



MARCUM - HOFSTRA CEO SURVEY

The Marcum LLP-Hofstra University CEO Survey is a periodic gauge of middle-market CEOs' outlook on the current business environment and their priorities and concerns for the next 12 months.

No. 1, 2022

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EMPLOYEE RETENTION AND STRESS

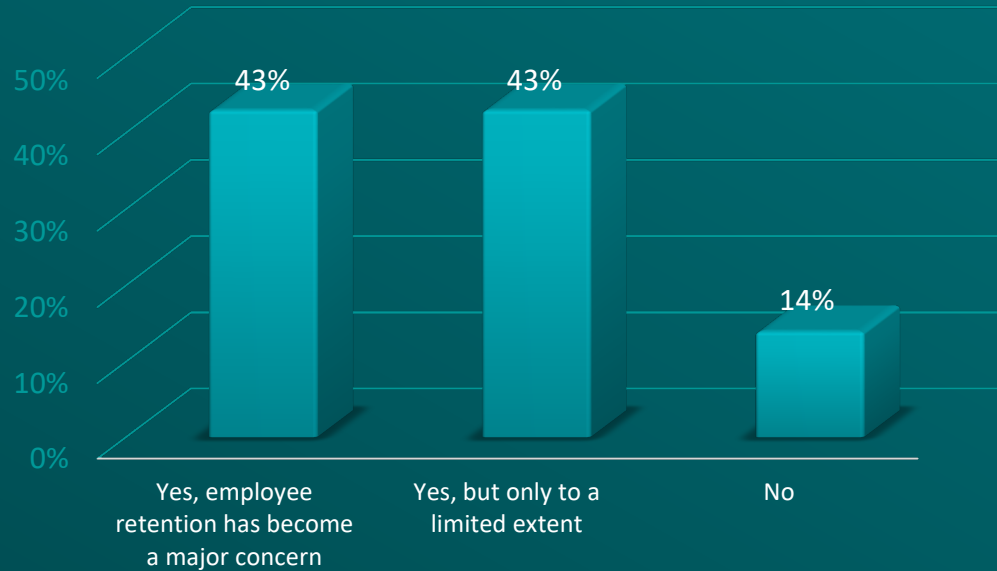
A large majority (86.0%) of CEOs indicated they have trouble retaining employees, with 43.2% saying employee retention has become a significant concern.

85.6% of CEOs said they see an increased level of stress among at least some of their employees, with over one-third (34.2%) saying they saw elevated stress among a large number of their personnel.

Nearly three-quarters (73.2%) of CEOs said their company offers assistance to employees experiencing elevated levels of stress.

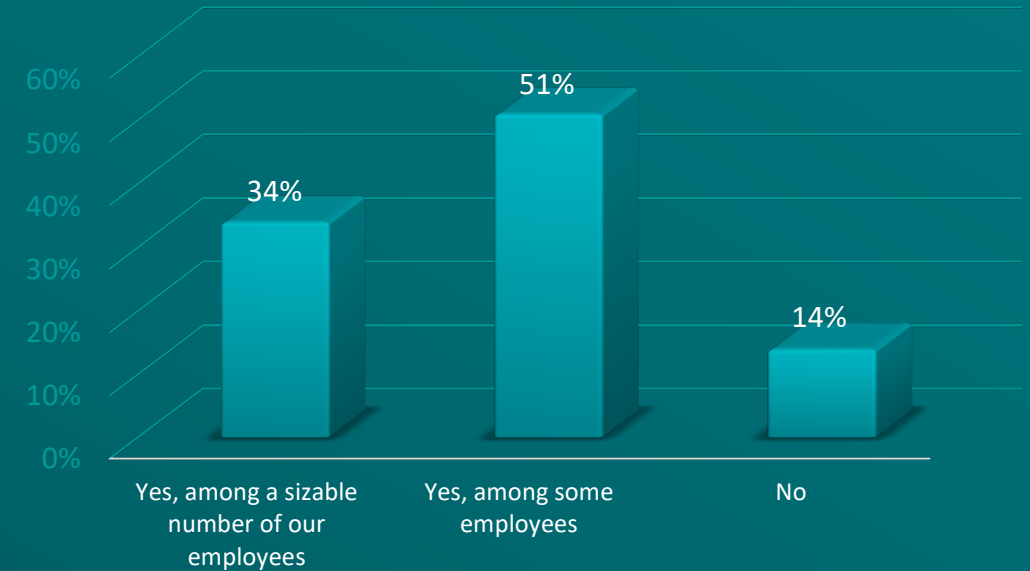


Have you found it more difficult to retain employees in recent months?



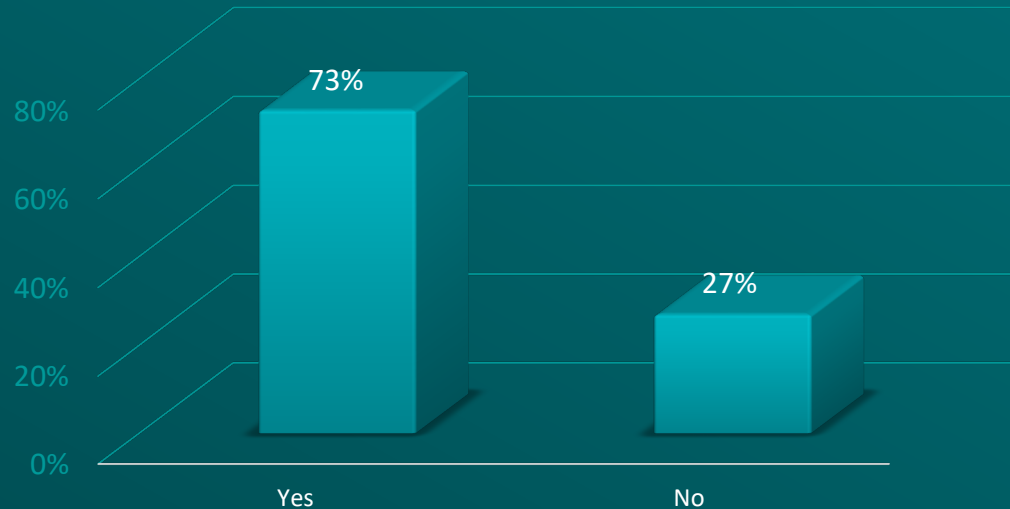
Total sample (N=257)

Are you seeing increased levels of stress (for example, signs of burnout, etc.) among your employees?



Total sample (N=257)

Does your company offer assistance to employees who are experiencing elevated levels of stress?



Total sample (N=257)

What is the nature of the assistance your company offers to employees to help mitigate their stress?

CEOs indicated an array of support services offered to employees experiencing elevated levels of stress.

- ▶ 32% of CEOs indicated mental health services are available either on site or covered via their company's health plan.
 - ▶ 8.5% of CEOs expressly referred to the availability of an Employee Assistance Program (EAP).
 - ▶ 7.0% offered an onsite stress-management and mindfulness programs
- ▶ Companies also offer flexible work schedules, time off, work-from-home options, and increased intra-day work breaks to help employees manage stress (indicated by 10.5% of CEOs).
- ▶ Other stress reduction aid came in the form of:
 - ▶ Clear goal setting
 - ▶ Encouraging physical movement and exercise/paid gym membership
 - ▶ Workplace recognition
 - ▶ Hiring more staff
 - ▶ Increased salaries or bonus
 - ▶ An onsite game room

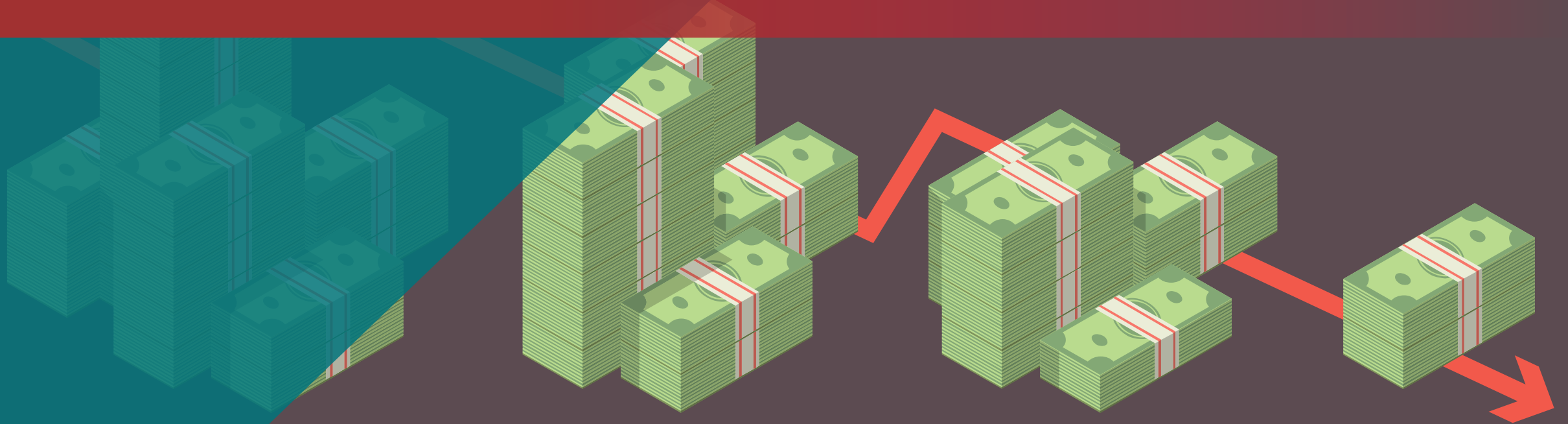
Total sample (N=257)

INFLATION

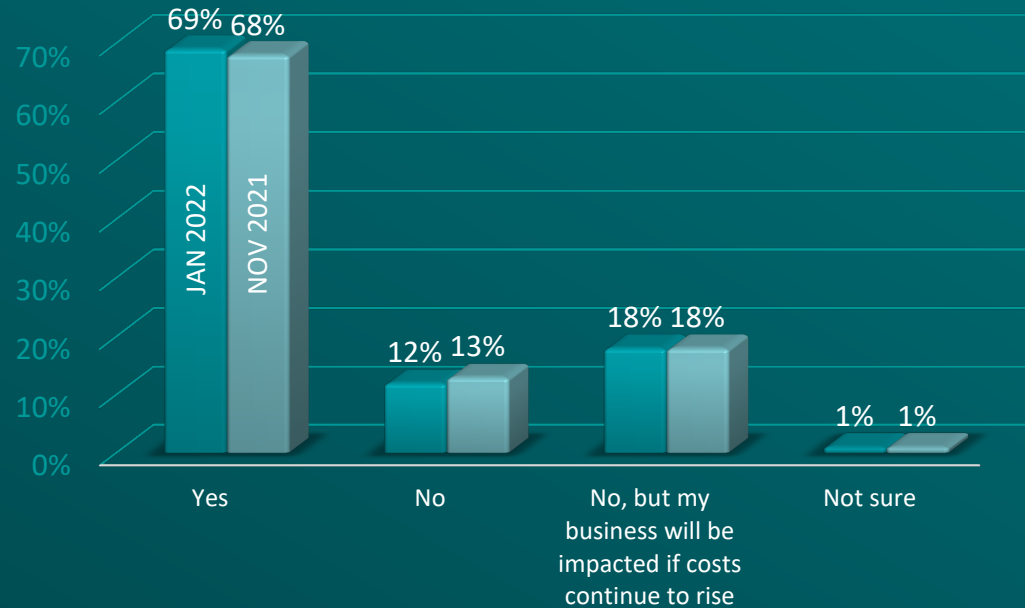
The number of CEOs who indicated their business is impacted by price inflation remained virtually unchanged from the previous survey--68.5% vs. 67.6%. However, there was a notable erosion in the extent to which CEOs felt their companies could avoid the negative impact of rising costs. In the previous survey, about one-quarter (23.2%) said they could absorb rising costs with minimal impact. In the current survey, that percentage fell to 14.1%.

Fewer CEOs indicated that they are absorbing rising costs by sacrificing profit margins (19.5% compared to 24.7% previously). More than twice as many companies (31.1% vs. 15.4% in the last survey) are now passing at least some of their rising costs on to their customers. The number of CEOs whose companies ask their customers to bear the full brunt of cost increases remains low at around 4%.

The percentage of CEOs indicating inflationary concerns would impact their planning for the next year increased slightly to 71.2% (compared to 69.5% previously).



Has your business been impacted by rising costs during the current inflationary cycle?



Total sample (N=257)

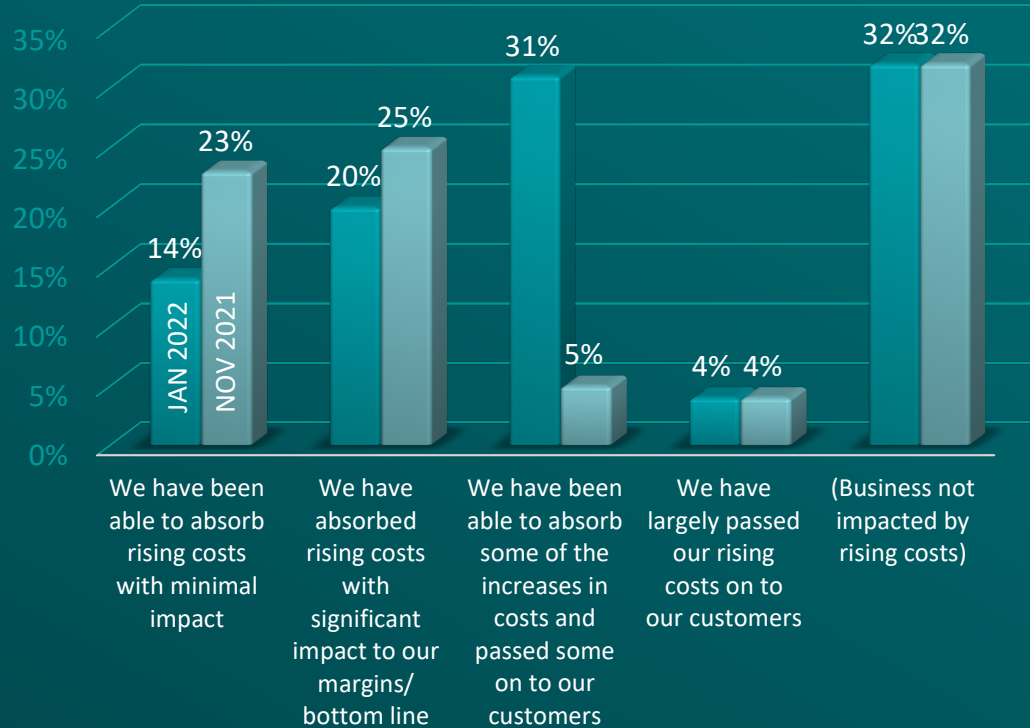
Breakdown by Industry

A majority CEOs across industries (except the financial services sector) indicated inflationary pressures are impacting their business.

Industry	Yes	No	No, but my business will be impacted if costs continue to rise
	Jan. 2022 Nov. 2021	Jan. 2022 Nov. 2021	Jan. 2022 Nov. 2021
Construction	10 (90.9%) 10 (90.9%)	0 (0.0%) 0 (0.0%)	1 (9.1%) 1 (9.1%)
Financial Institutions	13 (72.2%) 12 (66.7%)	3 (16.7%) 2 (11.1%)	2 (11.1%) 4 (22.2%)
Financial Services	9 (36.0%) 15 (53.6%)	8 (32.0%) 5 (17.9%)	8 (32.0%) 8 (28.6%)
Food & Beverages	6 (85.7%) 6 (85.7%)	1 (14.3%) 0 (0.0%)	0 (0.0%) 1 (14.3%)
Government/Nonprofit/Education	12 (66.7%) 11 (52.4%)	3 (16.7%) 5 (23.8%)	3 (16.7%) 4 (19.0%)
Healthcare	14 (73.7%) 15 (78.9%)	2 (10.5%) 2 (10.5%)	3 (15.8%) 2 (10.5%)
Manufacturing & Distribution	37 (75.5%) 36 (76.6%)	2 (4.1%) 1 (2.1%)	10 (20.4%) 10 (21.3%)
Professional Services	10 (58.8%) 6 (40.0%)	2 (11.8%) 2 (13.3%)	5 (29.4%) 6 (40.0%)
Real Estate	5 (71.4%) 6 (60.0%)	2 (28.6%) 3 (30.0%)	0 (0.0%) 1 (10.0%)
Retail & Consumer Products	17 (73.9%) 20 (95.2%)	1 (4.3%) 0 (0.0%)	5 (21.7%) 1 (4.8%)
Technology	25 (64.1%) 21 (56.8%)	5 (12.8%) 8 (21.6%)	9 (23.1%) 0 (0.0%)
Other	18 (85.7%) 8 (80.0%)	2 (9.5%) 2 (20.0%)	1 (4.8%) 0 (0.0%)

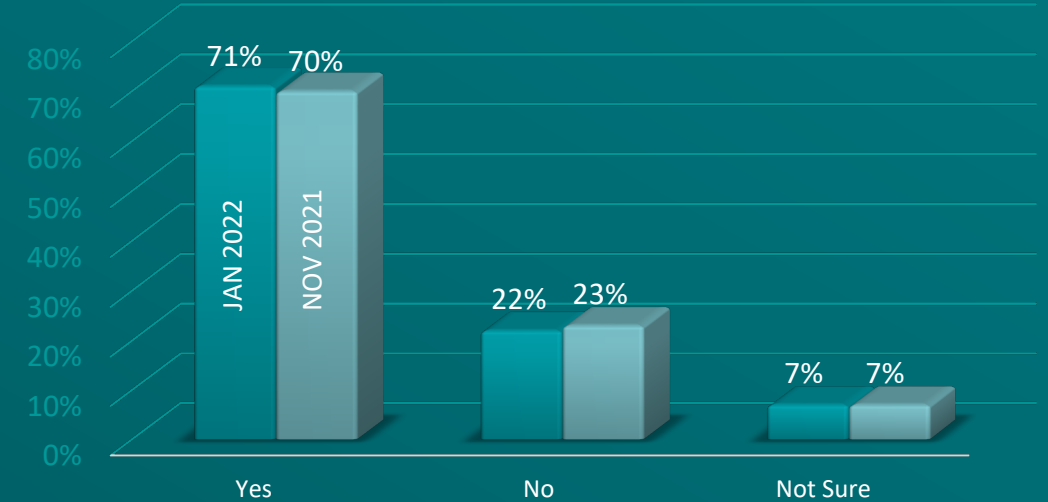
Total sample (N=257)

How have you managed increases in your costs?



Total sample (N=257)

Are inflationary concerns impacting the business decisions you are making for the next year?



Total sample (N=257)

How are your plans for 2022 being impacted by inflationary concerns?

"All materials have gone up in price, employees are demanding pay increases, clients have concerns about <the> rising cost of our products, gas has gone up considerably and 60% of our workers are on the road all day."

"Cutting back on expansion plans and scaling back future company investment."

"Cutting back on new projects, consolidating departments and workloads."

"I put my employees on equal footing with my customers, and even with the minimal increase with inflation, I am not really noticing a difference in my bottom line as each of my employees treats this company as if it was their own, and as a result every year I increase in profits for the last 7 years."

"Allocating fewer capital expenditures."

"Can't make any promises."

"Delaying capital investments, delaying hiring to fill everything but the most critical positions."

"Being a bit choosier about which growth initiatives are implemented."

"At this point we're considering whether we should even stay in business. Can't keep employees well enough to work. Inflation costs are too much."

"Budgets have been cut across the board, projects reprioritized, site(s) consolidation/relocation is being explored."

"Focus more on product delivery than new product development."

"We will attempt to absorb as much as possible and still be profitable."

"Delaying projects, extending infrastructure contracts, only hiring key positions."

"Managing corporate spend very closely, working on projects whose value is clear and achievable; working on projects that will have direct impact on current business operations."

"We are budgeting for higher average rates and will have to charge more to achieve this."

"We are increasing our prices to our customers and taking a hit on profit margin."

"We are purchasing more equipment now in anticipating of higher prices through next year at least."

"We think that we can anticipate inflation and take advantage of and invest more money today to have more money tomorrow."

"We are considering price increases to cover wage inflation. We also are looking for ways to increase sales significantly without requiring extra staffing to support the increased sales."

"We are doing a project to evaluate our pricing model to make sure we are charging the right amount for our products and services."

"Reducing income projections since we are not passing on all the cost increases to our customers."

"We are not expecting salary raises, and even with employee shortage, some positions will be rolled into others (employees will need to be versatile, doing multiple jobs)."

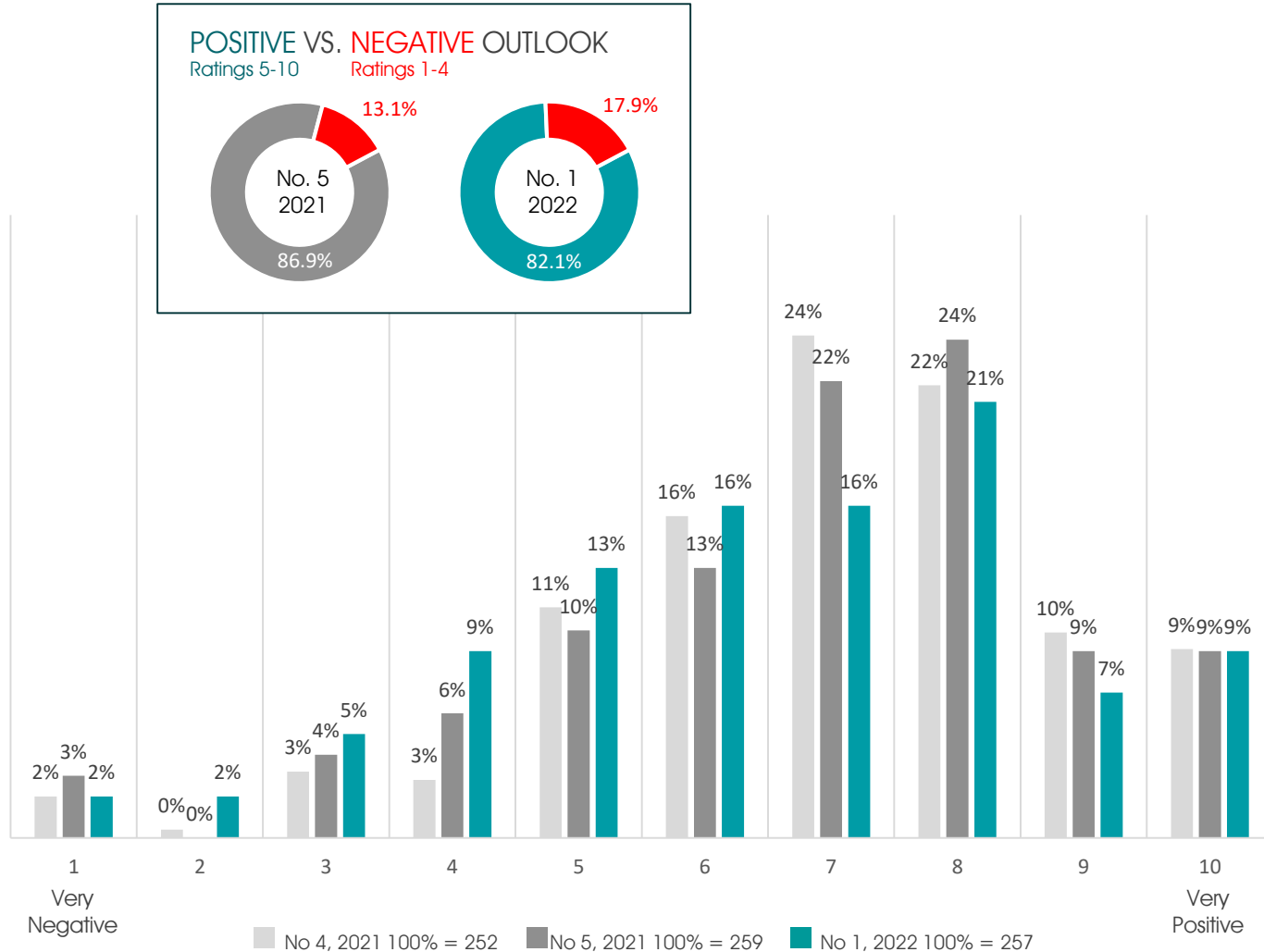
"We have had to reduce production costs by implementing new manufacturing techniques and processes for our products, in addition to readjusting our marketing chain, making it more dynamic and efficient where there were structural obstacles."

"We are mandating multiple quotes from different vendors and suppliers and comparison shopping."

"We've eliminated some of our services while switching to more cost-effective technological service providers."

"Unable to make infrastructure improvements."

What is your view of the current business environment?



KEY FINDINGS

After a substantial improvement in outlook on the business environment in our last survey, CEO optimism has essentially leveled off.

- ▶ The percentage of CEOs rating their outlook as “very positive” was virtually unchanged at **8.9%** vs. 8.5% in the previous survey.
- ▶ **36.5%** of CEOs assigned a rating of 8 or higher (10 = “very positive”), a decrease from 41.7% in the previous survey.
- ▶ **82.3%** of CEOs assigned a rating of 5 or higher as compared to 86.9% in the November 2021 survey. This continued a moderate downward trend from the August 2021 survey when 91.6% of CEOs assigned a rating of 5 or higher.

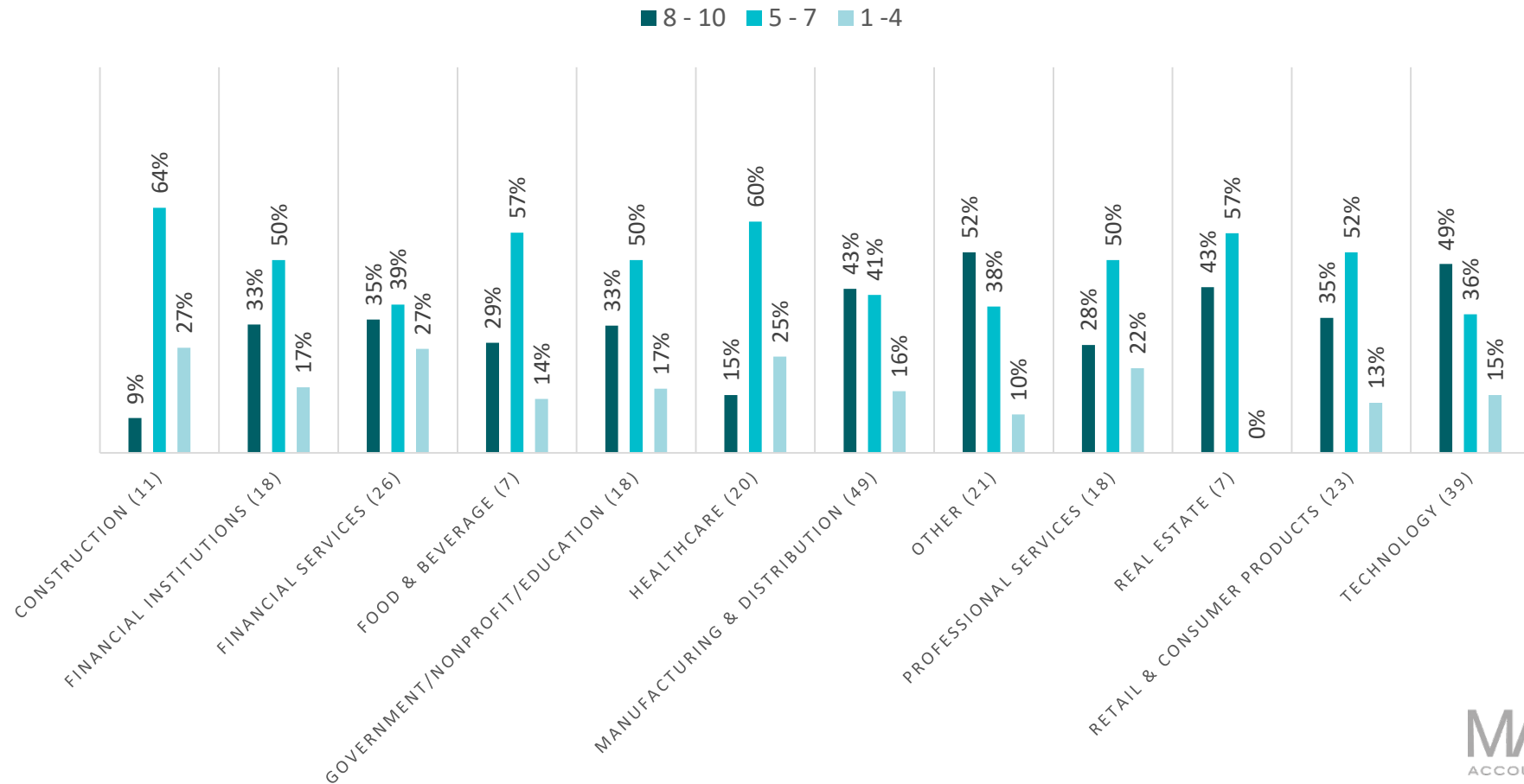
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What is your
view of the
current
business
environment?

INDEX: A Weighted Average of CEO Responses



RATING OF BUSINESS OUTLOOK by Industry

CEOs were less optimistic than previously about the business environment in their respective business sectors for the next 12 months. However, CEOs expressed a positive rather than a negative view overall across almost all industries, with the largest percentage opting for the middle range.



cont'd
What is your
view of the
current
business
environment?

What are the most important influences for your business planning in the next 12 months?



No 4, 2021 100% = 252 | No 5, 2021 100% = 259 | No 1, 2022 100% = 257

KEY FINDINGS

- ▶ “Economic concerns” was again the most-cited influence on business planning, with 54.5% of CEOs indicating it is one of their top three concerns. This represents an increase from 48.6% in the previous survey. The largest percentage of CEOs (23.0%) cited economic concerns as the single most important influence for business planning.
- ▶ The second most-cited influence was “availability of talent” (49.0%), virtually unchanged from the last survey.
- ▶ “Rising material/operational costs” (cited by 43.2% as one of the top three influences) rounded out the top three concerns of CEOs.

cont'd
What are the most important influences for your business planning in the next 12 months?

Influences on Business Planning — by Industry

Upper figure: highest priority

Lower figure: one of three highest priorities

	Access to Capital	Availability of Talent	Economic Concerns	Foreign Competition	Industry Consolidation	Interest Rates	Rising Labor Costs	Legislation and Reform	Regulatory Environment	Rising Mat./Oper Costs	Technology
Construction (11)	0.0% 9.1%	18.2% 45.5%	36.4% 63.6%	0.0% 0.0%	0.0% 9.1%	0.0% 9.1%	9.1% 36.4%	0.0% 0.0%	0.0% 18.2%	9.1% 81.8%	18.2% 18.2%
Financial Institutions (18)	16.7% 27.8%	38.9% 55.6%	33.3% 50.0%	0.0% 15.6%	5.6% 22.2%	0.0% 27.8%	0.0% 11.1%	5.6% 16.7%	0.0% 50.0%	0.0% 16.7%	0.0% 16.7%
Financial Services (26)	11.5% 26.9%	15.4% 46.2%	30.8% 65.4%	0.0% 3.8%	7.7% 15.4%	0.0% 19.2%	3.8% 15.4%	0.0% 11.5%	8.7% 53.8%	3.8% 11.5%	11.5% 26.9%
Food & Beverage (7)	14.3% 14.3%	14.3% 14.3%	0.0% 57.1%	0.0% 0.0%	14.3% 28.6%	0.0% 0.0%	28.6% 71.4%	0.0% 0.0%	0.0% 14.3%	14.3% 57.1%	0.0% 14.3%
Government/Nonprofit/Education (18)	5.6% 16.7%	22.2% 61.1%	16.7% 44.4%	5.6% 5.6%	0.0% 0.0%	0.0% 5.6%	0.0% 27.8%	16.7% 38.9%	5.6% 22.2%	5.6% 44.4%	22.2% 22.2%
Healthcare (20)	15.0% 15.0%	15.0% 73.3%	30.0% 45.0%	0.0% 5.0%	5.0% 10.0%	0.0% 15.0%	5.0% 35.0%	0.0% 25.0%	10.0% 40.0%	5.0% 25.0%	15.0% 25.0%
Manufacturing & Distribution (49)	8.2% 10.2%	22.4% 51.0%	22.4% 51.0%	6.1% 10.2%	0.0% 10.2%	2.0% 14.3%	10.2% 38.7%	0.0% 12.2%	2.0% 10.2%	17.0% 68.1%	6.1% 20.4%
Professional Services (18)	11.1% 22.2%	27.8% 52.4%	22.2% 66.7%	0.0% 5.6%	0.0% 0.0%	5.6% 27.8%	0.0% 22.2%	5.6% 22.2%	5.6% 16.7%	20.4% 69.4%	5.6% 22.2%
Real Estate (7)	0.0% 0.0%	28.6% 57.1%	0.0% 57.1%	0.0% 10.0%	0.0% 14.3%	0.0% 14.3%	14.3% 42.9%	14.3% 14.3%	14.3% 28.6%	14.3% 28.6%	14.3% 42.9%
Retail & Consumer Products (23)	4.3% 8.6%	26.1% 43.5%	26.1% 69.6%	0.0% 4.3%	0.0% 4.3%	0.0% 21.7%	4.3% 39.1%	4.3% 17.4%	0.0% 4.3%	21.7% 52.2%	13.0% 34.8%
Technology (39)	17.9% 35.9%	23.1% 41.0%	31.8% 56.4%	2.6% 15.4%	0.0% 7.7%	2.6% 12.8%	5.1% 23.1%	2.6% 7.7%	0.0% 12.8%	12.8% 38.5%	15.4% 46.2%
Other (21)	14.3% 28.6%	19.0% 47.6%	19.0% 33.3%	0.0% 9.5%	4.8% 14.3%	0.0% 4.8%	14.3% 42.9%	0.0% 14.3%	4.8% 23.8%	14.3% 28.6%	9.5% 28.6%

Influences on Business Planning — By Influence

	Greatest Influence	Second Greatest Influence	Third Greatest Influence	Total
Economic Concerns	59 (23.0%)	44 (17.1%)	37 (14.4%)	140 (54.5%)
Availability of Talent	58 (22.6%)	31 (12.1%)	37 (14.4%)	126 (49.0%)
Rising Material/Operational Costs	32 (12.5%)	43 (16.7%)	36 (12.4%)	111 (43.2%)
Rising Labor Costs	17 (6.6%)	37 (14.4%)	27 (10.5%)	81 (31.5%)
Technology	28 (10.9%)	23 (8.9%)	20 (7.8%)	71 (27.6%)
Regulatory Environment	11 (4.3%)	22 (8.6%)	26 (10.1%)	59 (23.0%)
Access to Capital	28 (10.9%)	11 (4.2%)	10 (3.9%)	49 (19.1%)
Legislation and Reform	8 (3.1%)	12 (4.7%)	19 (7.4%)	39 (15.2%)
Interest Rates	3 (1.2%)	12 (4.7%)	24 (9.3%)	39 (15.2%)
Industry Consolidation	6 (2.3%)	12 (4.7%)	9 (3.5%)	27 (10.5%)
Foreign Competition	5 (1.9%)	8 (3.1%)	6 (2.3%)	19 (7.4%)
Other*	2 (0.8%)	2 (0.8%)	6 (2.3%)	10 (3.9%)

* Supply chain concerns (2); COVID (2); Political environment (1); Customer demand (1); Business-specific concerns (2); Not specified (2).

DEMOGRAPHICS

Which of the following best describes your company's industry?

Construction	11	4.3%
Financial Institutions	18	7.0%
Financial Services	26	10.1%
Food & Beverage	7	2.7%
Government/Nonprofit/Education	18	7.0%
Healthcare	20	7.8%
Manufacturing & Distribution	49	19.1%
Professional Services	18	7.0%
Real Estate	7	2.7%
Retail & Consumer Products	23	8.9%
Technology	39	15.2%
Other*	21	8.2%
Total	257	100.0%

*Other: Architecture (1); Automotive (1); Fashion (1) Media & Entertainment (2); Talent & Literary (1); Life Sciences & Biology (3); Mining (1)

What best describes your title?

CEO	29	11.3%
Director	85	33.1%
Divisional President	3	1.2%
Managing Partner	3	1.2%
Other C-Level Executive	51	19.8%
Owner	24	9.3%
President	8	3.1%
Vice President	48	18.7%
Chairman	1	0.4%
Founder	5	1.9%
Total	257	100.0%

What is the total number of permanent employees in your company?

Less than 50	28	10.9%
50 to 99	20	7.8%
100 to 499	48	18.7%
500 to 999	41	16.0%
1,000 to 2,499	45	17.5%
2,500 to 4,999	24	9.3%
5,000 or more	49	19.1%
Not sure/Decline to say	2	0.8%
Total	257	100.0%

In which revenue size range was your company last year?

\$5 million to \$9.9 million	26	10.1%
\$10 million to \$24.9 million	31	12.1%
\$25 million to \$49.9 million	21	8.2%
\$50 million to \$99.9 million	30	11.7%
\$100 million to \$249.9 million	27	10.5%
\$250 million to \$499.9 million	23	8.9%
\$500 million to \$999.9 million	35	13.6%
\$1 Billion or more	52	20.2%
Not sure/Decline to say	12	4.7%
Total	257	100.0%



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