

FEATURED TOPICS

LEADERSHIP SUCCESSION, CUSTOMER/CLIENT
EXPECTATIONS, ARTIFICIAL INTELLIGENCE, ECONOMIC
CONCERNS



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, 2023

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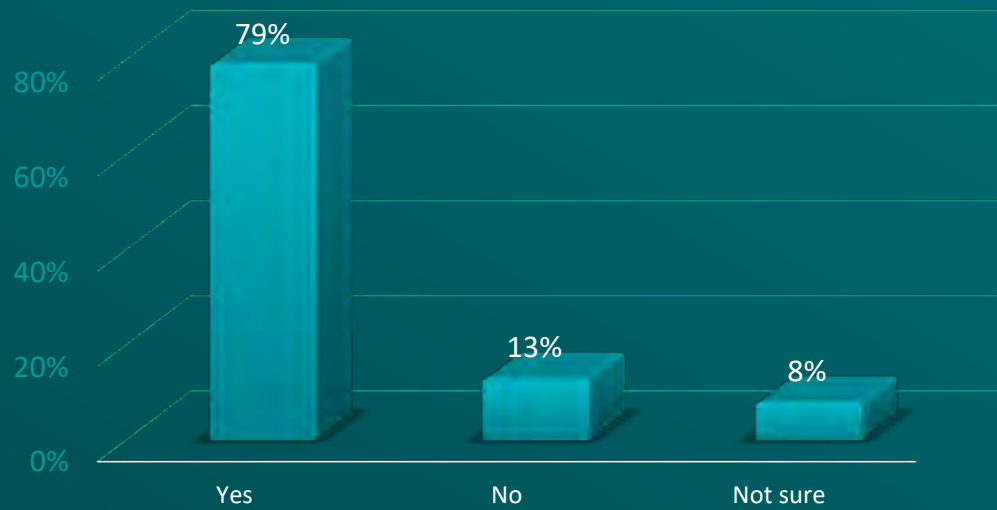
LEADERSHIP SUCCESSION PLAN

Recognizing that succession planning is an essential process for ensuring business continuity, retaining talent, and developing future leaders, a substantial majority of CEOs indicated that their companies have a succession plan in place. However, reflecting the complexity of succession planning, only about half of those who have a succession plan are “very confident” that the plan will provide a smooth transition and effective continuity of business operations.



Business
Succession Plan

Does your company have a top leadership succession plan to ensure your business's continuity?



Total sample (N=265)

If not, why not?



Total sample (N=34)

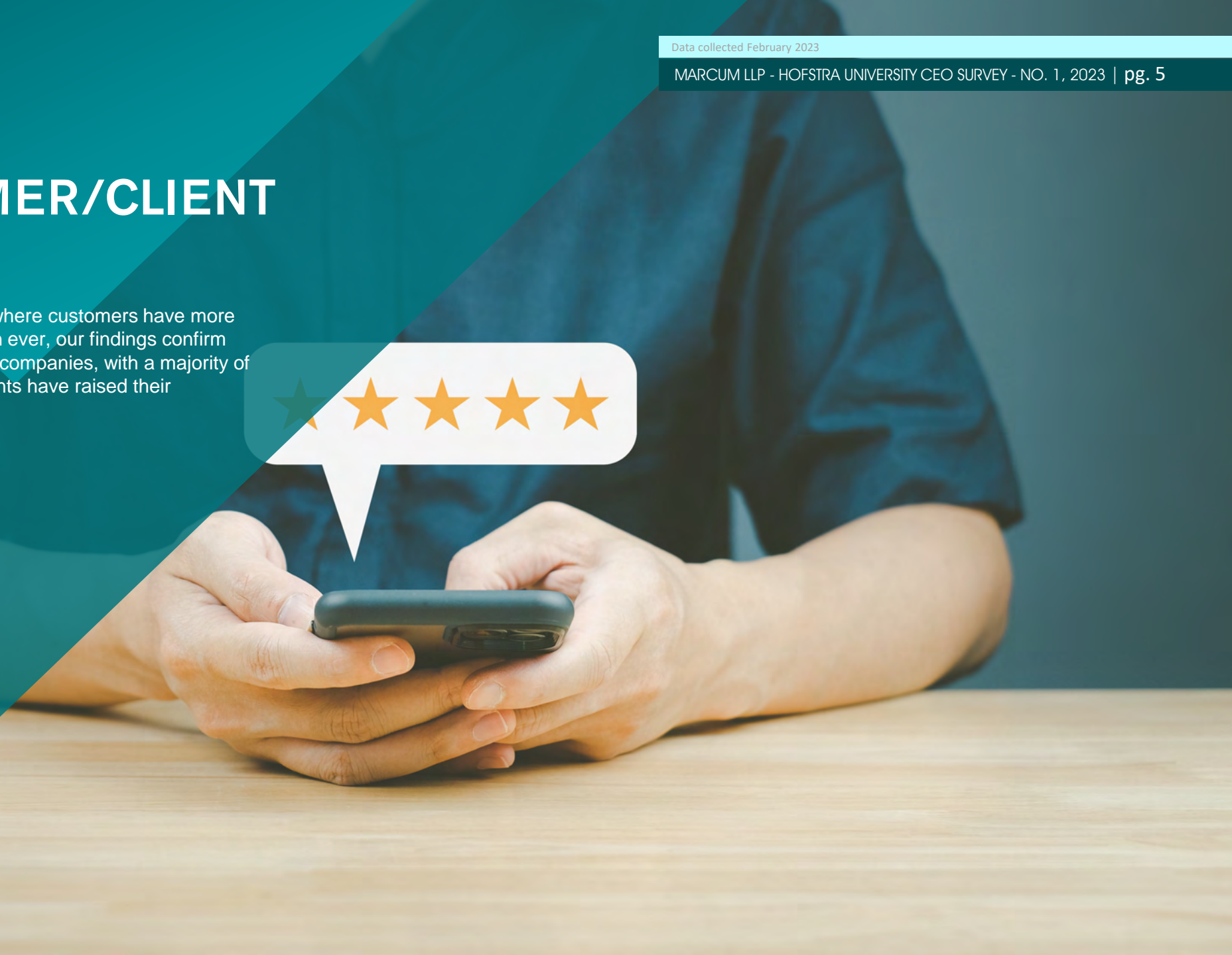
How confident are you that your company's succession plan will provide a smooth transition and effective continuity of business operations?



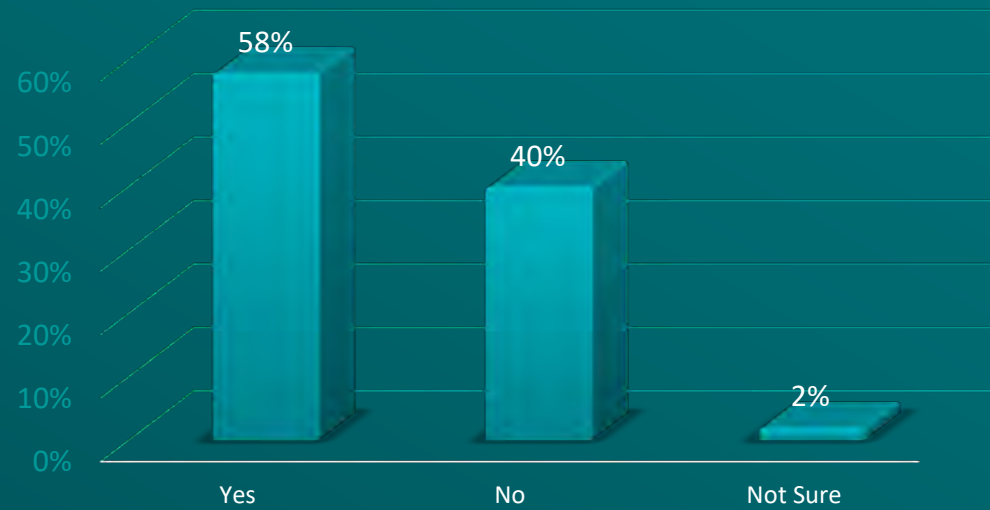
Total sample (N=210)

RISING CUSTOMER/CLIENT EXPECTATIONS

In an increasingly competitive environment where customers have more choices and more access to information than ever, our findings confirm that they are placing increased demands on companies, with a majority of CEOs perceiving that their customers or clients have raised their expectations or demands in the past year.



Have your customers or clients raised their expectations or demands in the past year?



Total sample (N=265)

In what ways have the expectations or demands of your customers or clients increased?

“Access to customer service and the quality of that customer service.”

“Expect more personalized service and immediate response times.”

“The expectation is that retail prices will not mirror wholesale costs in keeping pace with inflation and interest rate hikes and that we will absorb most of the increase.”

“Expect all unforeseen costs to be our issue to resolve and not pass on.”

“I feel like my employees and my customers don’t have the patience they once did.”

“They expect a seamless process.”

“Timelines have shortened and demand for immediate service is much higher.”

“Better and most up to date technology with respect to services offered with no increases in costs or premiums.”

“They expect for us to be more productive and help them be more successful.”

“Better online experience.”

In what ways have the expectations or demands of your customers or clients increased?

“They have been more needy because of all of the market volatility, and they have been more anxious about their assets. They also want things done yesterday.”

“Faster delivery cycles.”

“They are scrutinizing their bills more carefully, asking for discounts, requesting extended payment terms, etc.”

“Clients are expecting more for a lower cost.”

“More technology and around the clock support.”

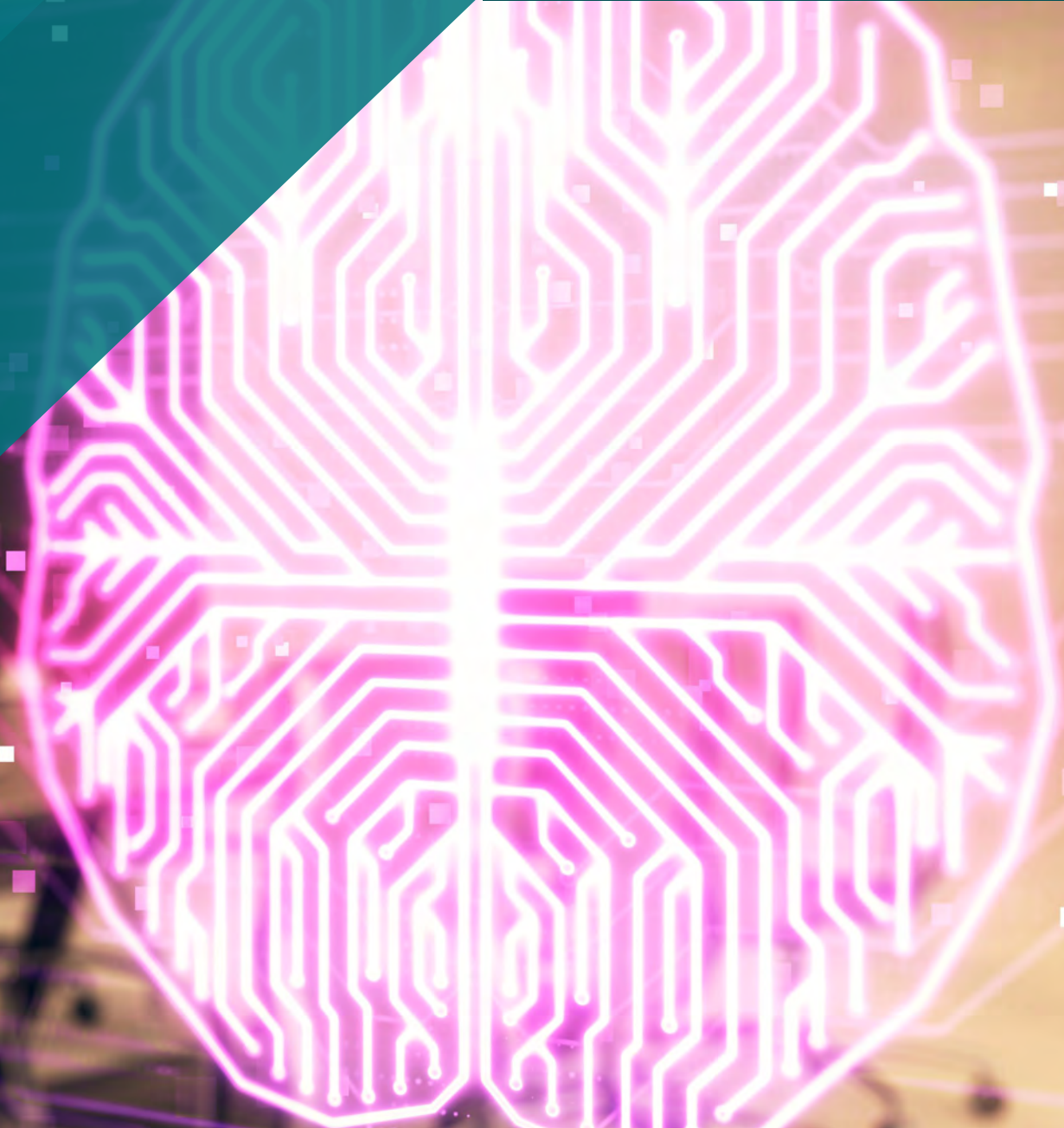
“They demand service we can’t provide with our workforce shortage.”

“They refuse price increases and are constantly shopping the business.”

“Customer service must be impeccable.”

COMPANY USE OF ARTIFICIAL INTELLIGENCE TOOLS

Artificial Intelligence (AI) has recently garnered increased attention for its potential to revolutionize company operations by offering increased efficiency, improved decision-making, and enhanced customer experience. In our survey, over one-quarter of CEOs indicated their companies have begun to utilize AI tools in their business operations, and almost half are exploring how AI tools could be used. Only 1 in 10 did not envision their company utilizing AI tools.



Which of the following best describes your company's use of Artificial Intelligence (AI) tools?



Total sample (N=265)

In what ways are you employing or considering AI tools in your business operations?

“AI tools are being used in analysis of market trends, customer expectations, customer satisfaction rate, exploring business opportunities.”

“Automation and call center technology.”

“Internal help desks.”

“Learning at the moment.”

“To detect failures, monitor pieces of equipment leading to production efficacy.”

“Automation and use of machine learning models for predictive analytics.”

“Financial analysis and modeling, predictive analytics, data mining.”

“Risk mitigation.”

“We use it to refine our trading techniques.”

“Analyzing large volumes of data to share actionable insights to decrease delinquency.”

“Better align existing data to help us plug in gaps in our dashboarding.”

“We use it to better utilize our ad spend.”

“Anticipate trends as well as customer feedback to proposed product alterations.”

In what ways are you employing or considering AI tools in your business operations?

“Strategizing to make the field more fluid.”

“We embed AI in our applications to facilitate processes and decision-making.”

“Automated customer service.”

“Chatbots and straight thru processing opportunities.”

“Growth, analytics, factoring, and product sells evaluation.”

“Automation and call center technology.”

“Customer experience optimization.”

“Improvement in supply chain management and logistics.”

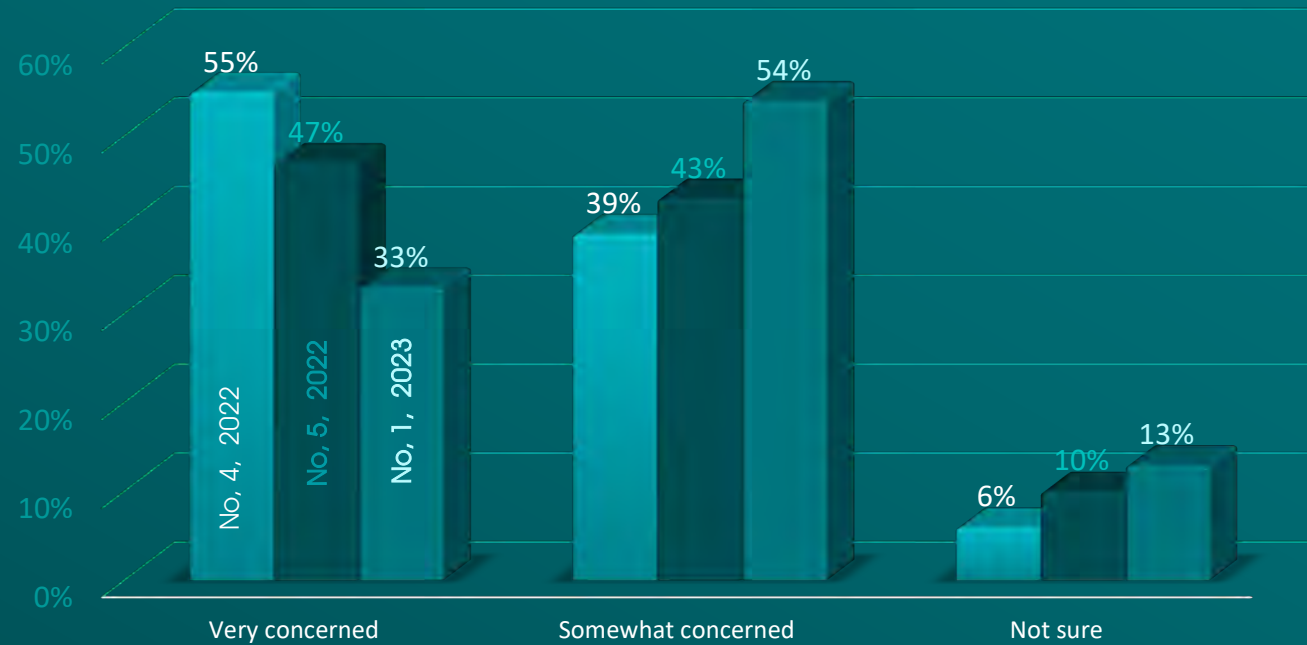
“Trying to use them as little as possible.”

ECONOMIC CONCERNS

While economic indicators continue to be mixed, substantially fewer CEOs are “very concerned” the economy will experience a recession in the coming year. However, with persistent inflation, rising prices, and announced layoffs by several highly visible companies, more than half of CEOs are “somewhat concerned” the economy will fall into a recession.

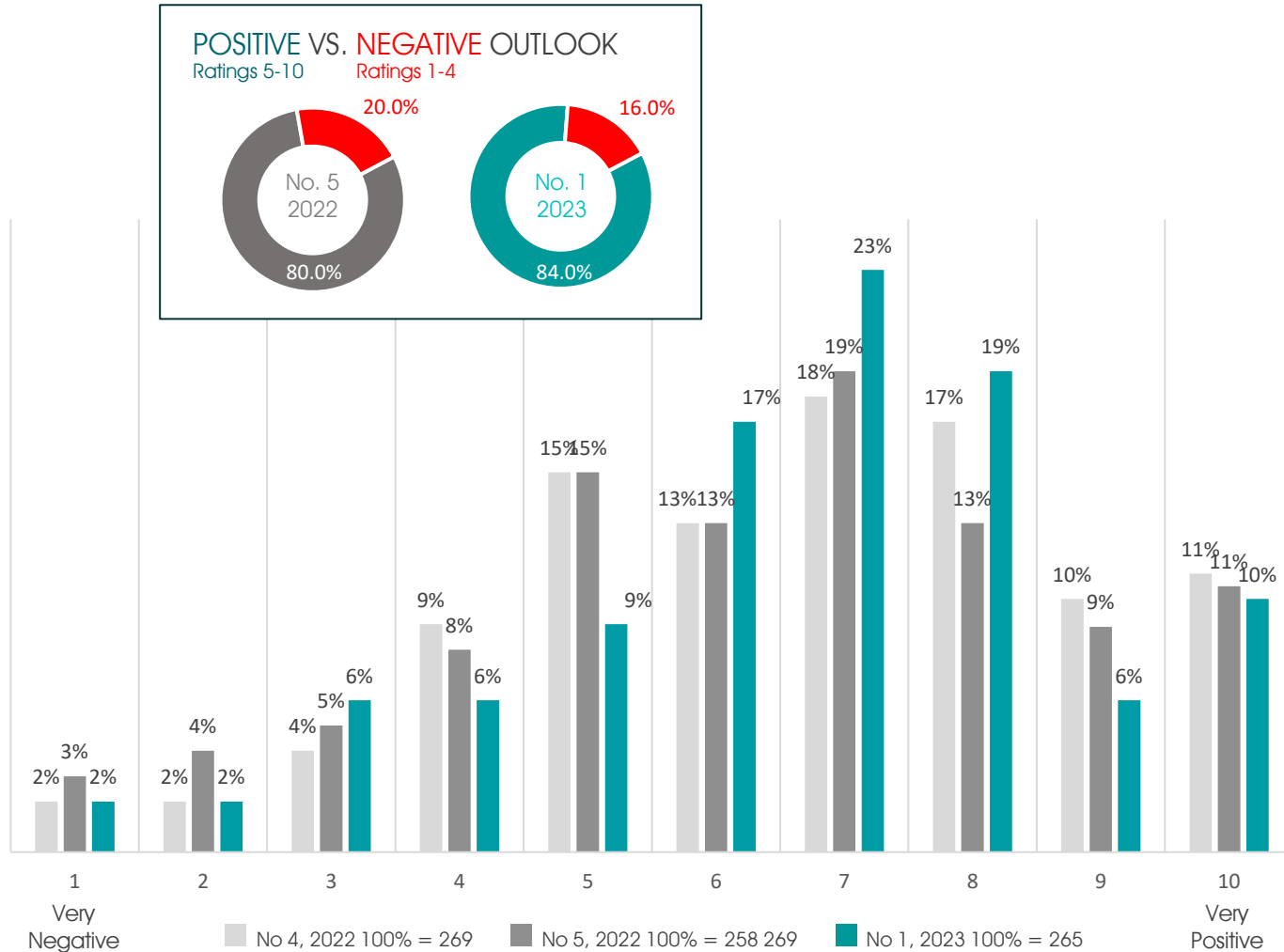


How concerned are you that the economy will experience a recession in the coming year?



Total sample (N=265)

What is your view of the current business environment?



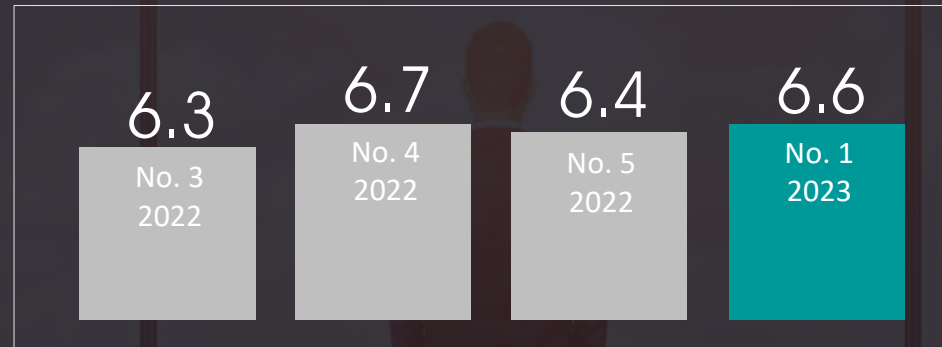
KEY FINDINGS

In the first survey of 2023, CEOs remain optimistic in their outlook on the business environment and indicated a slight improvement compared to the previous (November 2022) survey.

- ▶ The percentage of CEOs rating their outlook as “very positive” (“10”) declined marginally to 10.2%, from 10.5%.
- ▶ However, 35.1% of CEOs staked themselves in the upper range of 8-10, an increase from 32.7%.
- ▶ 84.5% of CEOs selected a rating of 5 or higher, up from 80.0% in November.

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What is your
view of the
current
business
environment?

INDEX: Weighted Average of CEO Responses



RATING OF BUSINESS OUTLOOK

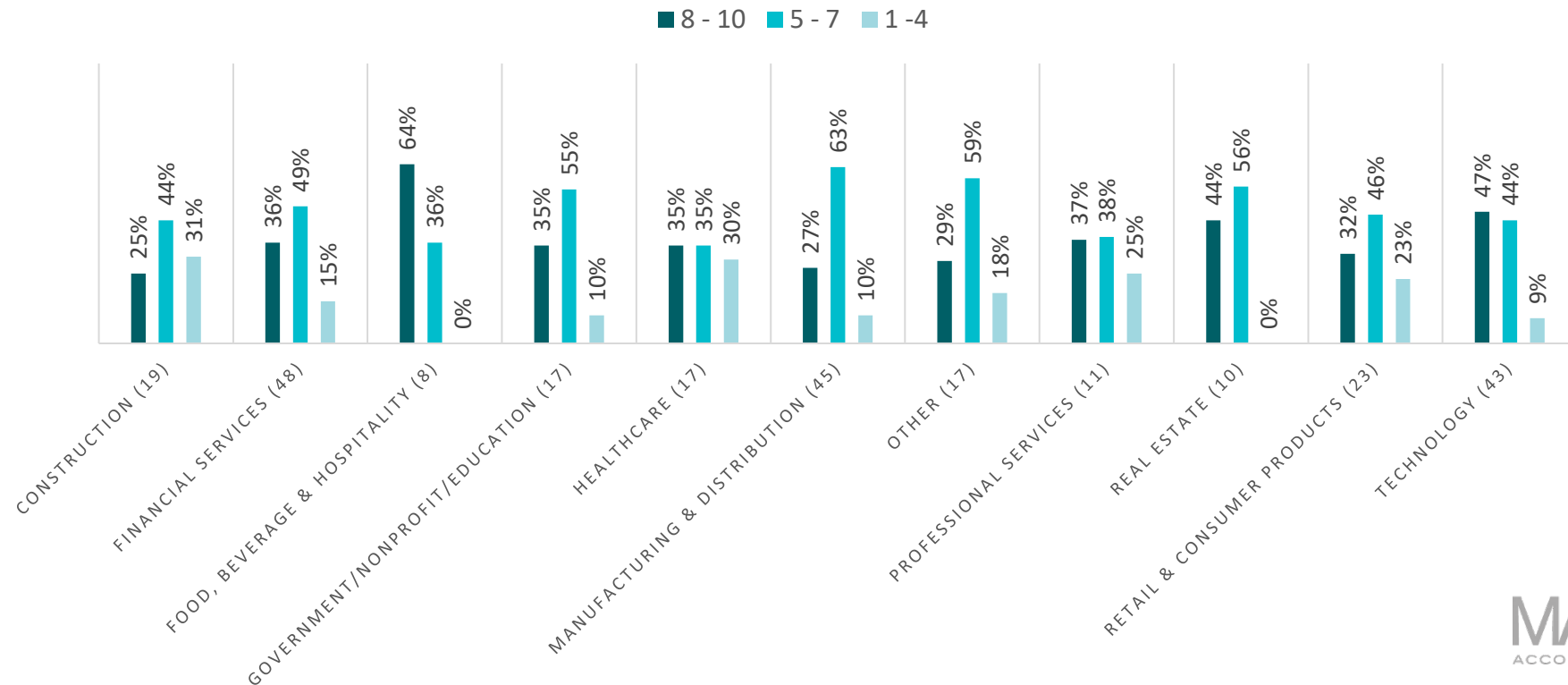
by Industry

The percentage of CEOs expressing the highest levels of optimism ("8" or higher) largely held constant across industry sectors.

The greatest increases in CEO optimism were in food, beverage & hospitality and in real estate.

The percentage of CEOs in the healthcare sector expressing strong confidence in their business outlook decreased more than in any other sector.

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?



KEY FINDINGS

The top three influences on business planning were unchanged from our prior survey in November 2022, but there were some fluctuations in the degree of priority CEOs assigned.

- ▶ “Economic concerns” continues to be the most-cited influence on business planning. However, the percentage of CEOs indicating it as a top-3 concern decreased to 53.6% from 58.9%.
- ▶ “Availability of talent” continues to be a key business influence, reflecting the tight labor market. Nearly half of CEOs cited “availability of talent” as a top-3 concern.
- ▶ Regarding price inflation, “rising material/operational costs” was the third most-cited influence.

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 (16)	0.0% 12.5%	25.0% 68.8%	37.5% 50.0%	0.0% 0.0%	0.0% 6.3%	0.0% 6.3%	0.0% 43.8%	6.5% 31.3%	0.0% 6.3%	25.0% 62.5%	6.3% 12.5%
Financial Services (53)	18.9% 30.2%	20.8% 50.9%	18.8% 49.1%	0.0% 11.3%	5.7% 9.4%	7.5% 30.2%	1.9% 20.8%	7.5% 15.1%	3.8% 30.2%	1.9% 20.8%	7.5% 28.3%
Food, Beverages & Hospitality (11)	9.1% 18.2%	0.0% 36.4%	18.2% 36.4%	9.1% 9.1%	0.0% 18.2%	18.2% 36.4%	9.1% 36.4%	0.0% 9.1%	9.1% 18.2%	18.2% 54.5%	9.1% 27.3%
Government/Nonprofit /Education (20)	15.0% 20.0%	35.0% 65.0%	15.0% 35.0%	0.0% 0.0%	0.0% 5.0%	0.0% 10.0%	5.0% 20.0%	10.0% 35.0%	5.0% 25.0%	5.0% 35.0%	10.0% 50.0%
Healthcare (20)	20.0% 30.0%	30.0% 55.0%	20.0% 40.0%	0.0% 0.0%	0.0% 5.0%	5.0% 20.0%	15.0% 45.0%	0.0% 25.0%	5.0% 35.0%	5.0% 30.6%	0.0% 15.0%
Manufacturing & Distribution (49)	4.1% 22.4%	20.4% 46.9%	30.6% 63.3%	0.0% 8.2%	2.2% 6.7%	4.1% 26.5%	0.0% 16.3%	0.0% 14.3%	0.0% 16.3%	30.6% 65.3%	10.2% 18.4%
Professional Services (16)	0.0% 12.5%	12.5% 43.8%	31.2% 68.8%	0.0% 6.3%	0.0% 18.8%	6.3% 18.8%	0.0% 18.8%	0.0% 18.8%	6.3% 6.3%	25.0% 50.0%	18.8% 37.5%
Real Estate (9)	11.1% 55.6%	22.2% 33.3%	22.2% 33.3%	0.0% 0.0%	0.0% 0.0%	11.1% 22.2%	0.0% 0.0%	0.0% 22.2%	11.1% 22.2%	22.2% 33.3%	0.0% 10.0%
Retail & Consumer Products (22)	9.1% 31.8%	4.5% 31.8%	40.1% 63.3%	0.0% 4.5%	4.5% 9.1%	4.5% 18.2%	0.0% 36.4%	0.0% 9.1%	0.0% 13.6%	18.2% 45.5%	9.1% 31.8%
Technology (32)	21.9% 34.3%	25.0% 53.1%	34.4% 53.1%	0.0% 12.5%	6.3% 15.6%	0.0% 12.5%	3.1% 12.5%	0.0% 12.5%	0.0% 18.6%	0.0% 34.4%	23.2% 40.6%
Other (17)	0.0% 5.9%	5.9% 41.2%	41.2% 58.8%	5.9% 17.6%	11.8% 17.6%	0.0% 5.9%	5.9% 35.3%	5.8% 17.6%	5.9% 18.8%	0.0% 64.7%	0.0% 35.3%

Influences on Business Planning — By Influence

	Greatest Influence	Second Greatest Influence	Third Greatest Influence	Total
Economic Concerns	75 (28.3%)	32 (12.1%)	35 (13.2%)	142 (53.6%)
Availability of Talent	52 (19.6%)	41 (15.5%)	37 (14.0%)	130 (49.1%)
Rising Material/Operational Costs	36 (13.6%)	47 (17.7%)	28 (10.6%)	111 (41.9%)
Technology	23 (8.7%)	27 (10.2%)	29 (10.9%)	79 (29.8%)
Rising Labor Costs	8 (3.0%)	26 (9.8%)	30 (11.3%)	64 (24.2%)
Regulatory Environment	9 (3.4%)	28 (10.6%)	18 (6.8%)	55 (20.8%)
Interest Rates	12 (4.5%)	15 (5.7%)	27 (10.2%)	54 (20.4%)
Access to Capital	30 (11.3%)	16 (6.0%)	19 (7.2%)	65 (24.5%)
Legislation and Reform	8 (3.0%)	17 (6.4%)	22 (8.3%)	47 (17.7%)
Foreign Competition	2 (0.8%)	8 (3.0%)	10 (3.8%)	20 (7.5%)
Industry Consolidation	8 (3.0%)	8 (3.0%)	9 (3.4%)	25 (9.4%)
Other	2 (0.8%)	0 (0.0%)	1 (0.4%)	3 (1.1%)

DEMOGRAPHICS

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

Construction	16	6.0%
Financial Services	53	20.0%
Food, Beverage & Hospitality	11	4.2%
Government/Nonprofit/Education	20	7.5%
Healthcare	20	7.5%
Manufacturing & Distribution	49	18.5%
Professional Services	16	6.0%
Real Estate	9	3.4%
Retail & Consumer Products	22	8.3%
Technology	32	12.1%
Other*	17	6.6%
Total	265	100.0%

*Other: Agriculture; Automotive; Cannabis; Energy (5); Life Science & Biotech (4); Media & Entertainment (3); Mining (2)

What best describes your title?

CEO	43	16.2%
Director	102	38.5%
Managing Partner	9	3.4%
President	7	2.6%
Vice President	37	14.0%
Owner	19	7.2%
Other C-Level Executive	48	18.1%
Total	265	100.0%

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

Less than 50	18	6.8%
50 to 99	25	9.4%
100 to 499	53	20.0%
500 to 999	29	10.9%
1,000 to 2,499	60	22.8%
2,500 to 4,999	35	13.2%
5,000 or more	44	16.6%
Total	265	100.0%

In which revenue size range was your company last year?

\$5 million to \$9.9 million	27	10.2%
\$10 million to \$24.9 million	30	11.3%
\$25 million to \$49.9 million	26	9.8%
\$50 million to \$99.9 million	30	11.3%
\$100 million to \$249.9 million	29	10.9%
\$250 million to \$499.9 million	25	9.4%
\$500 million to \$999.9 million	35	13.2%
\$1 Billion or more	52	19.6%
Not sure/Decline to say	11	4.2%
Total	265	100.0%



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