

# FEATURED TOPIC

## CYBERSECURITY CONCERNS, ENERGY COSTS & EMPLOYEE RETENTION



## 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, 2022

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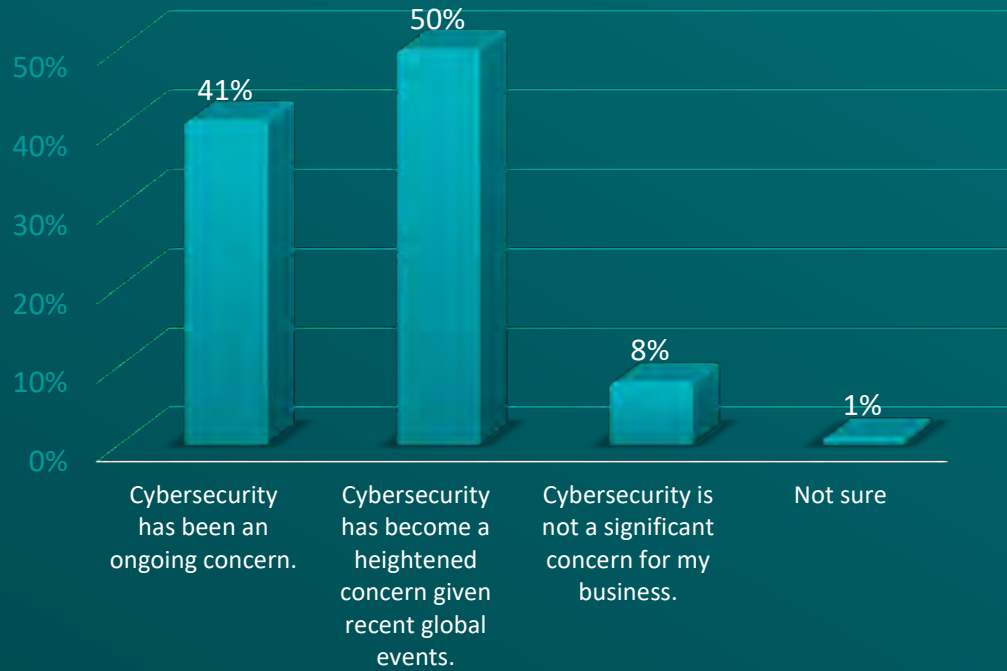
# CYBERSECURITY CONCERNS

A supermajority of CEOs (91.0%) expressed concern regarding their company's vulnerability to cybersecurity threats. 41.2% said cybersecurity threats are an ongoing concern, and half of respondents (49.8%) indicated that recent global events had heightened their concern.

Nearly all (97.3%) indicated that their company has maintained or increased its investment in cybersecurity defenses or is planning to do so. More specifically, 68.5% said they have been increasing their investment, and 25.2% said that their investment in cybersecurity defenses has remained relatively constant. 3.5% said they hadn't invested in the past but now are planning to do so.



## How would you describe your business's vulnerability to cybersecurity threats?



Total sample (N=257)

## How would you describe your company's investment in cybersecurity defenses?



Total sample (N=257)

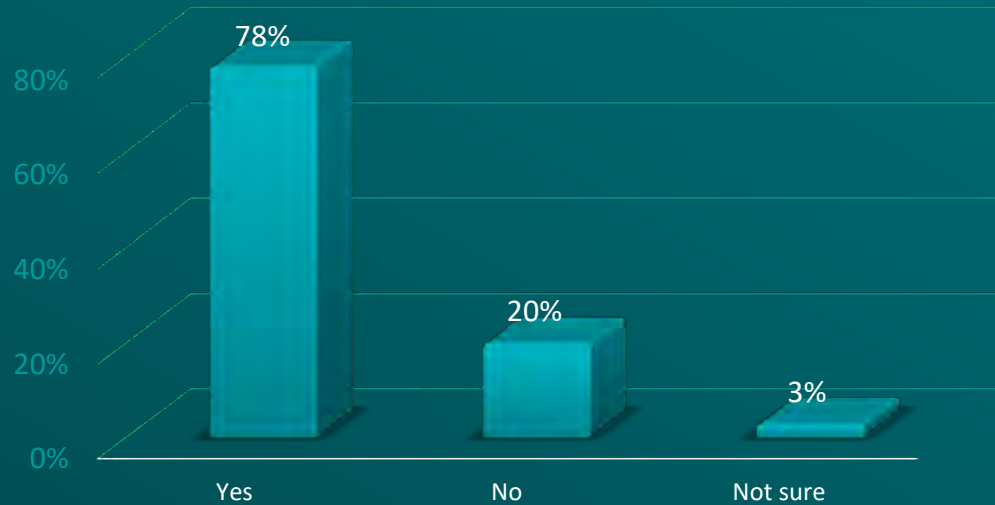


# ENERGY COSTS

More than three-quarters (77.4%) of respondents indicated rising energy costs are impacting their business. However, CEOs differed in how they are addressing increased costs, with the largest percentage (37.7%) absorbing the higher cost, producing a significant impact on their bottom line. 31.2% of CEOs said they have absorbed a portion of the cost increase while passing a part on to their customers. Just over one-quarter (26.6%) said they were able to absorb the costs with minimal impact. Only 4.5% said they largely passed the cost increase on to their customers.

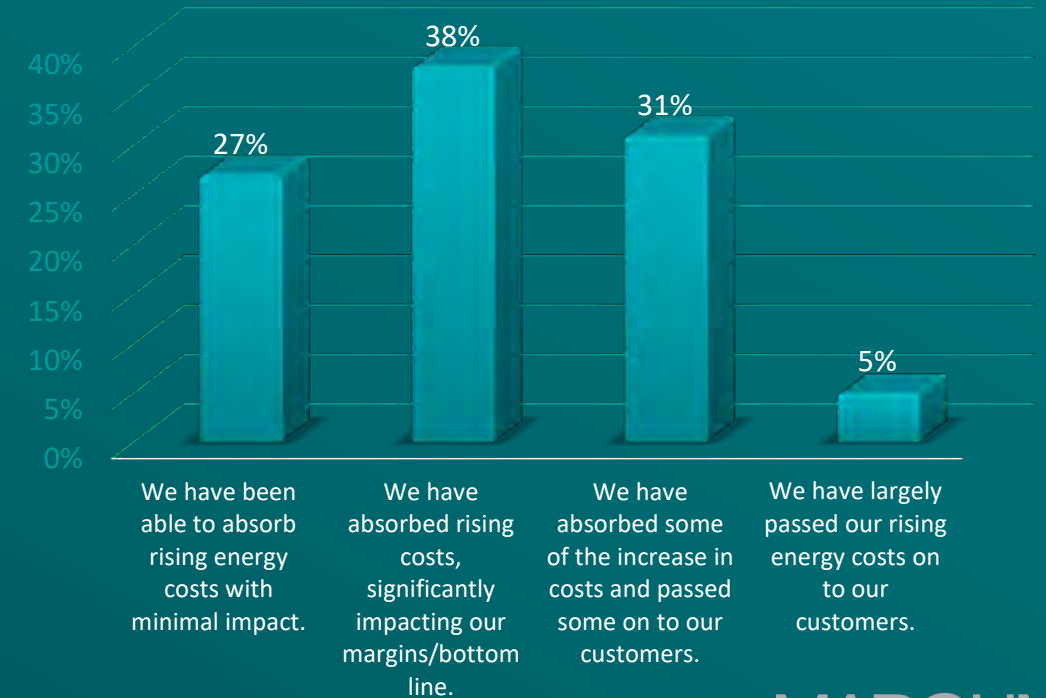


## Is your business being impacted by the upward trend in energy costs?



Total sample (N=257)

## How have you managed your increased energy costs?



Total sample (N=257)



# EMPLOYEE RETENTION

Over three-quarters (76.7%) of CEOs indicated that they lost more employees over the past year than is typical, with nearly 1 in 5 (19.5%) saying they lost significantly more employees over the past year.

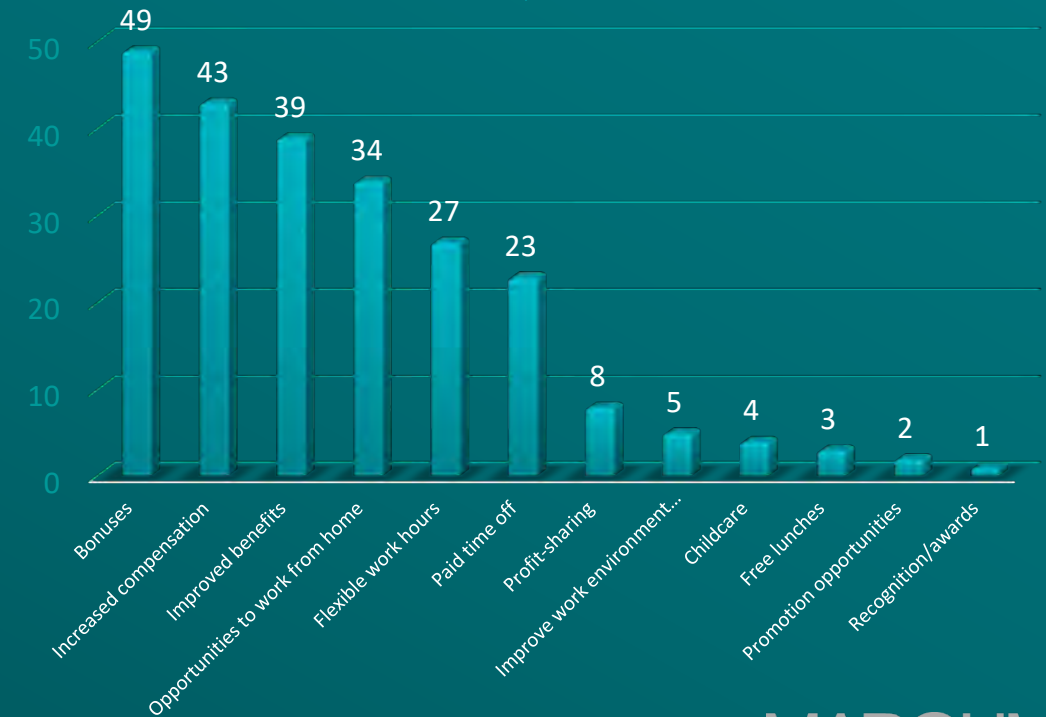


Have you had trouble retaining employees over the past year?



Total sample (N=257)

Please describe any enhanced incentives you might have offered to retain employees.



Total sample (N=257)



Please describe any enhanced incentives you might have offered to retain employees.

"A new and improved performance-based bonus structure."

"Annual bonuses awarded based on years of service."

"Better insurance, increased bonus, overall better benefits including life insurance, more days off and maybe a 4-day work week. Also, more days where they can work remote."

"Better profit-sharing benefits."

"Enhanced benefits, flexible work weeks, quarterly raises / cost of living increases based on performance."

"Day care on campus."

"Bonus payed with project work being completed early."

"Extended maternity and paternity leave."

"Evolve culture fundamentally, give more responsibility and opportunities, offer incentive-based pay, outside training, customize offers to meet their needs, leverage peer-to-peer incentives, recognize each person's uniqueness."

"Free health insurance for family to every permanent employee."

"Free lunches, flexible work arrangements."

"Increased flexibility in shift-sharing, hybrid positions for non-customer facing roles."

"Leave allowance."

"We have resorted to labor incentives such as salary increases, incentives and bonuses for working overtime, paid days off, job training financed by the company, improvement of both internal and external working conditions, and improvement policies and insurance against contingencies and occupational diseases."

"Hybrid work schedule, improved 401K plan, high company contribution to health insurance premiums; more events to improve morale and increase camaraderie among employees."



"More opportunities to move up in the business."

"Retention bonuses."

"Stock options."

"We are putting more emphasis on engagement."

"We offered stay bonuses but have been consistently outbid by tech companies paying a lot more in base pay and stock options."

"More profit sharing."

"Tuition reimbursement, additional time off, recognition and rewards."

"We have offered signing bonuses, enhanced wellness packages, on-site childcare, better medical and vision packages and increased salaries."

"Sales incentives."

"We are now 90 percent remote, and I offer full medical and dental."

"We have referral bonuses if employees bring on additional employees. We have a friends and family program."

"Quarterly bonuses and more compensation time."

"Sick allowance."

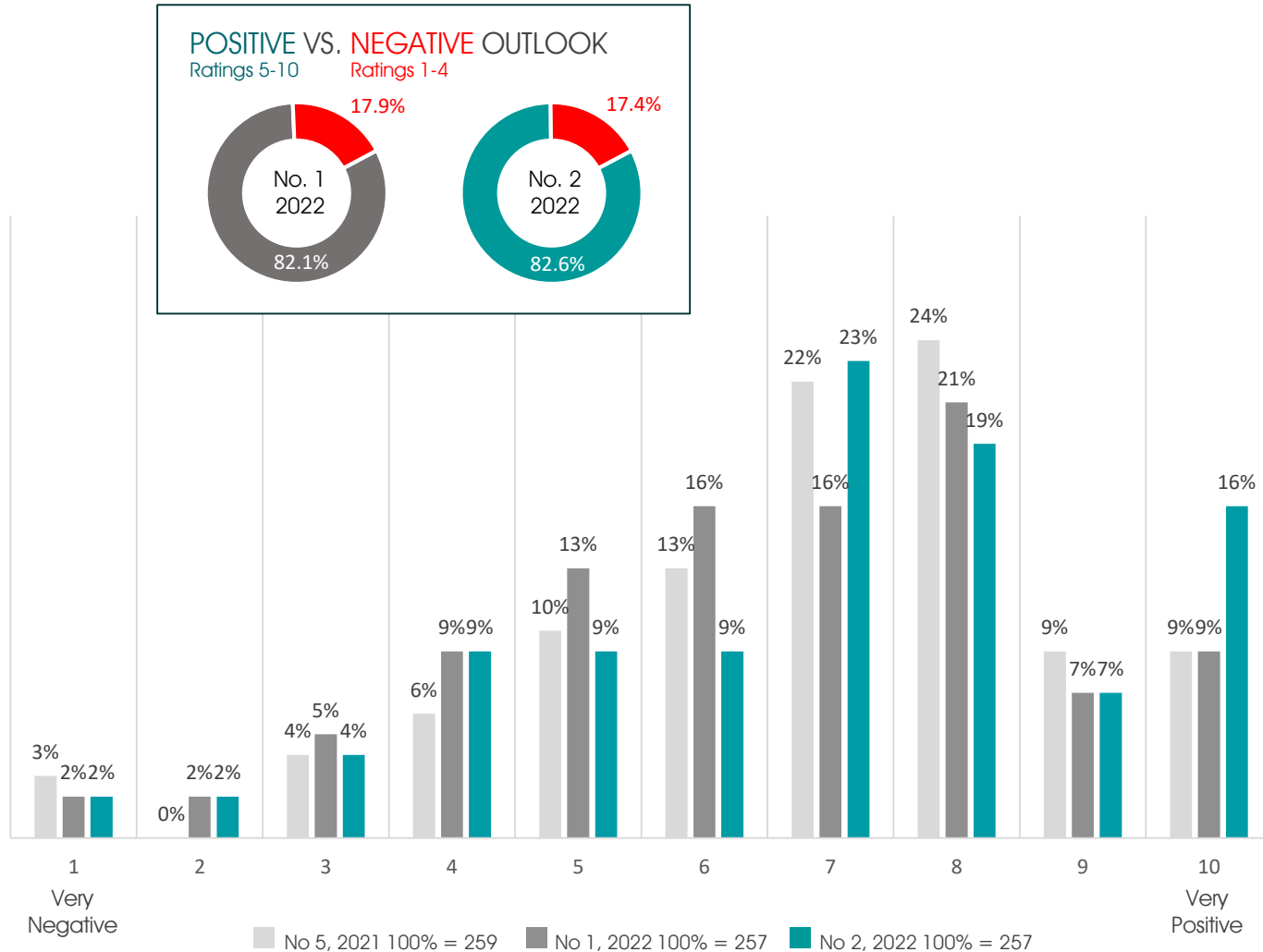
"We have raised an hourly rate for our employees."

"Raise in salary if an employee stays another six months."

"We are offering daycare stipends and are looking into adult care resources. We reimburse mileage costs."

"Sign on bonus. Increased overtime rates."

# What is your view of the current business environment?



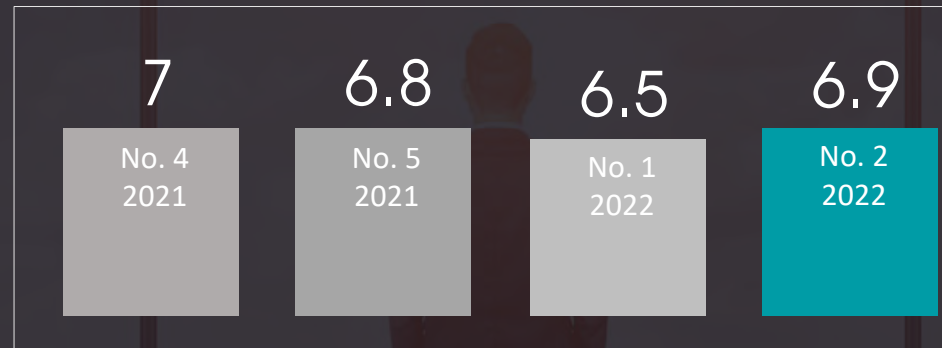
## KEY FINDINGS

After a leveling off of CEO optimism in our February 2022 survey, the current survey shows a substantial improvement in the percentage of CEOs on the most positive end of the rating scale.

- ▶ The percentage of CEOs rating their outlook as “very positive” (“10”) increased significantly to 16.0%, up from 8.9% previously.
- ▶ 42.1% of CEOs assigned a rating of 8 or higher (10 = “very positive”), an increase from 36.5%.
- ▶ 82.6% of CEOs selected a rating of 5 or higher, virtually unchanged from 82.3%.
- ▶ The weighted average of CEO responses improved from 6.5 to 6.9 overall.



## INDEX: A Weighted Average of CEO Responses



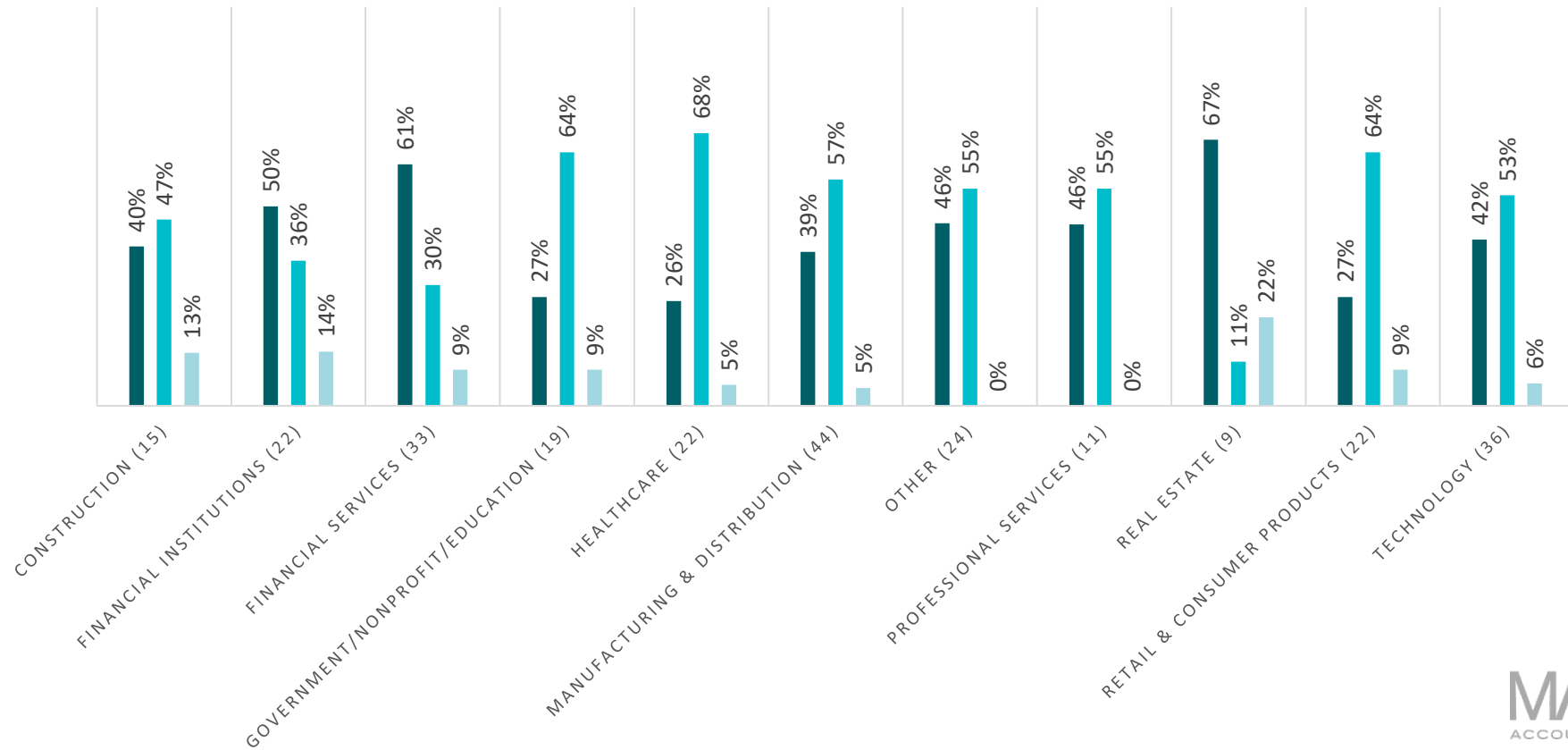
cont'd  
What is your  
view of the  
current  
business  
environment?



## RATING OF BUSINESS OUTLOOK by Industry

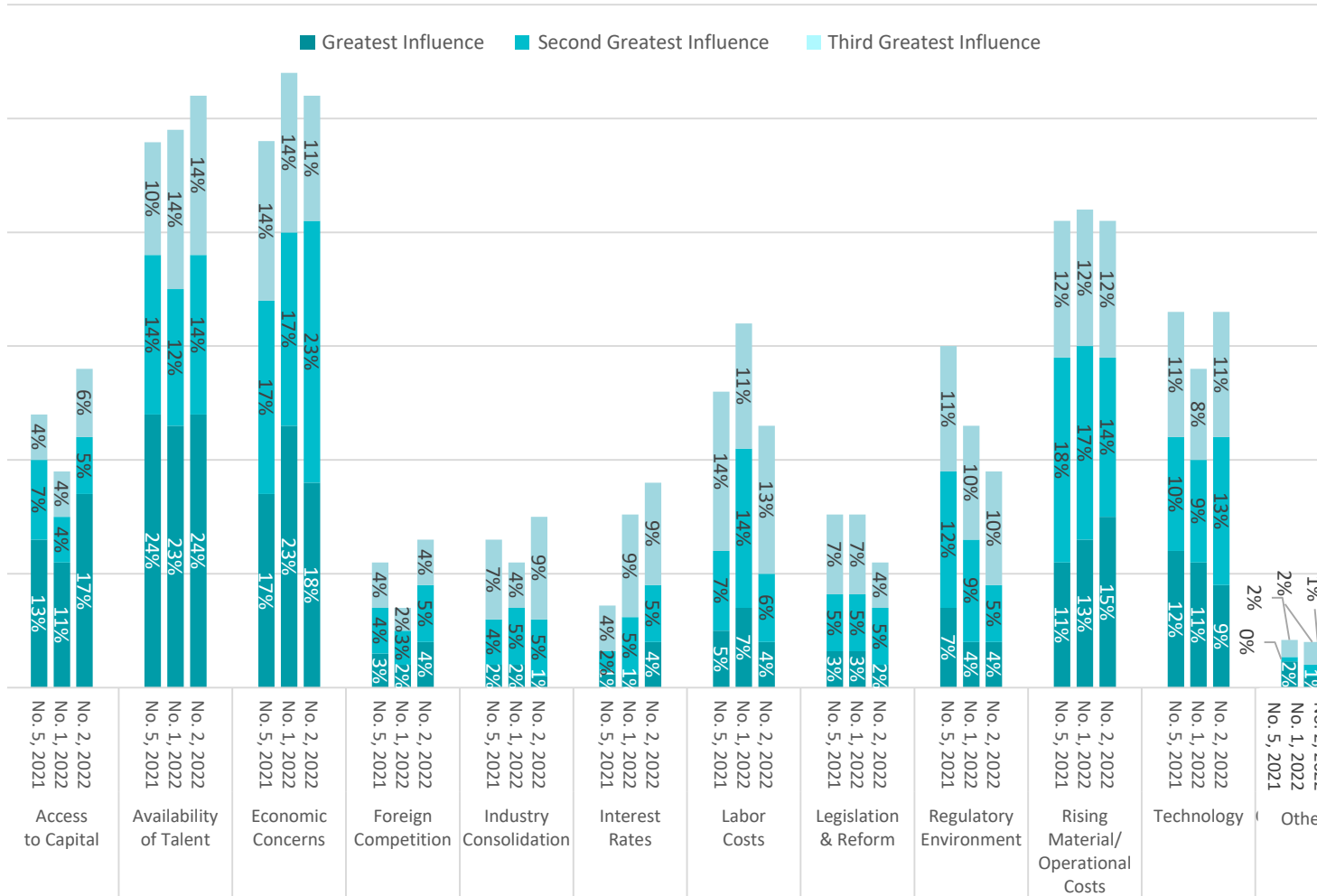
The number of CEOs expressing high levels of optimism regarding the current business environment varied across industry sectors.

■ 8 - 10   ■ 5 - 7   ■ 1 - 4



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 5, 2021 100% = 259 | No 1, 2022 100% = 257 | No 2, 2022 100% = 257

## KEY FINDINGS

- ▶ “Economic concerns” was again the most-cited influence on business planning, with 52.5% of CEOs indicating it is one of their top three influencers. This represents a slight decrease from 54.5% in the previous survey.
- ▶ The second most-cited top-three influence was “availability of talent” (49.6%), virtually unchanged from the last survey. Notably, the largest percentage of CEOs (24.1%) cited the availability of talent as the single most important influence on business planning.
- ▶ “Rising material/operational costs” (cited by 40.1% as one of the top three influences) rounded out the top three business planning influences, reflecting current inflationary pressures.

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
<b>Construction (15)</b>	13.3% 26.7%	40.0% 53.3%	13.3% 66.7%	0.0% 0.0%	0.0% 13.3%	0.0% 20.0%	6.7% 26.7%	0.0% 6.7%	0.0% 0.0%	20.0% 73.3%	6.7% 13.3%
<b>Financial Institutions (22)</b>	18.2% 27.3%	18.2% 36.4%	27.2% 54.5%	4.5% 22.7%	4.5% 18.2%	0.0% 22.7%	0.0% 4.5%	0.0% 13.6%	6.1% 36.4%	13.6% 31.8%	4.5% 22.7%
<b>Financial Services (33)</b>	15.2% 24.2%	27.3% 60.6%	24.2% 66.7%	6.0% 15.1%	3.0% 21.2%	6.1% 21.2%	0.0% 18.2%	3.0% 15.2%	8.7% 21.1%	9.1% 21.2%	3.3% 15.2%
<b>Government/Nonprofit /Education (19)</b>	42.1% 47.4%	15.8% 47.4%	10.5% 57.9%	15.8% 26.3%	5.3% 26.3%	5.3% 10.6%	0.0% 31.6%	0.0% 10.5%	0.0% 21.1%	0.0% 15.8%	21.1% 52.6%
<b>Healthcare (22)</b>	9.1% 9.1%	40.9% 50.0%	9.1% 27.3%	0.0% 9.1%	0.0% 4.5%	0.0% 9.1%	9.1% 40.9%	0.0% 13.6%	13.6% 36.4%	0.0% 27.3%	4.5% 27.3%
<b>Manufacturing &amp; Distribution (44)</b>	13.6% 25.0%	18.2% 45.5%	22.7% 45.5%	4.5% 13.6%	0.0% 18.2%	2.3% 13.6%	4.5% 20.5%	2.3% 13.6%	0.0% 13.6%	43.5% 52.3%	9.1% 36.4%
<b>Professional Services (11)</b>	0.0% 0.0%	36.6% 54.5%	0.0% 45.5%	0.0% 9.1%	0.0% 9.1%	0.0% 9.1%	0.0% 36.4%	0.0% 0.0%	0.0% 9.1%	27.3% 54.5%	18.2% 54.5%
<b>Real Estate (9)</b>	22.2% 55.6%	11.1% 22.2%	22.2% 33.3%	0.0% 0.0%	0.0% 0.0%	22.2% 55.6%	0.0% 22.2%	0.0% 0.0%	0.0% 11.1%	22.2% 66.7%	0.0% 33.3%
<b>Retail &amp; Consumer Products (22)</b>	4.5% 18.2%	31.8% 72.7%	9.1% 31.8%	0.0% 9.1%	0.0% 0.0%	4.5% 18.2%	13.6% 22.7%	4.5% 22.7%	0.0% 9.1%	18.2% 59.1%	13.6% 36.4%
<b>Technology (36)</b>	11.1% 25.0%	25.0% 50.0%	27.8% 69.4%	2.8% 11.1%	0.0% 11.1%	0.0% 19.4%	0.0% 11.1%	5.6% 11.1%	2.8% 13.9%	11.1% 22.2%	13.9% 50.0%
<b>Other (24)</b>	33.3% 45.8%	8.2% 29.2%	8.3% 58.3%	0.0% 4.1%	0.0% 20.8%	8.3% 12.5%	4.2% 29.2%	0.0% 0.0%	8.3% 20.8%	25.0% 54.2%	4.2% 50.0%

## Influences on Business Planning — By Influence

	Greatest Influence	Second Greatest Influence	Third Greatest Influence	Total
<b>Economic Concerns</b>	46 (17.9%)	60 (23.3%)	29 (11.3%)	<b>135 (52.5%)</b>
<b>Availability of Talent</b>	62 (24.1%)	35 (13.8%)	28 (10.9%)	<b>125 (49.6%)</b>
<b>Rising Material/Operational Costs</b>	38 (14.8%)	36 (14.0%)	29 (11.8%)	<b>103 (40.1%)</b>
<b>Technology</b>	23 (8.9%)	33 (12.8%)	29 (11.3%)	<b>85 (33.1%)</b>
<b>Access to Capital</b>	44 (17.1%)	12 (4.7%)	15 (5.8%)	<b>71 (27.6%)</b>
<b>Rising Labor Costs</b>	9 (3.5%)	16 (6.2%)	32 (12.5%)	<b>57 (22.2%)</b>
<b>Regulatory Environment</b>	9 (4.3%)	12 (4.7%)	26 (10.1%)	<b>47 (18.3%)</b>
<b>Interest Rates</b>	9 (3.5%)	13 (5.1%)	23 (8.9%)	<b>45 (17.5%)</b>
<b>Industry Consolidation</b>	3 (1.2%)	12 (4.7%)	22 (8.6%)	<b>37 (14.4%)</b>
<b>Foreign Competition</b>	9 (3.5%)	13 (5.1%)	9 (3.5%)	<b>31 (12.1%)</b>
<b>Legislation and Reform</b>	5 (1.9%)	13 (5.1%)	11 (4.3%)	<b>29 (11.3%)</b>
<b>Other*</b>	0 (0.0%)	2 (0.8%)	4 (1.6%)	<b>6 (2.3%)</b>

\* Competitors; Change in company ownership; Effects of drought; Attracting/retaining customers; Finding qualified workers



# DEMOGRAPHICS

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

Construction	15	5.8%
Financial Institutions	22	8.6%
Financial Services	33	12.8%
Government/Nonprofit/Education	19	7.4%
Healthcare	22	8.6%
Manufacturing & Distribution	44	17.1%
Professional Services	11	4.3%
Real Estate	9	3.5%
Retail & Consumer Products	22	8.6%
Technology	36	14.0%
Other*	24	9.3%
<b>Total</b>	<b>257</b>	<b>100.0%</b>

\*Other: Life Sciences/Biotech (6); Oil/Gas/Energy (5); Architecture (4); Food & Beverage (3); Media/Entertainment (2); Fashion (1); Personal Services (1); Maritime (1); Transportation (1)

## *What best describes your title?*

CEO	41	16.0%
Director	92	35.8%
Divisional President	2	0.8%
Managing Partner	9	3.5%
Other C-Level Executive	44	17.1%
Owner	26	10.1%
President	5	1.9%
Vice President	34	13.2%
Chairman	1	0.4%
Founder	3	1.2%
<b>Total</b>	<b>257</b>	<b>100.0%</b>

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

Less than 50	24	9.3%
50 to 99	20	7.8%
100 to 499	48	18.7%
500 to 999	51	19.8%
1,000 to 2,499	46	17.9%
2,500 to 4,999	25	9.7%
5,000 or more	40	15.6%
Not sure/Decline to say	3	1.2%
<b>Total</b>	<b>257</b>	<b>100.0%</b>

## *In which revenue size range was your company last year?*

\$5 million to \$9.9 million	29	11.3%
\$10 million to \$24.9 million	28	10.9%
\$25 million to \$49.9 million	25	9.7%
\$50 million to \$99.9 million	36	14.0%
\$100 million to \$249.9 million	31	12.1%
\$250 million to \$499.9 million	22	8.6%
\$500 million to \$999.9 million	36	14.0%
\$1 Billion or more	37	14.4%
Not sure/Decline to say	13	5.1%
<b>Total</b>	<b>257</b>	<b>100.0%</b>



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