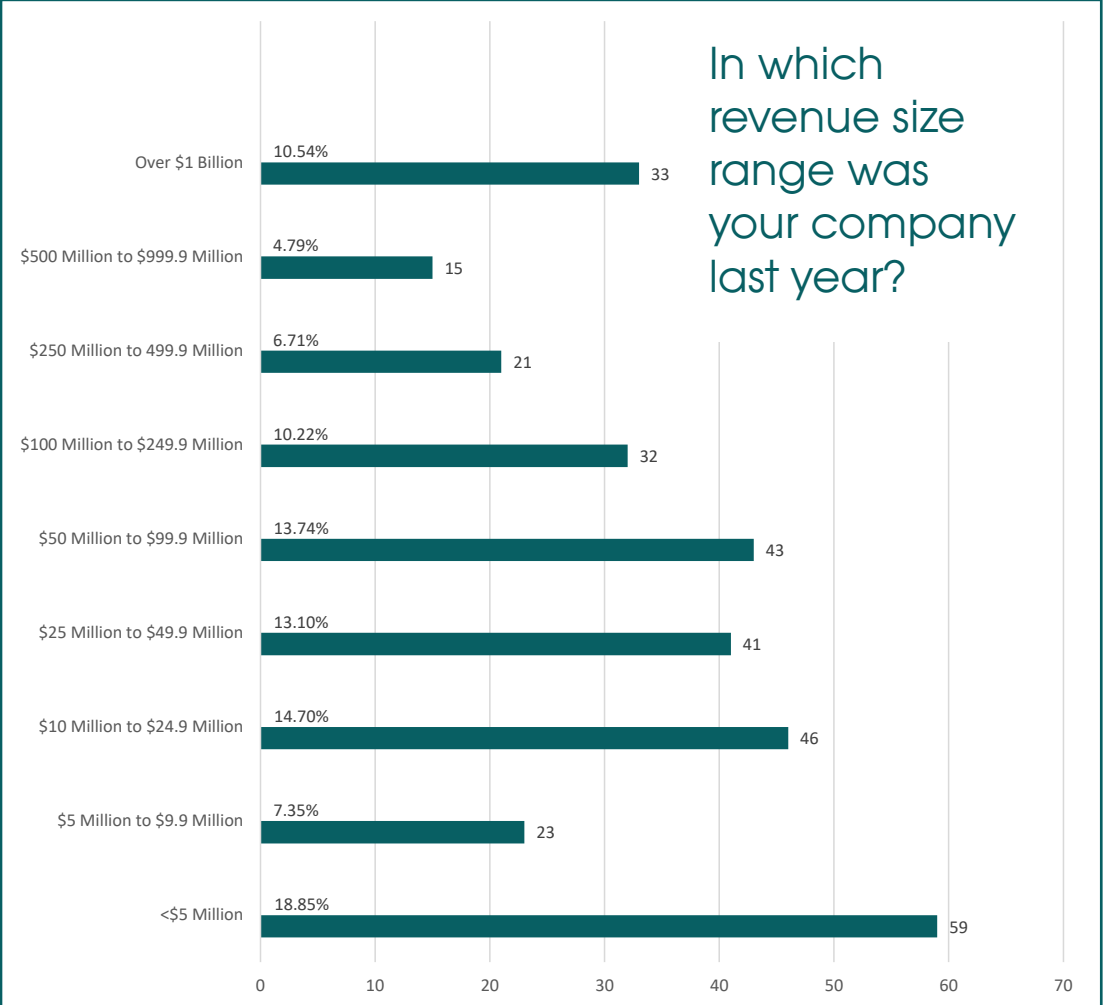
"Finding skilled workers is extremely difficult with such low unemployment. We need to explore technological solutions to **improve our processes** and reduce reliance on labor."

"The '**Amazon Effect**' is killing our customers. Bankruptcies and consolidation are occurring, both in retail and with the manufacturers of consumer products."

# DEMOGRAPHICS



100% = 315



100% = 313



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