

FEATURED TOPICS

BANKING SECTOR CONCERNS,
COMPANY REMOTE WORK POLICIES



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. 2, 2023

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BANKING SECTOR CONCERNS

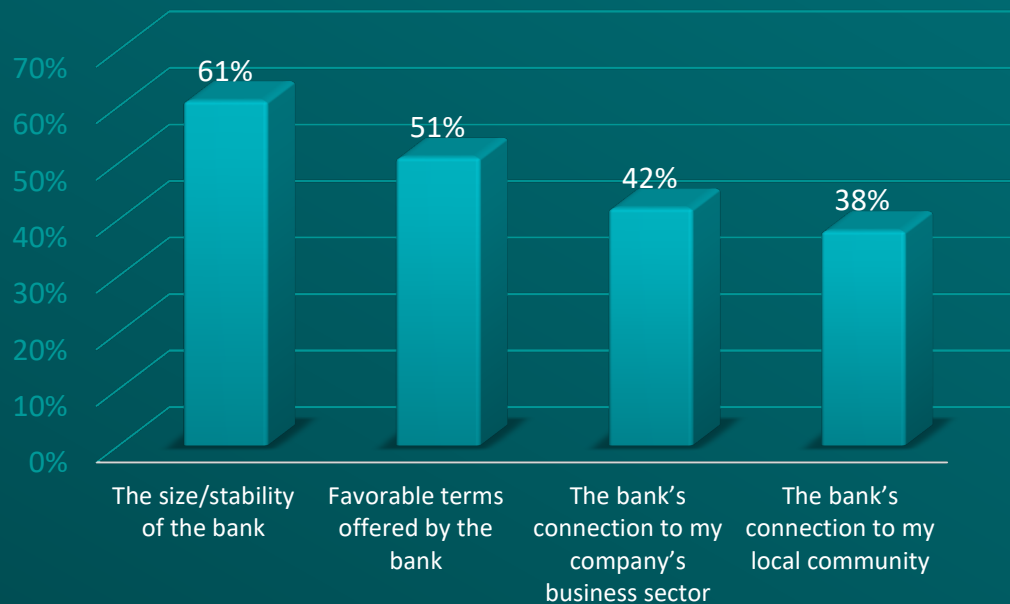
A majority of CEOs (61.2%) cited size and stability in choosing their company's bank. The second most cited factor (50.6%) was the favorability of the terms offered by the bank. CEOs also indicated the bank's connection to their company's business sector and connection to their local community (42.4% and 37.6%, respectively) as contributing to their decision.

Considering the recent failure of mid-sized banks, a majority (62.4%) of CEOs indicated they were at least somewhat concerned about the stability of their company's bank, with 21.2% reporting they were "very concerned." Notably, there was no significant difference in the level of concern expressed by CEOs whose companies bank with large/national vs. medium-sized/regional banks (63.0% vs. 64.7% saying they were at least somewhat concerned, respectively).

Despite the sizable number of CEOs expressing concern about their company's bank's stability, the large majority (87.8%) said they planned to maintain their current bank relationship.

Over the past year, over one-fourth (27.1%) of CEOs found borrowing from financial institutions more difficult. Many citing more stringent borrowing requirements and rising interest rates as the cause.

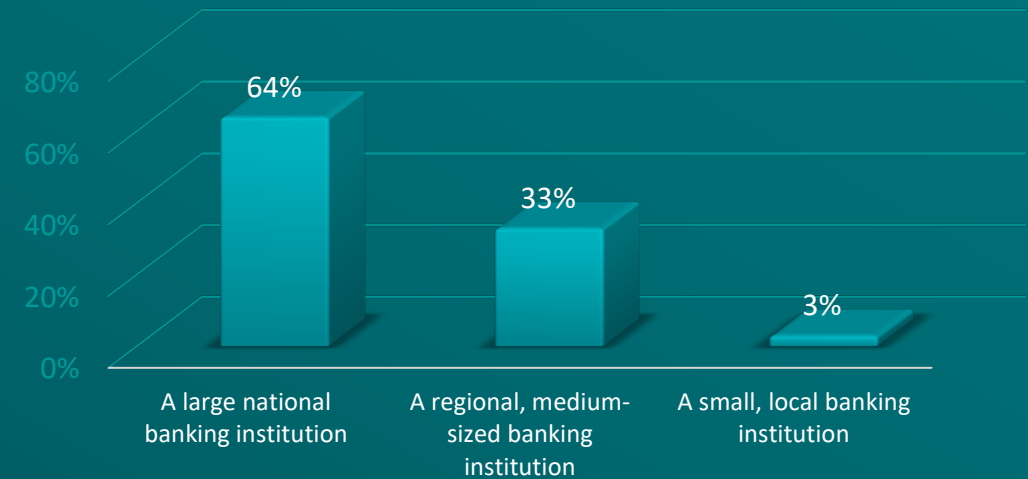
What were the main factors in choosing your company's bank?



(Percentages do not total 100 as respondents can choose more than one response)

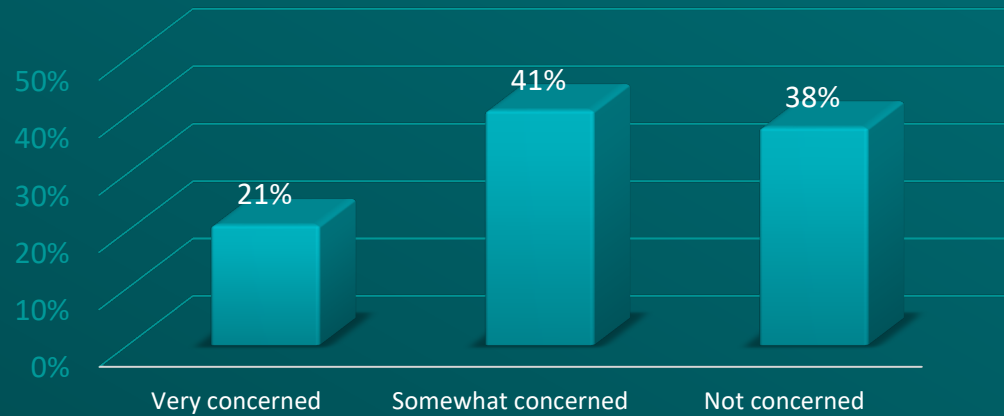
Total sample (N=255)

How would you describe the nature of your company's primary bank?



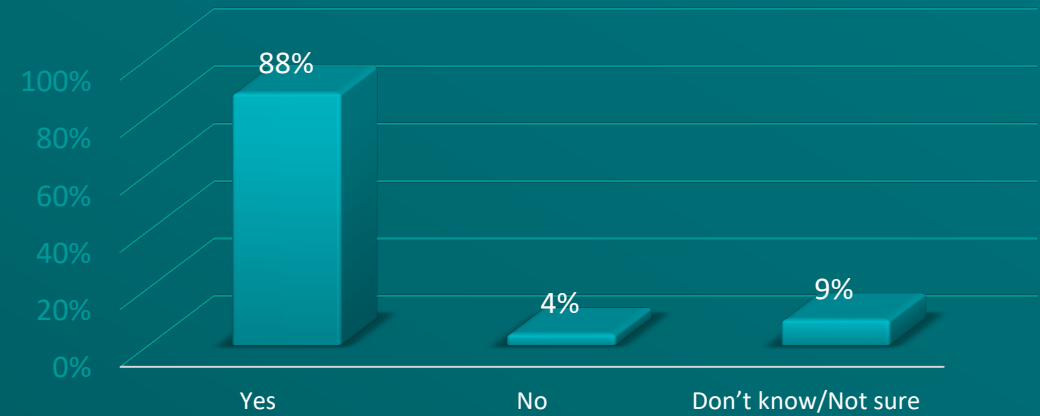
Total sample (N=255)

Considering recent bank failures, how concerned are you with your company's bank's stability?



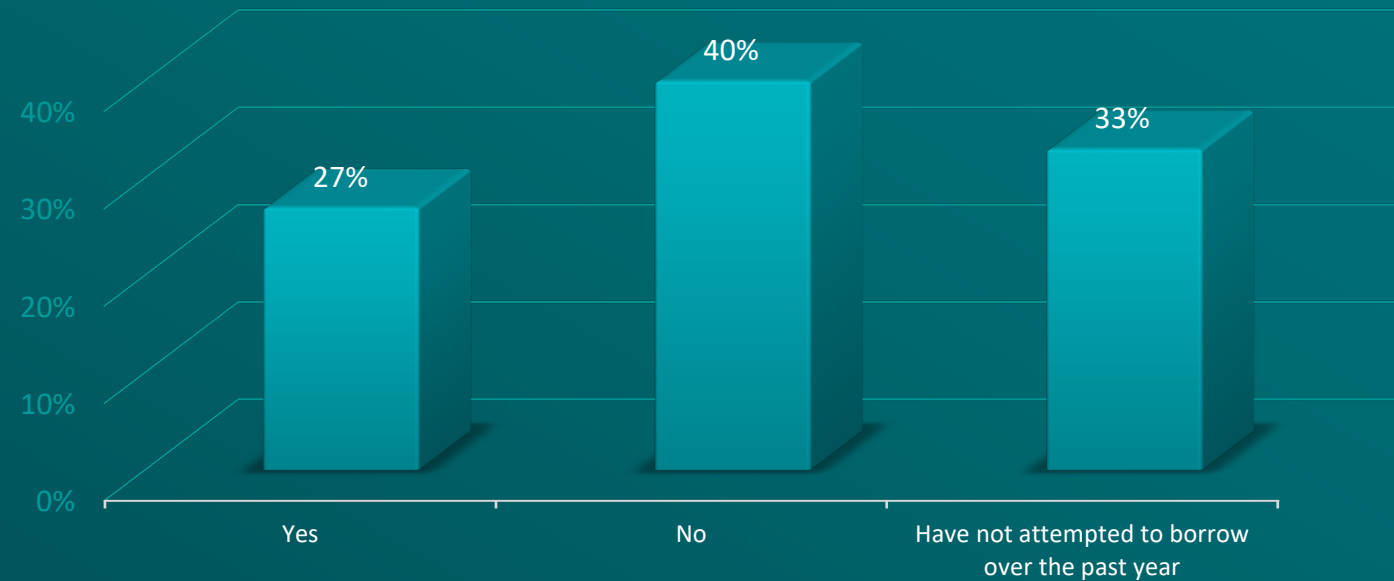
Total sample (N=255)

Do you plan to maintain your current banking relationship?



Total sample (N=255)

Have you found borrowing from lending institutions more difficult over the past year?



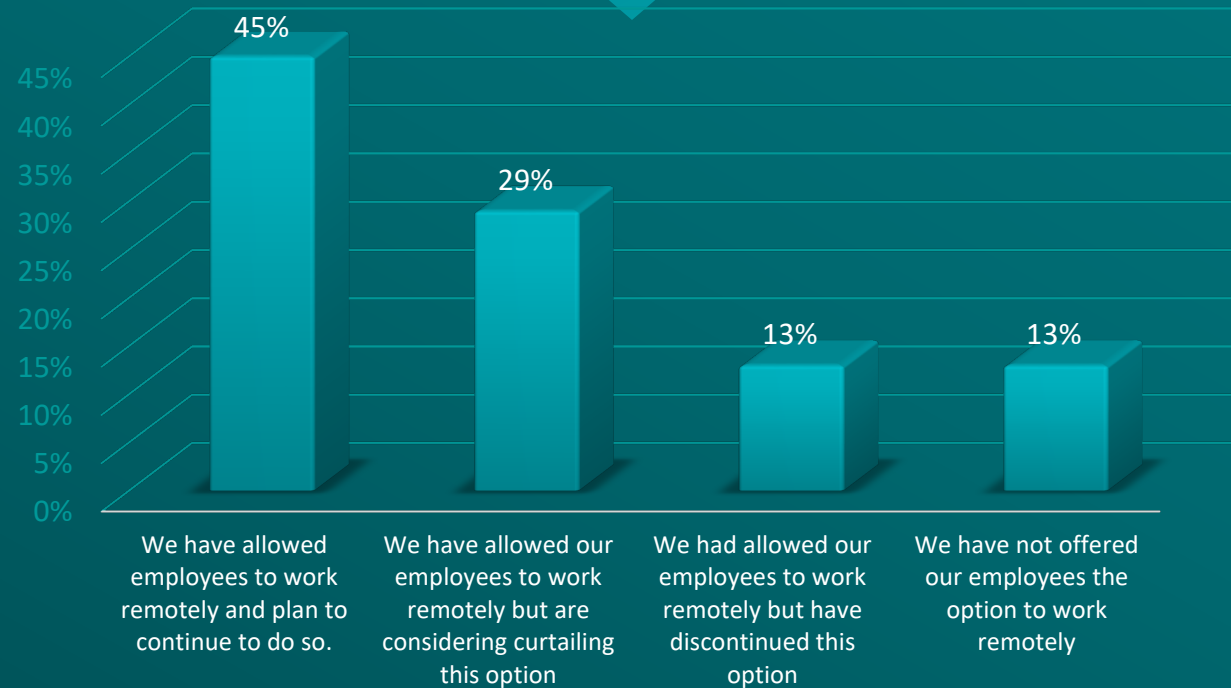
Total sample (N=255)

COMPANY REMOTE WORK POLICIES

Nearly one-half (45.1%) of CEOs indicated their employees have allowed employees to work remotely and plan to continue to do so. However, 12.9% said they had discontinued this option, and another 28.6% said they were considering doing so.



Which best describes your company's policies regarding allowing employees the option to work remotely for at least part of the week?



Total sample (N=255)

What factors have led you to reconsider your company's remote work policies?

"I believe it is important to be on-site to be an effective member in the teamwork environment."

"Decreased employee productivity."

"Increased expenses in maintaining security for remote work."

"It is easier, and the flow is more consistent if personnel are in the office."

"Employees having a second job at the expense of company time and productivity as well as security issues."

"The virus is over. We are not tolerating any more excuses, and people will be terminated if they will not return to work in the office."

"It is time to get back to normal."

"Better performance on site."

"Cost and convenience."

"Covid's threat diminished."

"COVID-19 current situation, productivity concerns."

"Less illness and a safer work environment."

"We want to do more of a hybrid across the company at all locations and staff roles."

What factors have led you to reconsider your company's remote work policies?

"Limited quality labor pool to find qualified employees."

"We feel it is more productive to be in the office. Bounce ideas and collaborate."

"Maybe just come into the office once a week only."

"We need them at work."

"Office space unused."

"May be missing collaborative opportunities."

"Limited quality labor pool to find qualified employees."

"Need to retain talent."

"The pandemic is pretty much over, so the 'WFH' policy is no longer a consideration."

"Productivity."

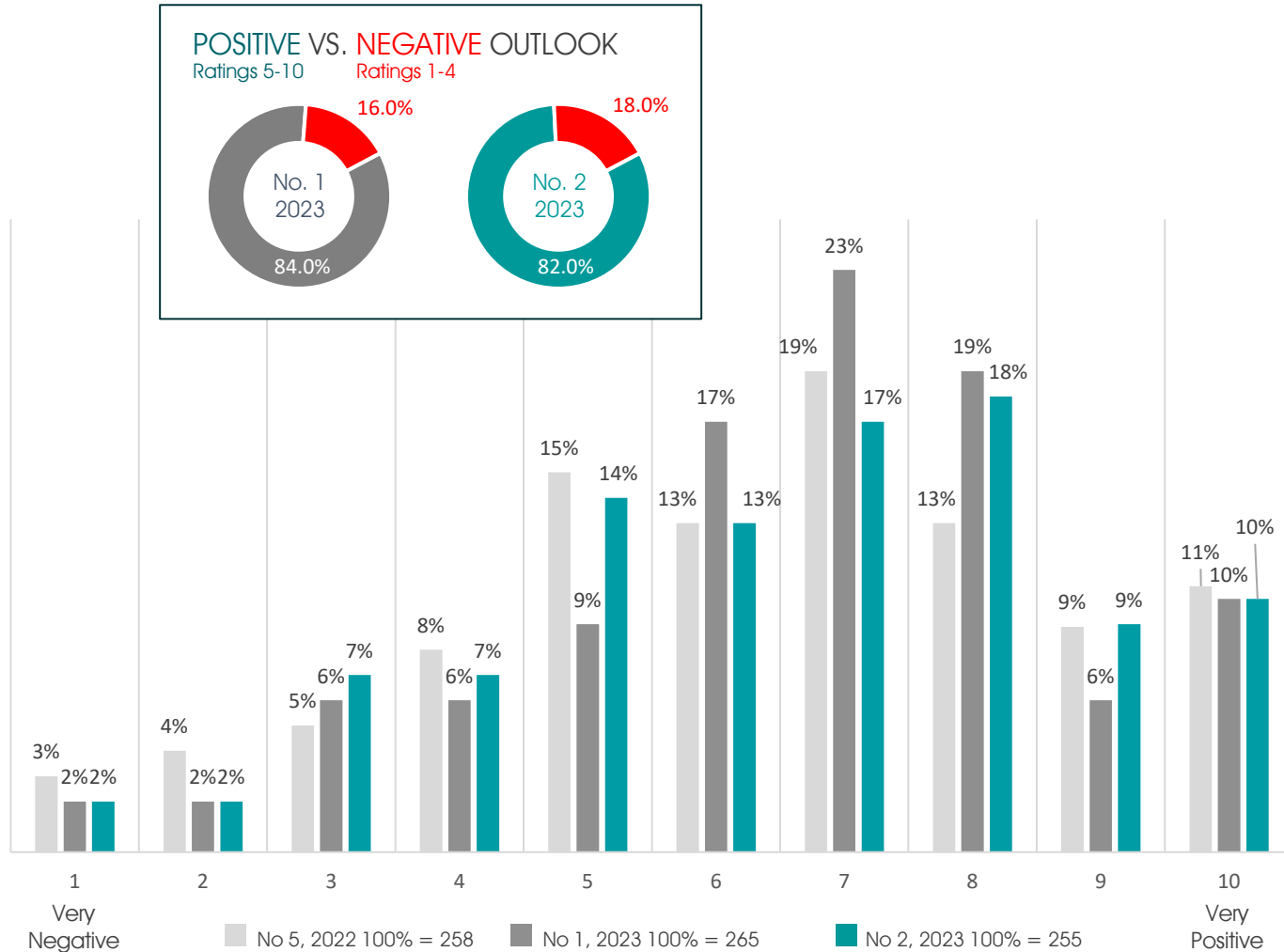
"Office overhead."

"The advances of the technology."

"Safety for our employees and allows our company to save money while being just as productive."

"We have implemented hybrid options. Also, there have been layoffs. This is not a simple question and there still is some remote work, just not as much."

What is your view of the current business environment?



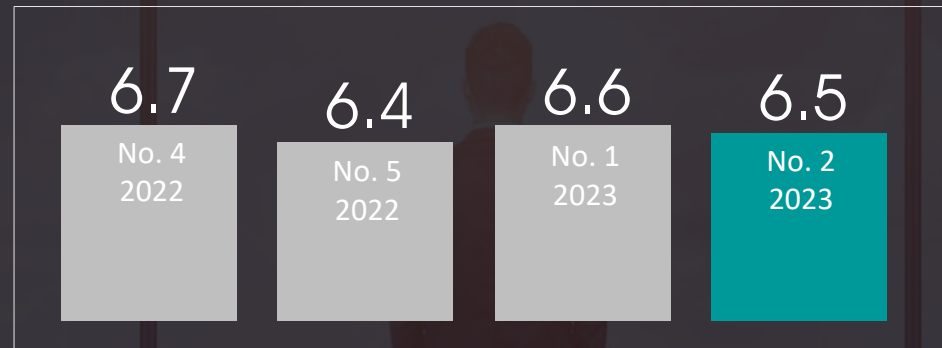
KEY FINDINGS

In the latest survey, CEOs remain optimistic in their outlook on the business environment, which was virtually unchanged from the previous (February 2023) survey.

- ▶ The percentage of CEOs rating their outlook as “very positive” (“10”) declined marginally to 9.8% from 10.2%.
- ▶ However, 37.6% of CEOs staked themselves in the upper range of 8-10, an increase from 35.1%.
- ▶ 82.5% of CEOs selected a rating of 5 or higher, a slight decrease from 84.5% in February.

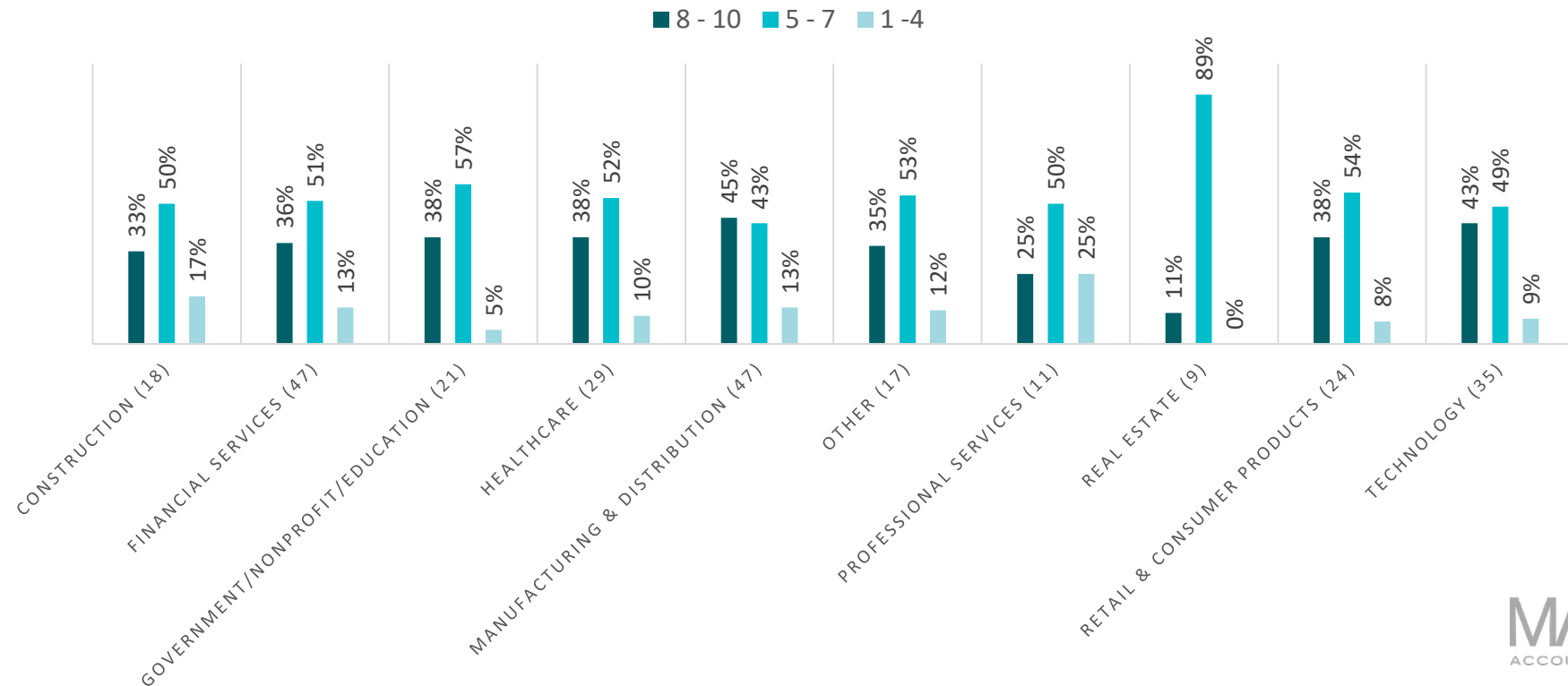
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What is your
view of the
current
business
environment?

INDEX: Weighted Average of CEO Responses



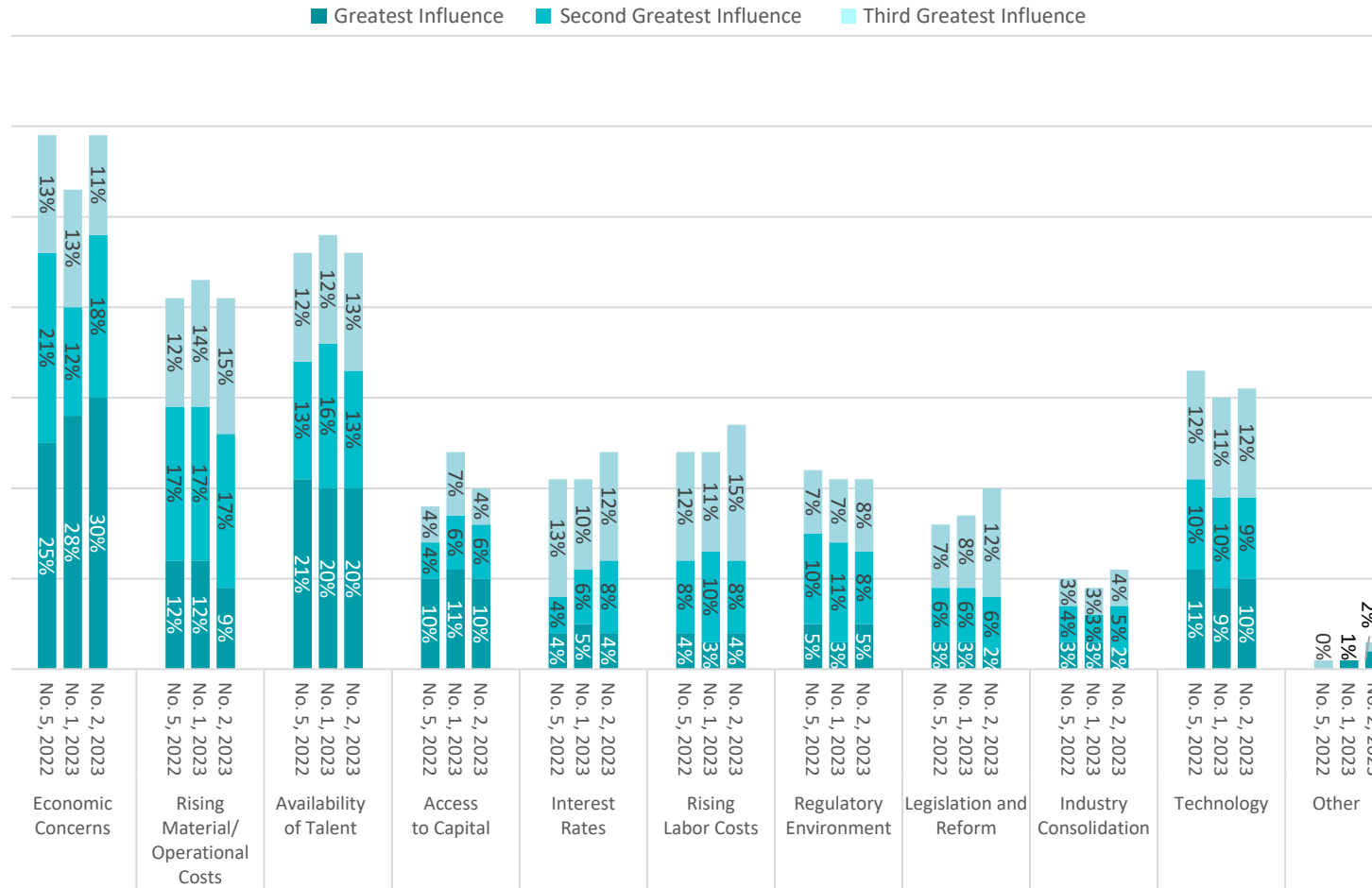
RATING OF BUSINESS OUTLOOK by Industry

The percentage of CEOs expressing the highest levels of optimism (rating of "8" or higher) largely held constant across most industry sectors. The percentage of CEOs in the manufacturing/distribution sector, indicating a high level of optimism, increased to 45% from 27% in the February 2023 survey. On the other hand, the percentage of CEOs in the real estate sector expressing strong optimism decreased to 11% from 45%.



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, but the degree of influence for each shifted to a degree.

- ▶ “Economic concerns” continues to be the most-cited influence on business planning. The percentage of CEOs indicating it as a top-3 concern increased to 58.0% from 53.6%.
- ▶ “Availability of talent” continues to be a key business influence, reflecting the tight labor market. 45.9% of CEOs cited “availability of talent” as a top-3 concern, a decrease from 49.1%.
- ▶ Regarding price inflation, “rising material/operational costs” was the third most-cited influence (40.8% vs. 41.9 in the previous survey).

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 (18)	22.2% 22.2%	16.7% 38.9%	16.7% 38.9%	0.0% 5.6%	0.0% 16.7%	0.0% 27.8%	16.7% 44.4%	5.6% 11.1%	0.0% 22.2%	22.2% 55.6%	0.0% 16.7%
Financial Services (47)	23.4% 31.9%	12.8% 44.7%	29.8% 57.4%	2.1% 6.4%	0.0% 6.4%	0.0% 8.1%	0.0% 10.6%	0.0% 14.9%	14.9% 34.0%	0.0% 17.0%	8.5% 29.8%
Government/Nonprofit/Education (21)	0.0% 9.5%	42.9% 61.9%	14.3% 47.6%	0.0% 0.0%	4.8% 4.8%	0.0% 14.3%	14.3% 33.3%	0.0% 38.1%	0.0% 14.3%	0.0% 28.6%	19.0% 38.2%
Healthcare (29)	0.0% 3.4%	31.0% 65.0%	24.1% 58.6%	0.0% 6.9%	0.0% 10.3%	3.4% 10.3%	10.3% 20.7%	3.4% 24.1%	10.3% 34.5%	10.3% 37.9%	6.9% 27.6%
Manufacturing & Distribution (47)	2.7% 10.6%	21.3% 46.8%	34.0% 70.0%	2.1% 8.5%	2.1% 10.6%	2.1% 19.1%	2.1% 21.3%	0.0% 14.9%	0.0% 10.6%	19.1% 61.7%	12.8% 27.7%
Professional Services (8)	12.5% 37.5%	12.5% 12.5%	50.0% 75.0%	0.0% 0.0%	0.0% 0.0%	0.0% 37.5%	0.0% 37.5%	0.0% 0.0%	0.0% 12.5%	12.5% 37.5%	0.0% 37.5%
Real Estate (9)	22.2% 44.4%	0.0% 33.3%	11.1% 55.5%	0.0% 0.0%	0.0% 11.1%	33.3% 44.4%	0.0% 11.1%	22.2% 44.4%	11.1% 22.2%	0.0% 22.2%	0.0% 11.1%
Retail & Consumer Products (24)	16.7% 25.0%	8.3% 33.3%	33.3% 58.3%	4.2% 8.4%	0.0% 12.5%	4.2% 20.8%	4.2% 12.5%	0.0% 25.0%	4.1% 8.3%	16.7% 58.3%	8.3% 33.3%
Technology (35)	2.9% 22.9%	22.9% 48.6%	31.4% 60.0%	8.6% 14.3%	2.3% 17.1%	2.9% 14.3%	0.0% 11.4%	0.0% 11.4%	0.0% 14.3%	5.7% 42.9%	20.0% 40.0%
Other (17)	11.8% 17.6%	17.6% 35.3%	47.1% 58.8%	0.0% 23.5%	5.9% 5.9%	5.9% 29.4%	0.0% 11.8%	5.9% 35.3%	0.0% 23.5%	0.0% 35.3%	0.0% 29.4%

Influences on Business Planning — By Influence

	Greatest Influence	Second Greatest Influence	Third Greatest Influence	Total
Economic Concerns	75 (29.4%)	45 (17.6%)	28 (11.0%)	148 (58.0%)
Availability of Talent	51 (20.0%)	34 (13.3%)	32 (12.5%)	117 (45.9%)
Rising Material/Operational Costs	23 (9.0%)	43 (16.9%)	38 (14.9%)	104 (40.8%)
Technology	25 (9.8%)	22 (8.6%)	30 (11.8%)	77 (30.2%)
Access to Capital	26 (10.2%)	14 (5.5%)	11 (4.3%)	65 (20.0%)
Interest Rates	11 (4.3%)	19 (7.5%)	30 (11.8%)	60 (23.5%)
Regulatory Environment	13 (5.1%)	21 (8.2%)	19 (7.5%)	53 (20.8%)
Legislation and Reform	5 (2.0%)	16 (6.3%)	30 (11.8%)	51 (20.0%)
Rising Labor Costs	11 (4.3%)	20 (7.8%)	38 (14.9%)	49 (19.2%)
Industry Consolidation	4 (1.6%)	12 (4.7%)	10 (3.9%)	26 (10.2%)
Foreign Competition	6 (2.4%)	9 (3.5%)	6 (2.4%)	21 (8.2%)
Other	5 (2.0%)	0 (0.0%)	3 (1.2%)	8 (3.1%)

DEMOGRAPHICS

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

Construction	18	7.1%
Financial Services	47	18.4%
Government/Nonprofit/Education	21	8.2%
Healthcare	29	11.4%
Manufacturing & Distribution	47	18.4%
Professional Services	8	3.1%
Real Estate	9	3.5%
Retail & Consumer Products	24	9.4%
Technology	35	13.7%
Other*	17	6.7%
Total	255	100.0%

*Other: Agriculture (1); Automotive (1); Cannabis (1); Food/Beverage/Hospitality 6; Media & Entertainment (2). Oil/Gas/Energy (5); Talent & Literary (1)

What best describes your title?

CEO	26	10.2%
Director	95	37.3%
Managing Partner	9	3.5%
President	8	3.1%
Vice President	42	16.5%
Owner	19	7.5%
Other C-Level Executive	56	22.0%
Total	255	100.0%

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

Less than 50	25	9.8%
50 to 99	19	7.5%
100 to 499	46	18.0%
500 to 999	36	14.1%
1,000 to 2,499	48	18.8%
2,500 to 4,999	28	11.0%
5,000 or more	47	18.4%
Unsure/unable to determine	6	2.4%
Total	255	100.0%

In which revenue size range was your company last year?

\$5 million to \$9.9 million	23	9.0%
\$10 million to \$24.9 million	41	16.1%
\$25 million to \$49.9 million	24	9.4%
\$50 million to \$99.9 million	25	9.8%
\$100 million to \$249.9 million	33	12.9%
\$250 million to \$499.9 million	12	4.7%
\$500 million to \$999.9 million	31	12.2%
\$1 Billion or more	50	19.6%
Not sure/Decline to say	16	6.3%
Total	255	100.0%



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