

FEATURED TOPICS

RETURN TO THE OFFICE / IMPACT OF GAS PRICES /
IMPACT OF COVID-19



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. 3, 2022

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RETURN TO THE OFFICE

Like much of the workforce, a majority of CEOs have not yet returned to the office. Slightly less than one-half (48.4%) of CEOs typically work in their office five days per week. About one in five said they did so four days per week. Just under 10% said they work fully remotely.

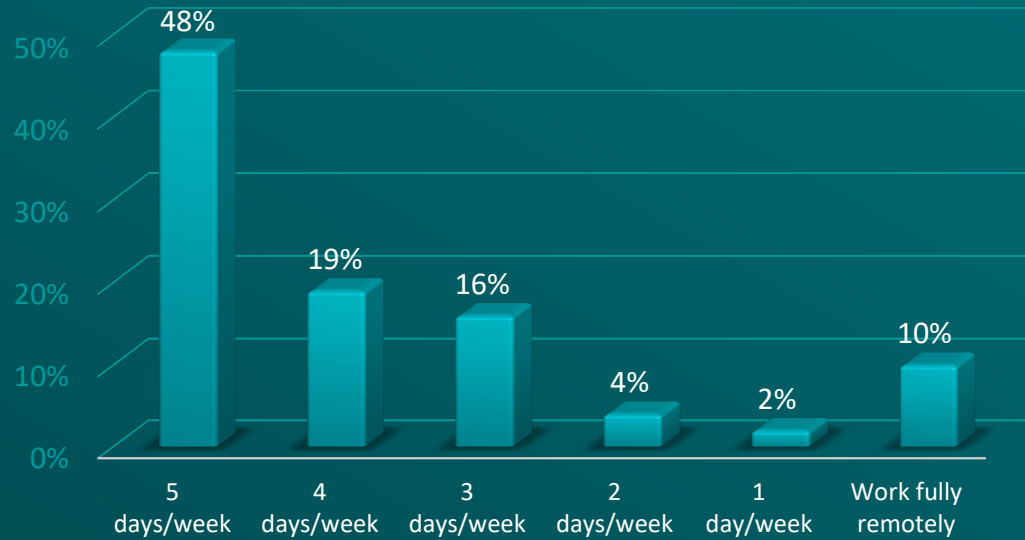
Of the CEOs currently working at least partially from home, just 10% (10.2%) said they had definitive plans to return to their office full-time, with another 15.7% indicating they plan to do so but are not certain when. Almost one-quarter of CEOs (23.4%) said they plan to work at least partially remotely indefinitely.

Most CEOs working at least partially from home cited convenience as the primary reason for their choice, while others cited a boost in productivity offered by fewer distractions and reduced commuting time. Ongoing concerns about Covid-19 or safety were mentioned by a small number of CEOs.

Over three-quarters of CEOs said they provide their employees with the option to work remotely for at least part of the week, and nearly two-thirds said they plan to continue to give their employees this option for the foreseeable future.



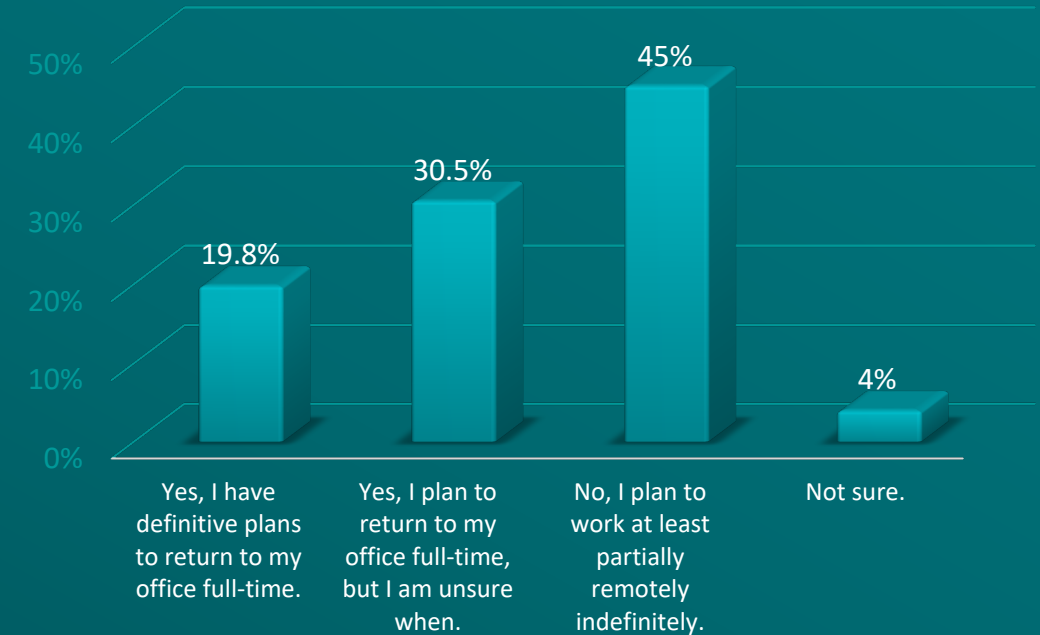
How many days per week do you typically work in your office?



Total sample (N=254)

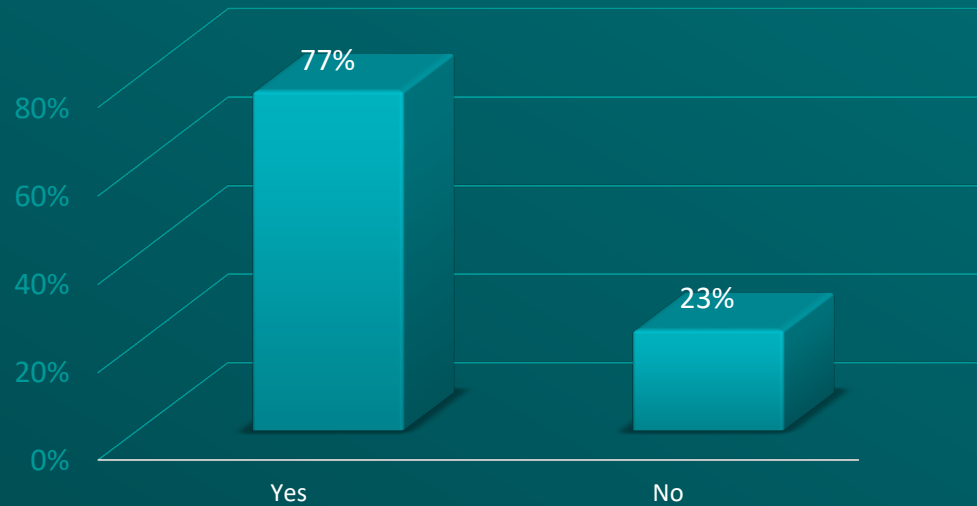
Do you have plans to return to the office full-time?

(Among those who typically work in their office less than 5 days/week)



Total sample (N=131)

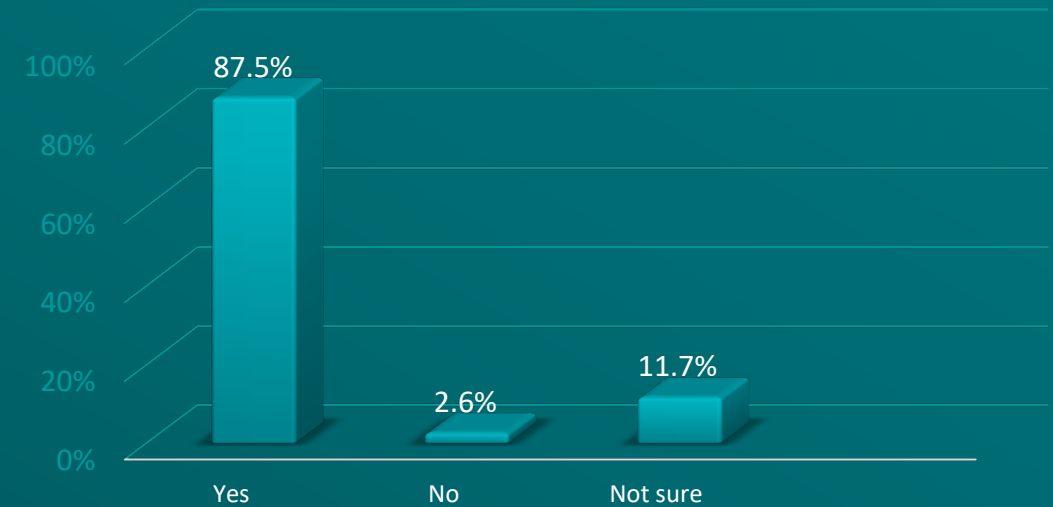
Do you provide your employees with the option to work remotely for at least part of the week?



Total sample (N=254)

Do you plan to continue to offer your employees the option to work remotely for the foreseeable future?

(Among those who provide their employees with the option to work remotely)



Total sample (N=196)

Why have you elected to work remotely for at least part of the week?

"Because of Covid and to keep most of our employees from finding other employment."

"Because of the excellent work flow and the productivity got better during Covid."

"Both effective and practical for our business operability."

"Cause it's convenient and safer with less folks in the office."

"Company doesn't have an office, all work remotely."

"Cut down on gas costs as well as trying to keep employees safe."

"Cuts down on travel time, gas, and parking costs. Reduces chance of Covid-19."

"Felt the need to remain competitive with other firms offering hybrid work."

"I have worked remotely for the past 20+ years as it make visiting clients easier."

"It fits the job."

"It's easier and I am more productive."

"It's safer and way more fun."

"Less expensive for our company."

"More productive when working from home, fewer distractions, better work-life balance."

"My job entails visiting clients most days although I always try to get into the office at least 3 days a week."

"The hybrid model is the most effective for my business."

IMPACT OF RISING GAS PRICES

A large majority of CEOs (86.2%) report that the rising price of gasoline is having a direct impact on their companies. Just under 60% (59.1%) said that higher gas prices are increasing their business's cost of operation. The second most-cited impact was the contribution of rising gas prices to employees' reluctance to return to the office (41.7%). This was followed by a reduction in the amount of business travel (40.2%) and a slowing of the supply chain (33.3%). 28.7% said rising gas prices have decreased their company's revenue.



Has the rise in gas prices impacted your business in any of the following ways?



Total sample (N=254)

Other ways that rising gas prices are impacting your business

“Decreasing morale.”

“Loss of talented people.”

“Gas price increases have led to a huge increase in our cost, we are not able to transfer this cost fully to our customers, hence we have to bear it at the cost of our profits.”

“Raised the amount we reimburse for travel with a personal automobile.”

IMPACT OF COVID-19

61.4% of CEOs said that Covid-19 is still a factor in their business planning. Most of these CEOs said that employees who have contracted or are fearful of contracting Covid-19 and the desire to keep them safe are presenting staffing challenges. Also, some CEOs indicated that Covid-19 created challenges in attracting and accommodating customers due to Covid concerns or restrictions.



In what ways is Covid-19 still impacting your business planning?

“Accommodating workers who want to continue to work from home.”

“Contingencies for outbreak expenses, loss of workforce.”

“Employees and clients are still somewhat reluctant to have face-to-face meetings which impacts revenue. Morale is lower than it was prior to Covid-19 for a variety of reasons. Surging labor costs are causing employees to leave to find higher paid positions which results in loss of talent.”

“Employees do not want to congregate in large numbers in conference rooms.”

“How to increase revenue by marketing elective surgeries to local community.”

“The swings in infection rates make in-person staffing very challenging. We have had to cut operating hours due to staff availability.”

“Our college is part of a teaching hospital so Covid is alive and well here.”

“Still adversely affecting sales. Have not returned to 2019 levels.”

“People are still scared of catching Covid so we will keep working remotely permanently!”

“The possibility of various restrictions being reinstated creates uncertainty in making on-site visits to clients and prospective clients.”

“Undefined work models and collaboration, unable to attract talent from around the nation etc.”

“Still factoring in loss of employee labor due to Covid-19 isolations.”

“We have been avoiding in person events and meetings as much as possible.”

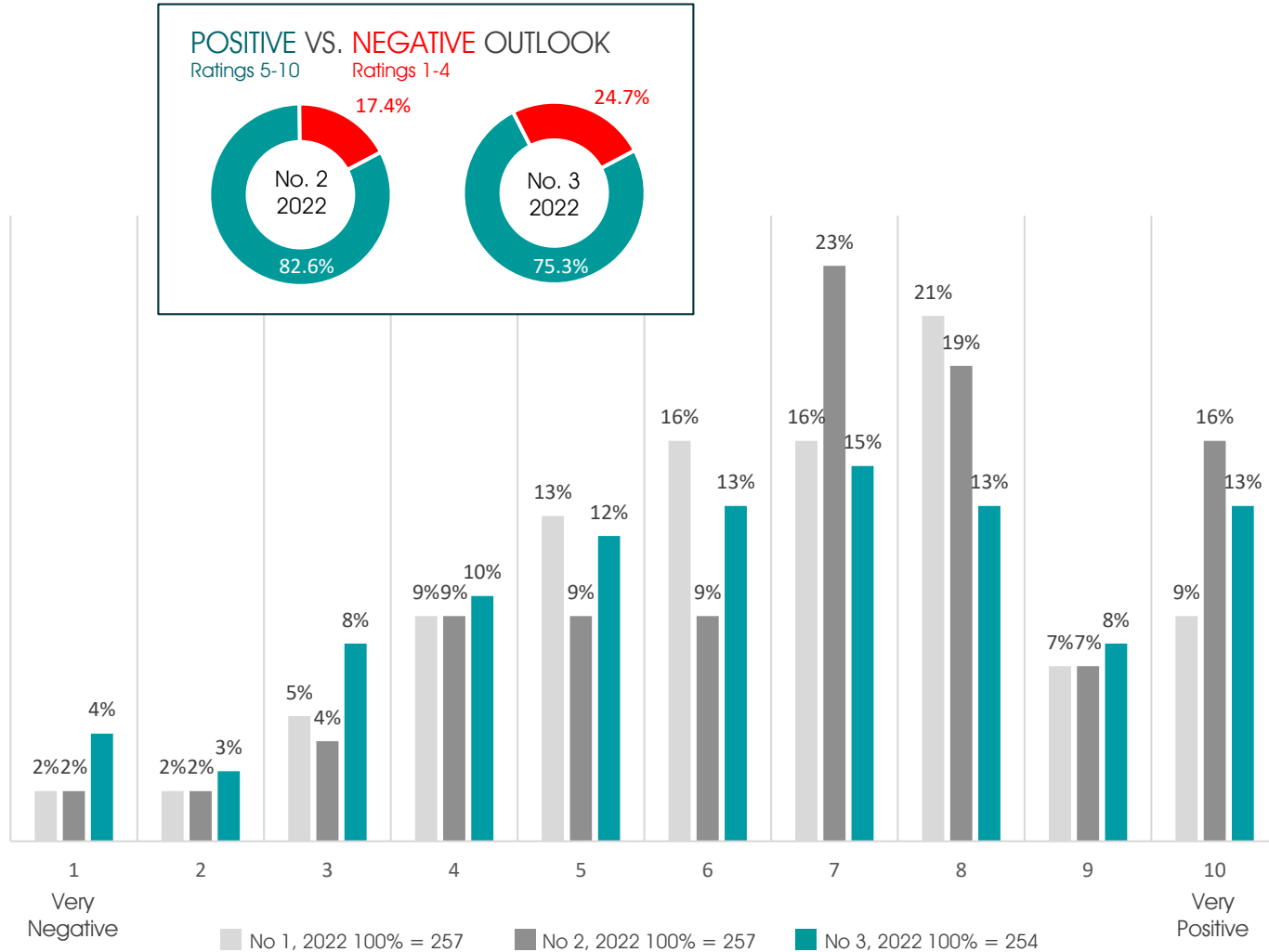
“It is still impacting our supply chain for materials and equipment supply and repair because some of the materials and parts come from other countries that are having lockdowns and other issues at this time. We are still having to keep the option there that a new, worse strain of Covid may come through again which may cause another lock down in our area or others and we have to have a plan for that possible reality. We have experienced something we never thought would happen and now we know that it probably can happen again in the not so distant future.”

“Having to work around situations where employees become infected and/or customers have different procedures for how they are dealing with the issue. We have to adjust our work practices to match their requirements.”

“There has been litigation against the company regarding transmission of Covid-19 amongst employees; it has affected the supply chain, supplies are costing more and increasing weekly.”

“Expect continued surges of infections, hospitalizations, and deaths; expect further lockdowns and similar protective measures; expect supply chain disruptions and severe economic challenges; expect to drastically reduce physical office footprint.”

What is your view of the current business environment?



KEY FINDINGS

The current survey shows erosion in CEOs' outlook on the business environment, compared with our May 2022 survey. The percentage of CEOs rating their outlook as "very positive" ("10") decreased to 13.4%, down from 16.0% previously.

- ▶ The percentage of CEOs rating their outlook as "very positive" ("10") decreased to **13.4%**, down from 16.0% previously.
- ▶ **34.7%** of CEOs assigned a rating of 8 or higher (10 = "very positive"), a decrease from 42.1%.
- ▶ **75.3%** of CEOs selected a rating of 5 or higher, a decrease from 82.6%.

INDEX: A Weighted Average of CEO Responses

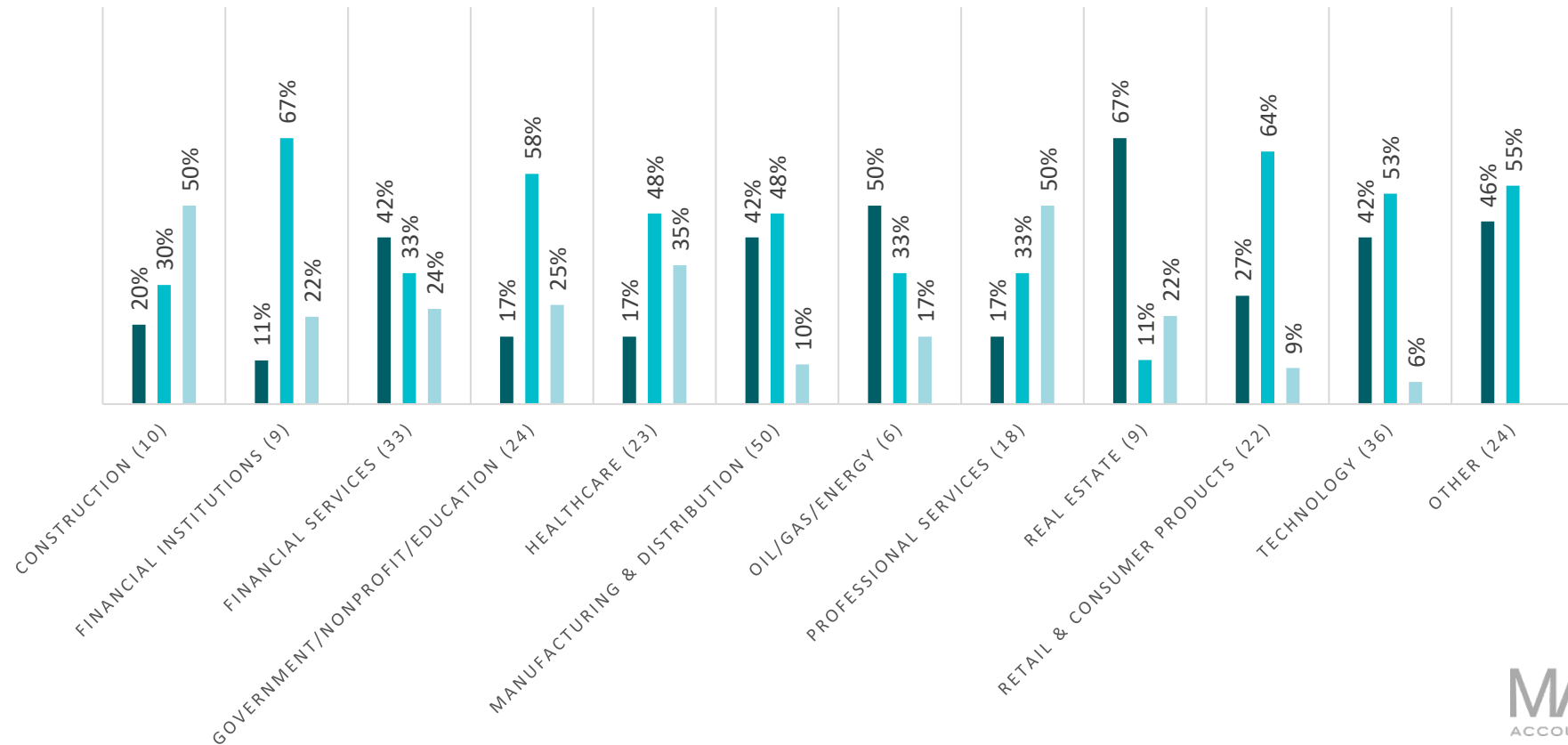


cont'd
What is your
view of the
current
business
environment?

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 1, 2022 100% = 257 | No 2, 2022 100% = 257 | No 3, 2022 100% = 254

KEY FINDINGS

- ▶ “Economic concerns” was again the most-cited influence on business planning, with 58.3% of CEOs indicating it is one of their top three influences. This represents an increase from 52.5% in the previous survey.
- ▶ Reflecting concerns regarding price inflation, “rising material/operational costs” was the second most important influence on business planning, surpassing “availability of talent” in the previous survey. 46.5% of CEOs in the present survey cited “rising material/operational costs” as a top-three influence, compared to 40.1% in the previous survey.
- ▶ “Availability of talent” (cited by 40.9% as one of the top three influences) rounded out the top three business planning influences reflecting the tight labor.

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 (10)	10.0% 30.0%	30.0% 40.0%	30.0% 50.0%	0.0% 0.0%	0.0% 20.0%	0.0% 20.0%	0.0% 20.0%	10.0% 10.0%	0.0% 20.0%	20.0% 73.3%	0.0% 10.0%
Financial Institutions (9)	0.0% 11.1%	11.1% 33.3%	66.7% 100.0%	0.0% 0.0%	11.1% 33.3%	11.1% 77.7%	11.1% 11.1%	0.0% 11.1%	0.0% 33.3%	13.6% 31.8%	0.0% 0.0%
Financial Services (33)	24.2% 39.4%	6.1% 48.5%	33.3% 54.5%	3.0% 21.1%	3.0% 9.1%	8.7% 33.3%	0.0% 0.0%	0.0% 9.1%	0.0% 24.2%	9.1% 21.2%	18.2% 33.3%
Government/Nonprofit/Education (24)	4.2% 20.1%	50.0% 62.5%	10.5% 57.9%	4.2% 4.2%	0.0% 12.5%	0.0% 22.9%	4.2% 20.8%	0.0% 29.2%	0.0% 4.2%	0.0% 15.8%	0.0% 29.2%
Healthcare (23)	13.0% 26.1%	30.4% 47.8%	34.8% 52.2%	0.0% 0.0%	0.0% 13.0%	4.3% 26.1%	13.0% 30.4%	0.0% 13.0%	8.7% 43.5%	0.0% 27.3%	4.3% 17.4%
Manufacturing & Distribution (50)	16.0% 26.0%	16.0% 42.0%	18.0% 52.0%	2.0% 14.0%	6.0% 8.0%	0.0% 10.0%	4.0% 28.0%	2.0% 10.0%	2.0% 18.0%	43.5% 52.3%	12.0% 34.0%
Professional Services (18)	16.7% 27.8%	16.7% 22.2%	11.1% 66.7%	0.0% 5.6%	0.0% 0.0%	11.1% 50.0%	0.0% 5.6%	5.6% 16.7%	16.7% 27.8%	5.6% 50.0%	11.1% 22.2%
Real Estate (7)	28.6% 42.9%	0.0% 14.3%	42.9% 57.1%	0.0% 0.0%	0.0% 0.0%	14.3% 85.7%	0.0% 14.3%	0.0% 14.3%	0.0% 14.3%	14.3% 42.9%	0.0% 14.3%
Retail & Consumer Products (20)	14.3% 42.9%	10.0% 40.0%	35.0% 55.0%	0.0% 0.0%	10.0% 15.0%	5.0% 25.0%	15.0% 50.0%	0.0% 5.0%	5.0% 5.0%	10.0% 70.0%	5.0% 20.0%
Technology (37)	32.4% 45.9%	16.2% 29.7%	18.9% 54.0%	2.7% 8.1%	2.7% 16.2%	0.0% 21.6%	5.4% 24.3%	0.0% 5.4%	0.0% 8.1%	8.1% 43.2%	13.5% 43.2%
Other (17)	17.6% 23.5%	23.5% 35.3%	29.4% 76.5%	0.0% 0.0%	0.0% 0.0%	14.3% 29.4%	0.0% 23.5%	0.0% 11.8%	5.8% 29.4%	17.6% 52.9%	0.0% 17.6%

Influences on Business Planning — By Influence

	Greatest Influence	Second Greatest Influence	Third Greatest Influence	Total
Economic Concerns	69 (27.2%)	40 (15.7%)	39 (15.4%)	148 (58.3%)
Rising Material/Operational Costs	28 (11.0%)	51 (20.1%)	39 (15.4%)	118 (46.5%)
Availability of Talent	50 (19.7%)	31 (12.2%)	23 (9.1%)	104 (40.9%)
Access to Capital	42 (16.5%)	18 (7.1%)	13 (5.1%)	73 (28.7%)
Technology	21 (8.3%)	20 (7.9%)	30 (11.8%)	71 (28.0%)
Interest Rates	9 (3.5%)	22 (8.7%)	36 (14.2%)	67 (26.4%)
Rising Labor Costs	12 (4.7%)	15 (5.9%)	28 (11.0%)	55 (21.7%)
Regulatory Environment	8 (3.1%)	25 (9.8%)	17 (6.7%)	50 (19.7%)
Legislation and Reform	3 (1.2%)	13 (5.1%)	15 (5.9%)	31 (12.2%)
Industry Consolidation	7 (2.8%)	11 (4.3%)	6 (2.4%)	24 (9.4%)
Foreign Competition	4 (1.6%)	8 (3.1%)	7 (2.8%)	19 (7.5%)
Other*	0 (0.0%)	2 (0.8%)	4 (1.6%)	6 (2.3%)

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

DEMOGRAPHICS

What is your employment state?

Full time employed	236	92.9%
Part-time employed	2	0.8%
Self-employed	16	6.3%
Total	254	100.0%

What best describes your title?

CEO	22	8.7%
Director	95	37.4%
Divisional President	2	0.8%
Managing Partner	17	6.7%
Other C-Level Executive	45	17.7%
Owner	27	10.6%
President	7	2.8%
Vice President	38	15%
Founder	1	0.4%
Total	254	100.0%

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

Construction	10	3.9%
Financial Institutions	9	3.5%
Financial Services	33	13.0%
Government/Nonprofit/Education	24	9.4%
Healthcare	23	9.1%
Manufacturing & Distribution	50	19.7%
Oil/Gas/Energy	6	2.4%
Professional Services	18	7.1%
Real Estate	7	2.8%
Retail & Consumer Products	20	7.9%
Technology	37	14.6%
Other*	17	6.3%
Total	254	100.0%

*Other: Agriculture (2); Automotive; Aviation; Biotech; (4) Cannabis; Fashion; Hospitality/Food and beverage (5); Landscape; Media

In which revenue size range was your company last year?

\$5 million to \$9.9 million	29	11.4%
\$10 million to \$24.9 million	30	11.8%
\$25 million to \$49.9 million	22	8.7%
\$50 million to \$99.9 million	39	15.4%
\$100 million to \$249.9 million	21	8.3%
\$250 million to \$499.9 million	20	7.9%
\$500 million to \$999.9 million	35	13.8%
\$1 Billion or more	44	17.3%
Not sure/Decline to say	14	5.5%
Total	254	100.0%

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

Less than 50	23	9.1%
50 to 99	23	9.1%
100 to 499	49	19.3%
500 to 999	43	16.9%
1,000 to 2,499	48	18.9%
2,500 to 4,999	23	9.1%
5,000 more	42	16.5%
Not sure/Decline to say	3	1.2%
Total	254	100.0%



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