VISTAGE

CEO ECONOMIC OUTLOOK

Q1 2026 Vistage CEO Confidence Index Analysis

Hiring Landscape for SMBs

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ABOUT THE VISTAGE CEO CONFIDENCE INDEX

Since 2003, the Vistage CEO Confidence Index has captured the sentiment of small and midsize business CEOs, presidents, and business owners in the United States about the economy each quarter. The Q1 2026 Vistage CEO Confidence Index survey was conducted online and sent to 9,600 active Vistage members participating in Chief Executive and Small Business groups. It was open between March 2 and 16, 2026, and captured input from 1,302 leaders.

Using ITR Economics' rate-of-change methodology, analysis has revealed that the Vistage CEO Confidence Index is a leading indicator of the U.S. Industrial Production Index 9 months in advance. For more than 20 years, the Vistage CEO Confidence Index has been recognized as the definitive voice of high-performing, high-integrity leaders. As a trusted resource, the Index provides world-class insights to inform decision-making for CEOs and other key leaders of small and midsize businesses.

For more Vistage CEO Confidence Index results, visit

VISTAGE.COM/CEOINDEX

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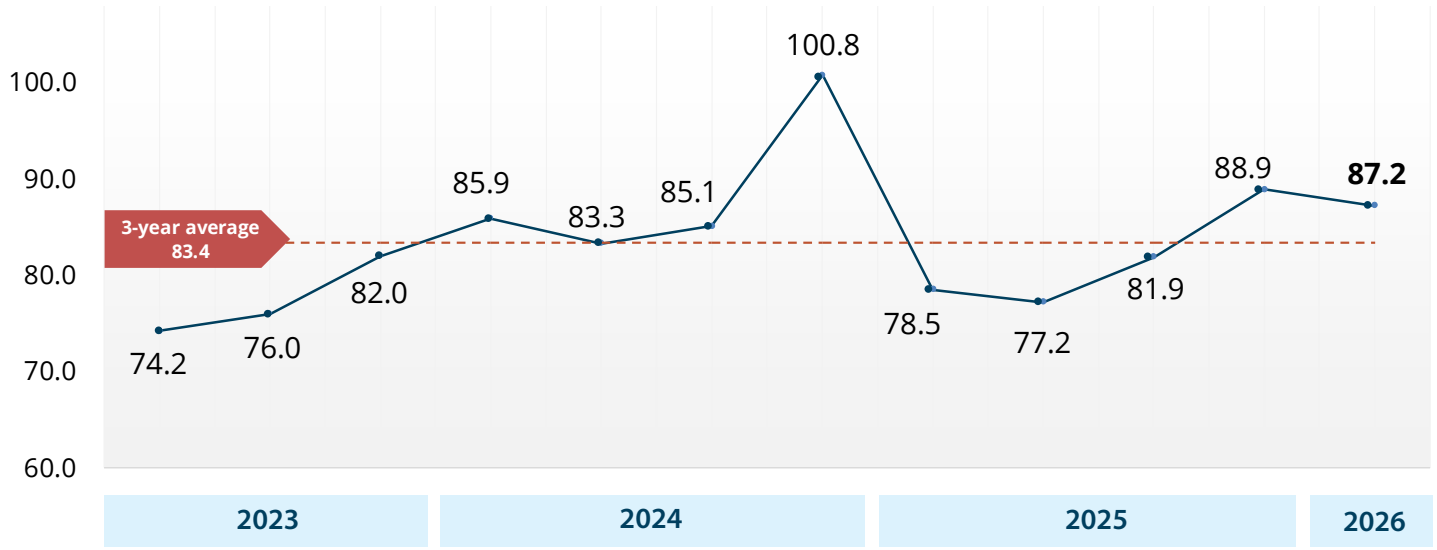
The Return of Uncertainty

Uncertainty of a different flavor has returned, once again impacting CEO confidence. After climbing for 3 quarters, the Vistage CEO Confidence Index slid to 87.2 in Q1, down 1.7 points from Q4 yet still above the 3-year average of 83.4. What began as a modest uptick on the survey's opening day, March 2, quickly reversed as an unanticipated war with Iran erupted. As the conflict intensified, CEOs recalibrated expectations, and confidence weakened.

Despite declining slightly in Q1 2026, the Vistage CEO Confidence Index held above the 3-year average.



CEOs had adapted to the turmoil of 2025, navigating vacillating tariffs, stubborn inflation, stagnant interest rates, and wage pressures. Entering 2026, they were poised for steady growth and a more predictable environment. The new conflict in Iran has disrupted that trajectory. Rising energy costs, renewed supply chain concerns, and increasingly hesitant customers have reintroduced the uncertainty CEOs thought they had moved past.

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CEOs overwhelmingly identified uncertainty as their top challenge. Economic uncertainty, policy volatility, and the direct impact of geopolitical instability have become normalized in the business operating environment, affecting many aspects of the business.

In the absence of predictability, planning beyond tactical reactions becomes challenging. The implications will extend well beyond the current conflict.

Customer behavior reflects the same unease. Demand is softening, and sales cycles are lengthening. CEOs report delayed decisions, prolonged negotiations, and projects pushed back as customers reevaluate plans. Expectations for the future of the U.S. economy fell for the first time in 5 quarters, pulling revenue and profit projections down with them. The longer the conflict lasts, the more pressure those projections will face.

Cost pressures continue to squeeze margins, and CEOs continue to evaluate their pricing strategies. Nearly half (45%) of CEOs plan price increases over the next quarter, and prior surveys have revealed that the increases typically range from 4% to 6%, to defend profitability. Labor costs continue to rise even as hiring slows. Materials are more expensive. And for those affected by tariffs, cost structures remain unpredictable.

Geopolitical uncertainty is clouding the marketplace. Higher energy costs, increased government spending, and renewed inflation complicate execution. Add a workforce unsettled by AI disruption and a soft labor market, and the result is clear: CEO confidence is slipping again.

- CEOs report delayed decisions, prolonged negotiations, and projects pushed back as customers reevaluate plans.
- Nearly half **(45%)** of CEOs plan price increases over the next quarter.
- For the **47%** affected by tariffs, cost structures remain unpredictable.

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Coming into the year, our analysis showed that talent management remains the top decision, investment, and challenge for CEOs. Even with economic turbulence and renewed uncertainty, people remain the engine of growth. From the employee side, quit rates have stabilized over the last 18 months, returning to 2017 levels. This has led to higher retention. From the employer's side, small and midsize businesses have been steady in supporting growth.

When comparing CEO expectations this time last year to the reality of the last 12 months, the rate of workforce expansion cooled. Not only did fewer SMBs add new positions (42%) than projected (45%), but a more significant number (19%) saw their workforce decrease than projected last year (14%).

Looking forward, CEO projections for workforce growth have improved, with over half (51%) planning to increase their workforce and a significantly smaller proportion expecting declines.

Workforce size: SMB expectations vs. reality over past 12 months

	Increase	Same	Decrease
Q1 2025 Looking Ahead	45%	40%	14%
Q1 2026 Looking Back	42%	39%	19%
Q1 2026 Looking Forward	51%	39%	9%

Regardless of expansion, hiring remains a perennial challenge. Just 11% of CEOs report they are not hiring at all. The remaining 89% are hiring for multiple reasons; data reveals that 54% are hiring to fill new positions, while the same proportion is hiring to backfill roles left vacant from attrition. CEOs are pulling the hiring lever early to manage costs; securing talent at today's rates helps mitigate future costs as wages rise.

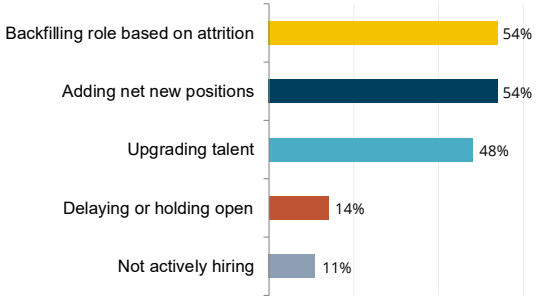
Over the past year, how has the size of your workforce changed?

42% have increased their workforce

39% have kept workforce size the same

19% have decreased their workforce

In your current hiring, which of the following practices are you engaged in?



Just 14% of CEOs report they are delaying hiring or holding positions open. While these businesses still need people, CEOs are balancing the added expense with expectations for revenue growth. Uncertainty, softening demand, and margin pressures are freezing hiring plans for certain industries.

Other factors will shape hiring decisions in the next quarter. If revenue, sales, or backlog grow, hiring will follow. Talent availability also varies. Some CEOs say layoffs at large companies have created access to stronger applicants, while others report a continued shortage of high-quality candidates. And with 48% seeking to upgrade talent, that gap becomes more pronounced.

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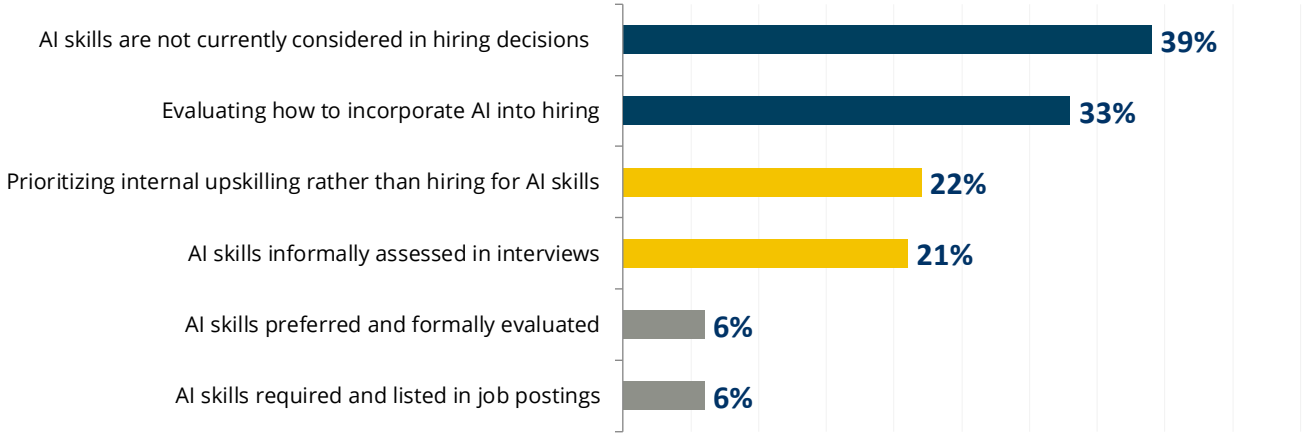
AI-skilled candidates should be factored into the talent upgrades for SMBs. However, those skills and capabilities have not been formalized in the hiring process: only 6% of CEOs report that their job postings include AI skills as a requirement. Another 6% formally evaluate these skills, while 21% assess them informally during interviews. As with the introduction of PCs in the 1990s, AI fluency will move from a "nice to have" to being essential quickly. It will become faster to hire AI-competent talent than to build those capabilities internally. A coming "job rush" is likely, as workers with advanced skills will command higher pay and better conditions, becoming prime targets for aggressive recruiting.

CEOs are beginning to see this shift. Over a third (34%) of CEOs are evaluating how to incorporate AI into hiring, compared with 28% prioritizing internal upskilling. While 39% of CEOs still do not factor AI into hiring decisions, this number is certain to fall as AI becomes embedded in nearly every role, including those it does not replace.

The hiring market has reset. Fewer workers are changing jobs as employment security becomes a higher priority in an uncertain economy, making it harder for some to attract the right people. At the same time, layoffs at large organizations are creating new talent pools for certain industries. Although CEOs report they haven't yet reduced their headcount because of AI, it won't be long before they do. In the meantime, humans remain the fossil fuel of growth, and regardless of the economic conditions, great companies are driven by a great workforce.

Nearly 4 in 10 CEOs are not incorporating AI skills into hiring decisions

Which best describes your company's current approach to incorporating AI capabilities into hiring for relevant roles?



2 in 3

CEOs are actively incorporating or evaluating AI skills as part of their hiring process.

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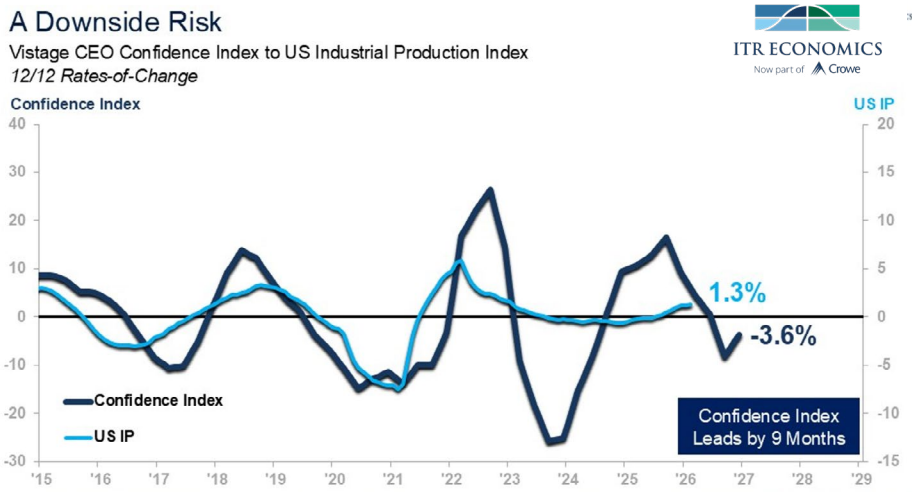
Insights from

ERIC POST
Deputy Chief Economist, ITR Economics

The Economy in 2026: Slow Build, Uneven Gains

As Q1 2026 unfolds, CEO sentiment reflects renewed uncertainty rather than a steady march toward clarity. After climbing for 3 quarters, the Vistage CEO Confidence Index came to a halt, dropping to 87.2 as an unanticipated war reshaped the economic landscape mid-survey. Yet the decline tells only part of the story. CEOs have demonstrated resilience through 2 years of disruption, and that capacity for adjustment has not disappeared.



Watch Eric's full interview with Vistage Chief Research Officer Joe Galvin at vistage.com/ceoindex.

The 2026 growth outlook remains intact, with mild growth anticipated overall, but expectations should be tempered. The trajectory softens toward year-end and into 2027, the soft spot ITR has been warning about. Different segments of the economy are performing very differently within the same overall trend, and businesses need to understand clearly where their specific industry sits within that uneven picture.

On interest rates, a pair of competing pressures are holding the Fed in place. The labor market is weakening, but inflationary forces are pulling in the other direction, making significant cuts unlikely. Long-term rates remain elevated, with 30-year fixed mortgage rates at 6.38% as of March 20, 2026. The opportunity lies in capital investment projects with payback periods of 3 to 4 years that reduce labor or material costs, the kind of CapEx that will move the needle this year.

Inflation requires a nuanced read. Overall, CPI held at 2.4%, and shelter and services costs have softened. But food, energy, and goods prices are all on the rise. The Strait of Hormuz closure has added pressure to energy specifically, with quarterly oil prices expected in the upper $90s per barrel through Q2 before retreating toward the $70s. ITR projects Q4 2026 inflation at 3.0% relative to Q4 2025. The key is understanding which segments a business is most tied to in terms of pricing and planning accordingly.

The labor market has pockets of strength and weakness rather than broad deterioration. White-collar layoffs are creeping up while blue-collar workers remain in tight supply, with wage gains for both segments around 4%. Employment is expected to slow in the first half of 2026, creating a window to cross-train and onboard new talent before competition intensifies.

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Q1 2026 Vistage CEO Confidence Index n = 1,302. Data collected March 2-16, 2026.

The overarching message is engagement over paralysis. Much of the growth in 2026 will be nominal, fueled by inflation rather than volume. Businesses need to examine their cost structure, pricing appropriately, and understand what volume projections mean for their workforce. The uncertainty is real, but the risk is letting it become a reason not to manage. Leaders who understand their specific segment and build plans around that — rather than reacting to daily headline volatility — will be best positioned to navigate what lies ahead.

> "Leaders really just have to understand how their specific segment is performing and make their plans around that going forward, rather than getting swept up in what they're seeing in the headlines."
>
> **ERIC POST**
> Deputy Chief Economist, ITR Economics

Key Takeaways for CEOs:

1. Expect mild growth in 2026, with softening conditions toward year-end and a more challenging 2027 on the horizon.
2. Evaluate capital investment with short payback periods while long-term financing costs remain elevated.
3. Plan for inflation to re-accelerate in energy, food, and goods — protect margins and revisit pricing accordingly.
4. Treat labor availability as a structural challenge; use any near-term slack to build workforce capacity ahead of renewed demand if your business and industry volume growth warrants it.
5. Focus your strategy on your specific industry's position within an uneven economic landscape rather than broad macroeconomic headlines.

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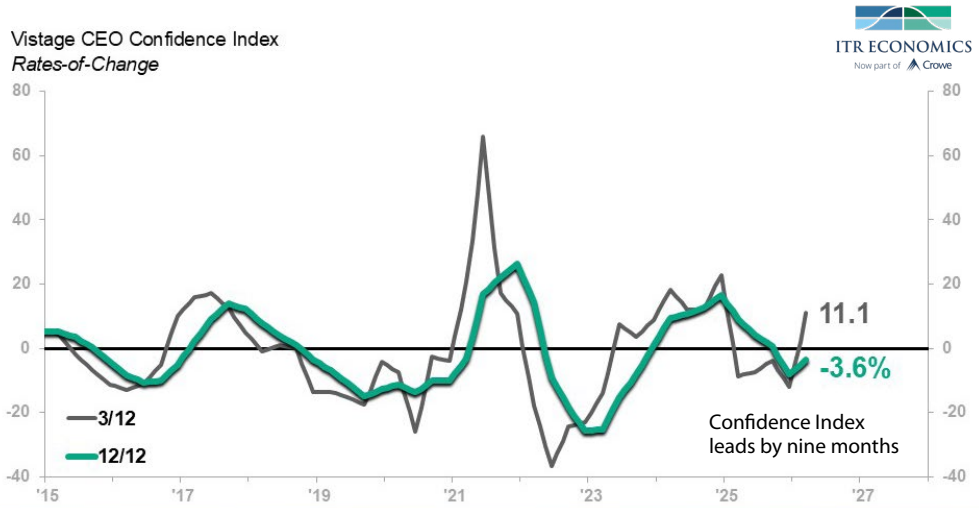
Leading Indicator: Vistage CEO Confidence Index

ITR Economics, utilizing their rate-of-change methodology, has determined that the Vistage CEO Confidence Index serves as a leading indicator of the U.S. Industrial Production Index 9 months in advance. Businesses reliant on the U.S. Industrial Production Index can map key indicators to the Vistage CEO Confidence Index to aid in forecasting.



↑ Recent Economy

26%

of CEOs reported economic improvements, up 4 points from 22% in Q4.

↓ Future Economy

27%

of CEOs expect the economy to improve in the next year, down 5 points from last quarter.

↓ Revenue Projections

65%

of CEOs expect increased revenues in the next 12 months, down from 69% in Q4.

↓ Profitability Projections

51%

of CEOs expect increased profits in the year ahead, down from 53% last quarter.

↑ Investment Plans

38%

of CEOs plan to increase fixed investments in the next 12 months, up 2 points from last quarter.

↓ Workforce Plans

51%

of CEOs plan to expand their workforce over the next 12 months, down from 57% in Q4.

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Q1 2026 Vistage CEO Confidence Index n = 1,302. Data collected March 2-16, 2026.

Economic sentiment improved modestly over the past quarter, but beneath that shift, CEOs describe a fragile operating environment defined by pricing pressure and policy volatility. While 26% report that economic conditions improved and pessimism has eased, forward-looking sentiment remains cautious; more CEOs expect the economy to worsen (29%) than improve (27%) over the next 12 months. This gap reflects the operational realities CEOs are now confronting.

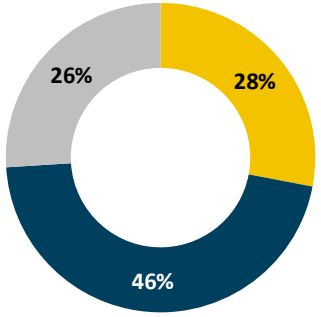
There are both positives and negatives as CEOs navigate the potential for tariff refunds while mitigating rising energy costs. While they may be seen as a bright spot, tariff refunds create new pricing decisions and raise questions about how to manage reimbursements, given that many costs were previously passed on to customers.

> "[We're] still trying to navigate the effects of the SCOTUS decision on Trump tariffs and what's next for us. No idea where this ends."
>
> **EDDIE RUSSNOW**
> President, MAC Products, Inc. and MAC-IMPulse, LLC
> Kearny, New Jersey

While uncertainty persists, CEOs are moving forward. Trade policy, interest rates, and cost pressures will remain the variables to watch, but planning has resumed regardless.

Tariff uncertainty is stalling decisions and squeezing margins for small and midsize businesses

Do you expect the Supreme Court's ruling on tariffs to impact your business?



How will recent changes in tariffs impact your business?

From open-ended responses of CEOs expecting impacts from changes to tariffs n = 222

Navigating refund complexity

Businesses that paid millions in tariffs are now managing customer demands for refunds while awaiting unclear guidance on how, or whether, reimbursements will be processed.

Uncertainty is stalling decisions

Ongoing unpredictability is causing CEOs to delay capital investments, defer equipment purchases, and pause hiring until the policy environment stabilizes.

Absorbing costs that can't last

Many businesses have held prices rather than passing tariff costs to customers — but warn that margin compression is unsustainable if tariff pressure continues.

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Revenue projections have held among small and midsize businesses. Nearly two-thirds (65%) of CEOs expect higher revenue from sales in the year ahead, down slightly from 69% in Q4 2025. As cost pressures continue, profit expectations remain more difficult. Just over half of CEOs (51%) expect profit margins to improve over the next 12 months, yet 17% expect further deterioration — a gap that labor, insurance, and input costs are widening faster than top-line growth can close.

Pricing is the answer for nearly half of SMBs. Over the next 3 months, 45% of CEOs plan to raise prices. Some plan to pair the increases with operational efficiencies and cost cutting measures to protect what they gain.

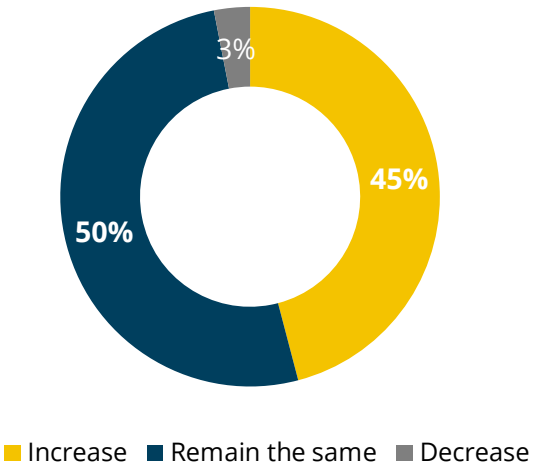
Selective adjustments paired with structural cost management will separate margin protection from margin hope.

"We are anticipating more fuel increases, tariff increases, and shipping increases. We have to increase prices, but only as long as the market can bear the increases."

JAIME ZABALA
President, Advanced Hurricane Technology, Inc.
Fort Myers, Florida

CEOs split on pricing: Nearly half plan increases in the months ahead as cost pressures mount

How do you expect your firm's pricing to change during the next 3 months?



45%
of CEOs plan to increase pricing in the next 3 months

50%
expect pricing to remain the same in the near term

3%
plan to decrease pricing in the next 3 months

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While remaining in a tight range, plans for fixed investments have slowly improved over the last 4 quarters; 38% of CEOs plan to increase fixed investment spending over the next 12 months, up from 36% last quarter and 34% in Q1 of last year. During that time, those planning to decrease investments have eased as well with just over 1 in 10 (11%) CEOs planning to decrease fixed investments.

Delving deeper into workforce expansion and hiring: 22% of CEOs say finding qualified talent has become easier over the past year, compared to just 13% who say it has grown more difficult. Layoffs in sectors like technology have created a new talent pool of experienced workers.

"The tech industry's volatility is providing us better qualified candidates who prefer stability over the potential of future success at bigger companies."

LUIS ALVAREZ
President & CEO, Alvarez Technology Group, Inc.
Salinas, California

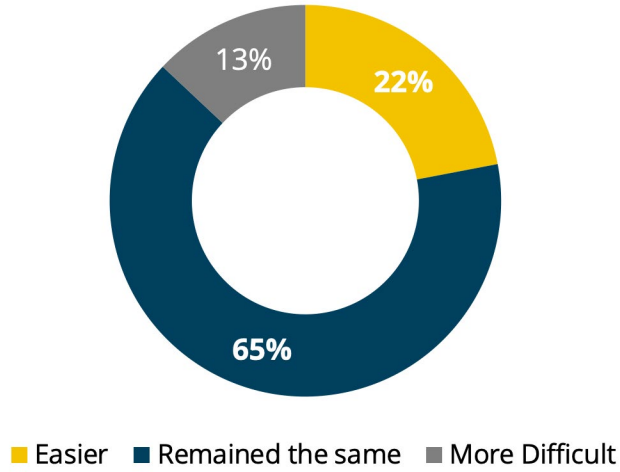
However, the trades tell a different story, as workforce shortages in those segments remain a challenge. In response, many leaders are turning to candidates from other industries and investing in their training. For SMB CEOs, this kind of sourcing flexibility could evolve from a compromise born out of necessity into a competitive advantage.

"[With fewer] conventionally qualified candidates for construction, we are now more open to cross-training those looking to transition into this industry from other industries."

DENNIS CARIGNAN
President, Granger Construction
Lansing, Michigan

The talent market is shifting in employers' favor, but skilled and specialized roles remain stubbornly hard to fill

How has your ability to find qualified talent changed compared to last year?



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Joe Galvin | Chief Research Officer, Vistage Worldwide, Inc.

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.

Anne Petrik | Vice President of Research, Vistage Worldwide, Inc.

As Vice President of Research, Anne Petrik leads the design, deployment, and analysis of CEO surveys for Vistage, capturing the sentiment and practices of the Vistage CEO community. Using her analysis in collaboration with perspectives from experts and partners, Anne directs the thought leadership published by Vistage research to provide small and midsize business CEOs with insights that help them optimize their businesses and enhance their leadership.

Eric Post | Deputy Economist, ITR Economics

As Deputy Chief Economist at ITR Economics, Eric has supported senior leaders with detailed analyses that contributed to overall forecast accuracy. As a member of ITR Economics' forecasting team, Eric takes detailed analysis and translates it into actionable steps to guide business decisions.

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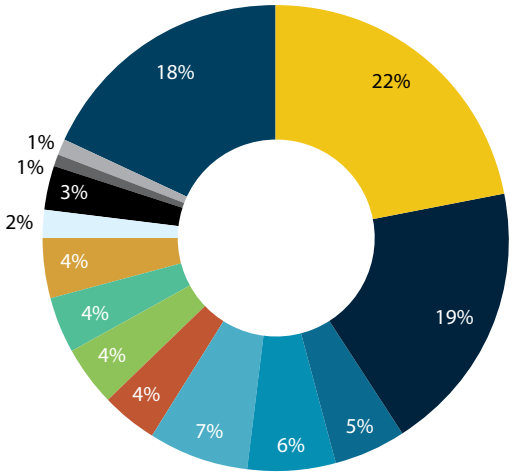
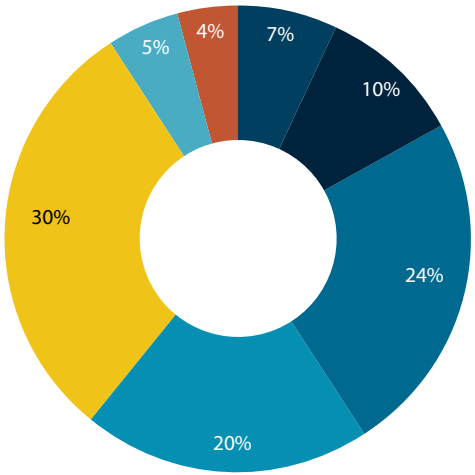
This survey informed the March WSJ/Vistage CEO Confidence Index, which was calculated from a subset of 595 respondents who report annual revenues between $1 and $20 million.



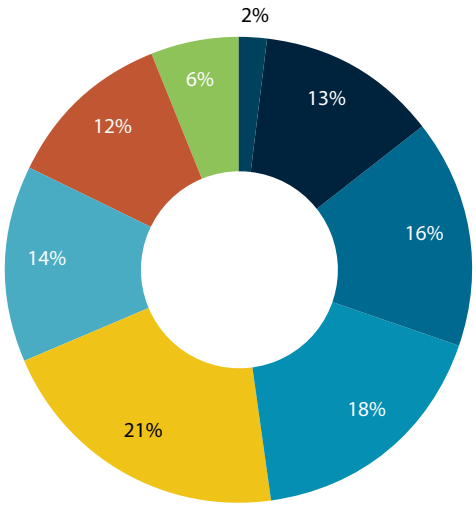
Industries

- Manufacturing
- Construction
- Wholesale Trade
- Finance & Insurance
- Consulting Services
- Health Care
- Architectural & Engineering
- Retail Trade
- Computer Systems Design
- Transportation & Warehousing
- Real Estate
- Advertising & PR
- Administrative & Support Service
- All Other Industries



Number of Employees

- <10
- 10-19
- 20-49
- 50-99
- 100-499
- 500-999
- 1000-4999
- 5000+



Annual Revenues

- <$1 Million
- $1-4 Million
- $5-9 Million
- $10-20 Million
- $21-49 Million
- $50-99 Million
- $100-249 Million
- $250+ Million

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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 survey and the Vistage CEO Confidence Index survey, informs various reports. Since 2003, Vistage has published the CEO Confidence Index, a proven economic indicator. Vistage provides the data and expert perspectives to help SMB CEOs make better decisions.

Learn more at vistage.com/research-center

ABOUT VISTAGE WORLDWIDE, INC.

Vistage is the world's largest CEO coaching and peer advisory organization. Since 1957 we've been guiding CEOs and owners of small and midsize businesses to greater success. It's why Vistage member companies average 21+ years, while most U.S. businesses fail within 5. Today, 45,000 members in 40 countries turn to Vistage to become better leaders who drive better outcomes.

Learn more at vistage.com

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CEO CONFIDENCE INDEX

Capturing the sentiment of small and midsize business CEOs since 2003

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