

# SPECIAL CORONAVIRUS ISSUE

## 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, 2020

Impact of the coronavirus outbreak on company decision-making

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View of the current business environment

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Plans to invest in the company

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Influences on business planning

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Demographics

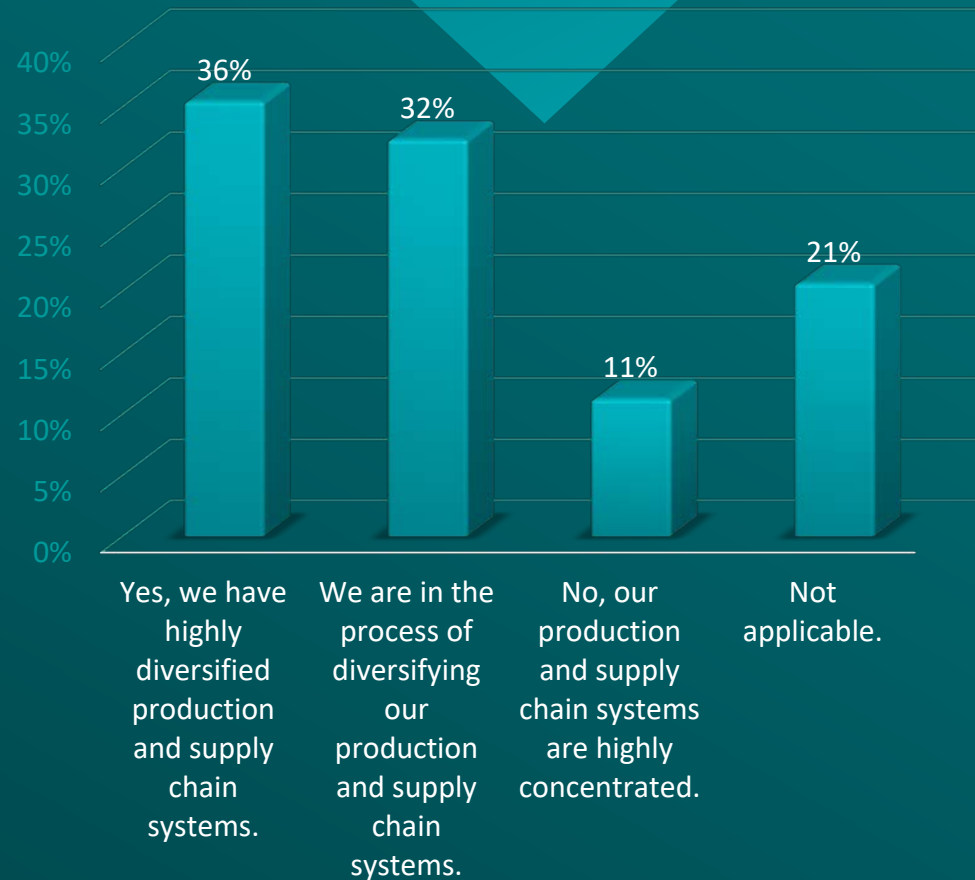
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## SPECIAL **CORONAVIRUS** ISSUE

This survey was conducted during the week of March 16, 2020, in the early stages of the coronavirus pandemic's direct impact in the United States. These findings may serve as a baseline of CEO attitudes that can be used as a point of comparison during later stages as well as after the COVID-19 outbreak.

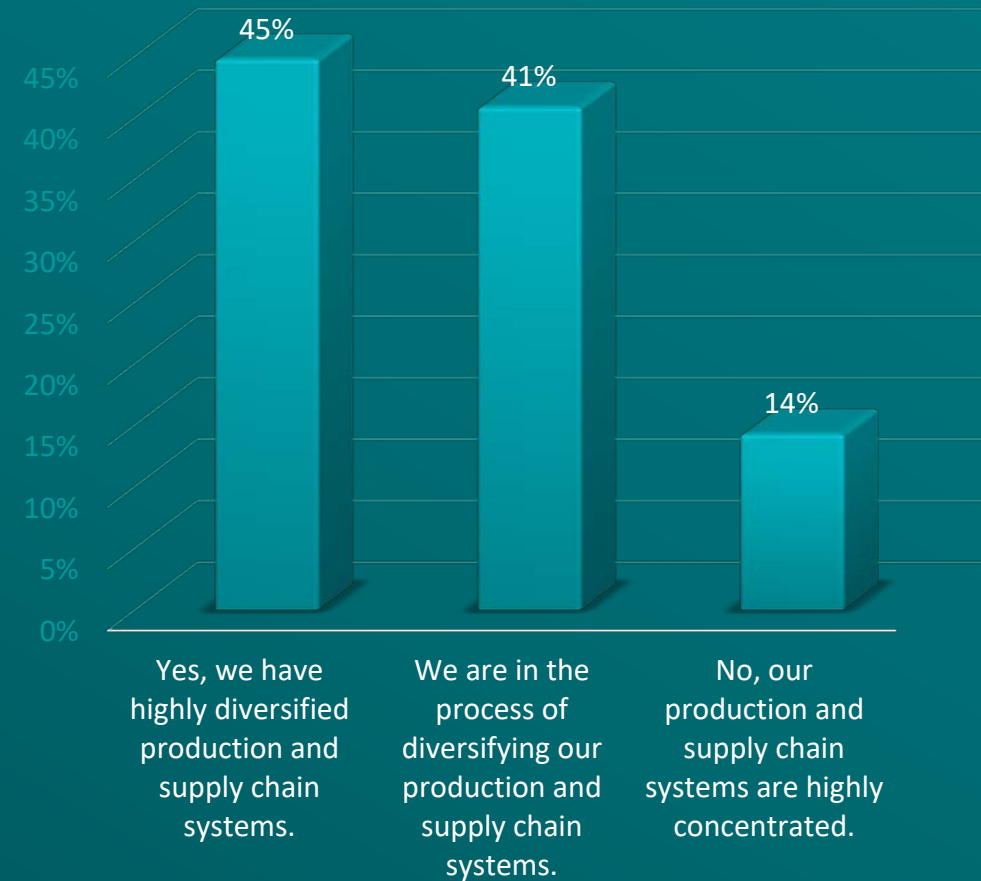
# QUESTION

Has your company developed diversified production and supply chain systems as a hedge against disruptions?



Total sample (N=256)

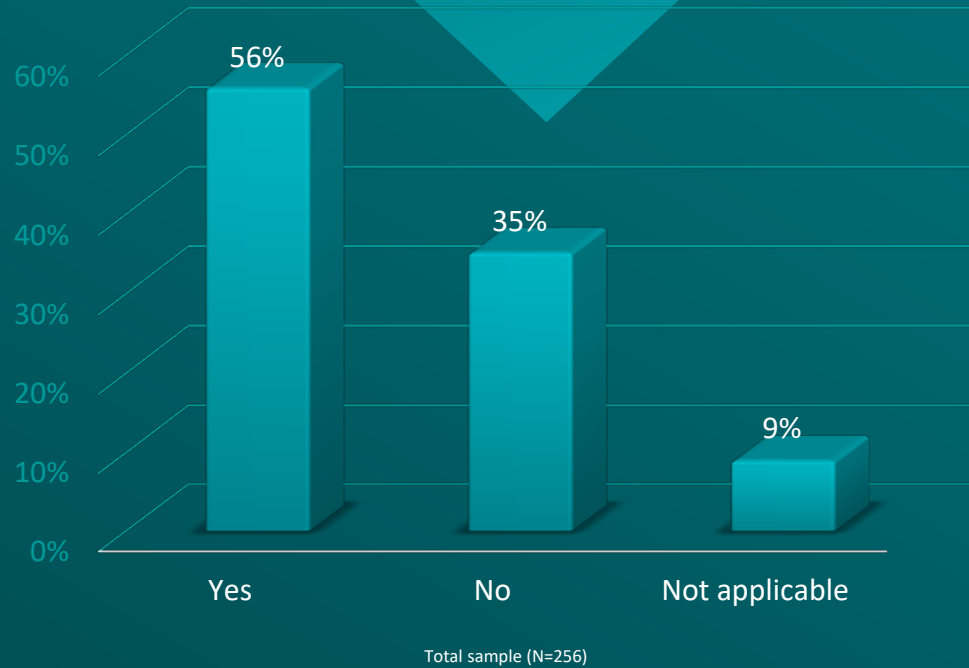
Excluding those selecting Not Applicable.



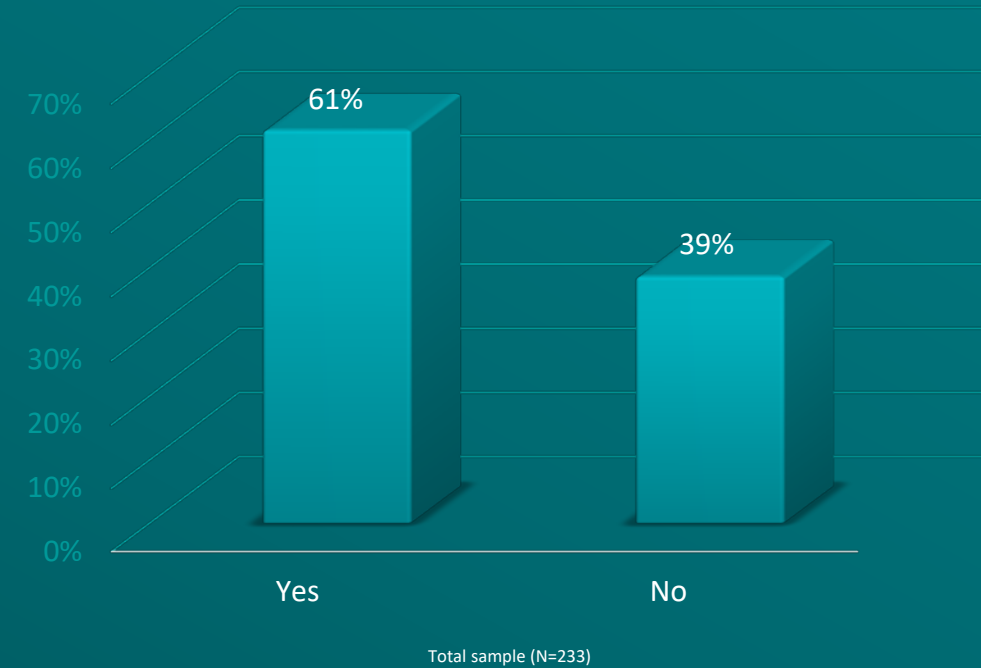
Total sample (N=203)

## QUESTION

Have your company's production and/or supply chain systems been disrupted by the coronavirus?

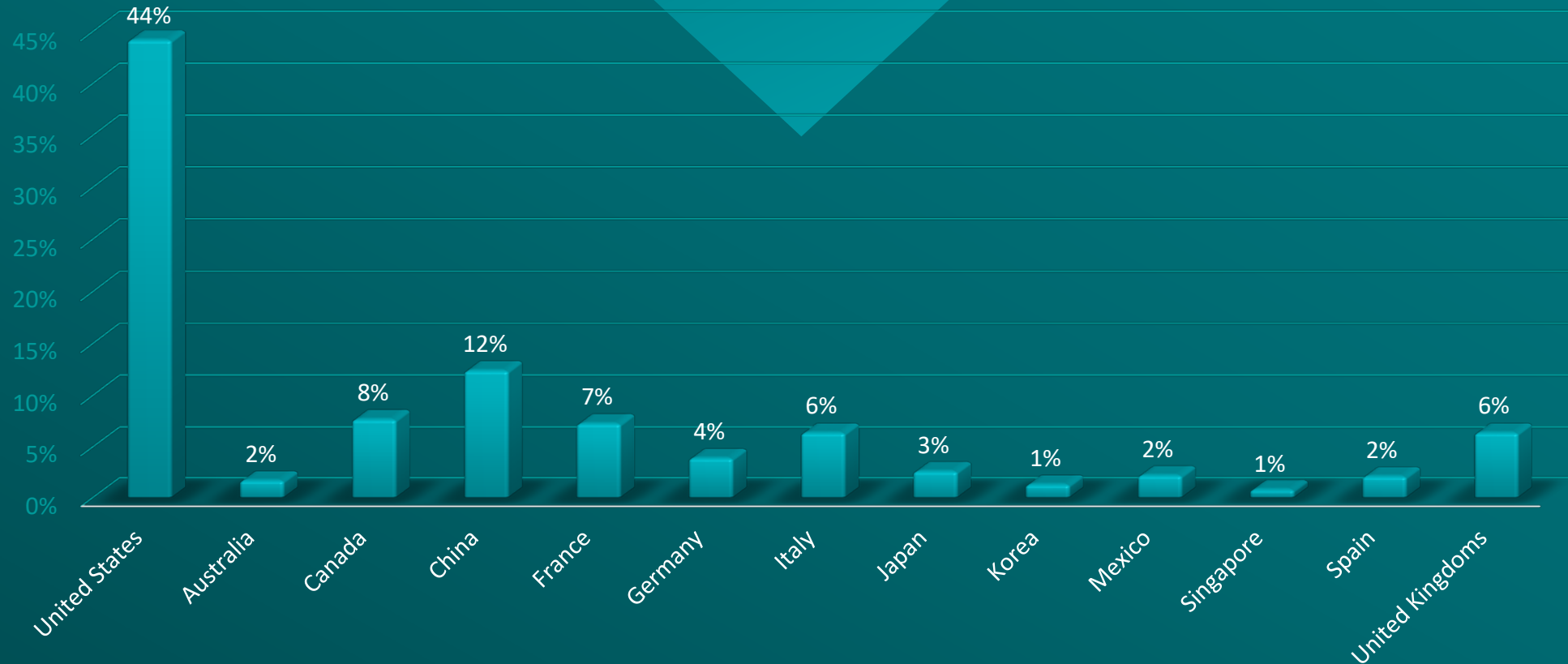


Excluding those selecting Not Applicable.



# QUESTION

Indicate the countries in which your company's operations have been disrupted by the coronavirus.



Total sample (N=233)

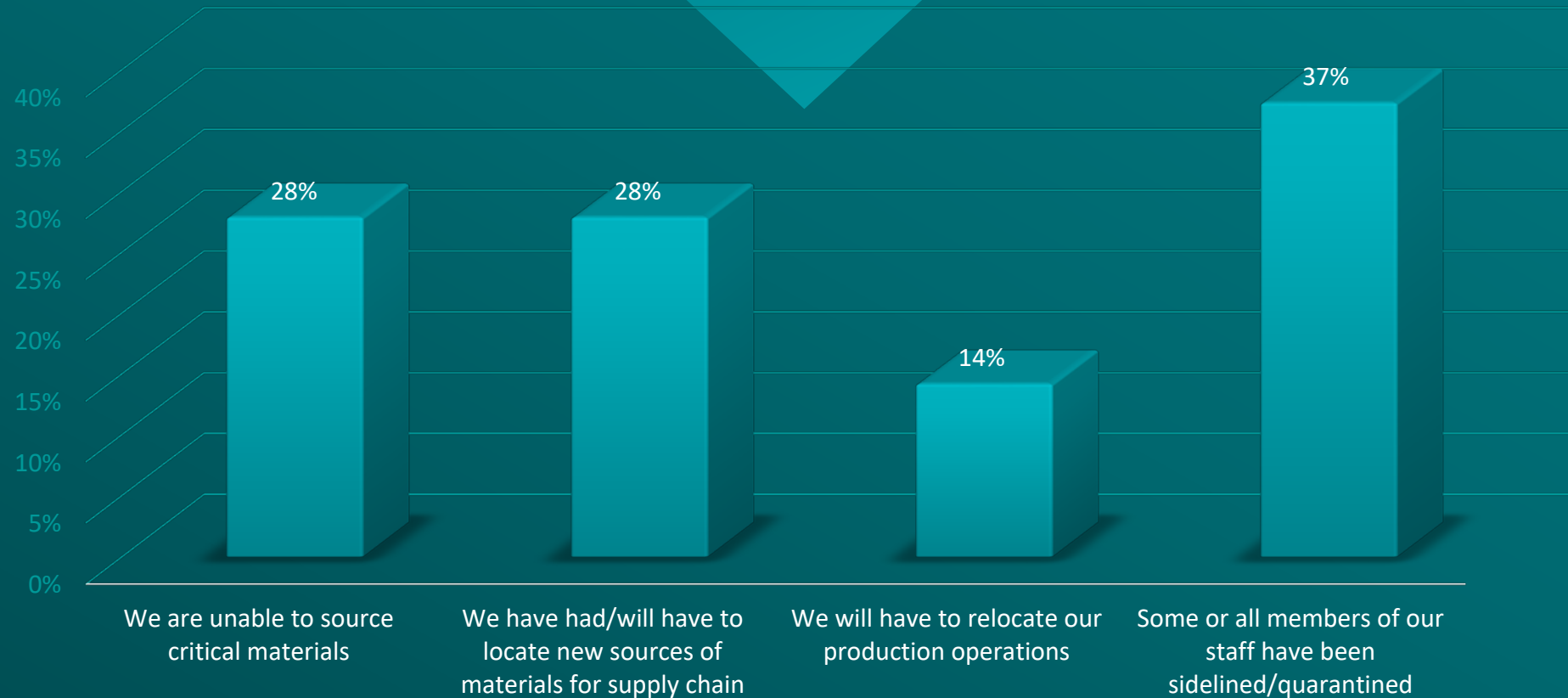
## QUESTION

Indicate whether you are still operating in the countries where your company's operations have been disrupted by the coronavirus.

Country	Operating as normal	Operating at reduced capacity	Not currently operating
United States (230)	19.2%	73.1%	7.7%
Australia (4)	25.0%	50.0%	25.0%
Canada (18)	5.6%	72.2%	22.2%
China (29)	0.0%	55.2%	44.8%
France (17)	11.8%	82.4%	5.9%
Germany (9)	19.2%	73.1%	7.7%
Italy (15)	0.0%	20.0%	80.0%
Japan (6)	0.0%	83.3%	16.7%
Korea (3)	0.0%	66.7%	33.3%
Mexico (5)	20.0%	80.0%	0.0%
Singapore (2)	0.0%	100.0%	0.0%
Spain (5)	20.0%	0.0%	80.0%
United Kingdom (15)	6.7%	80.0%	13.3%

# QUESTION

In what ways have your company's production and/or supply chain systems been disrupted by the coronavirus?



Total sample (N=233)

**cont'd**

In what ways have your company's production and/or supply chain systems been disrupted by the coronavirus?

**"Clients are not able to come to site for services"**

**"Guests cancelling reservations"**

**"Demand has slowed down"**

**"Local government had us close"**

**"Had to postpone potential clients coming to office due to quarantine precautions"**

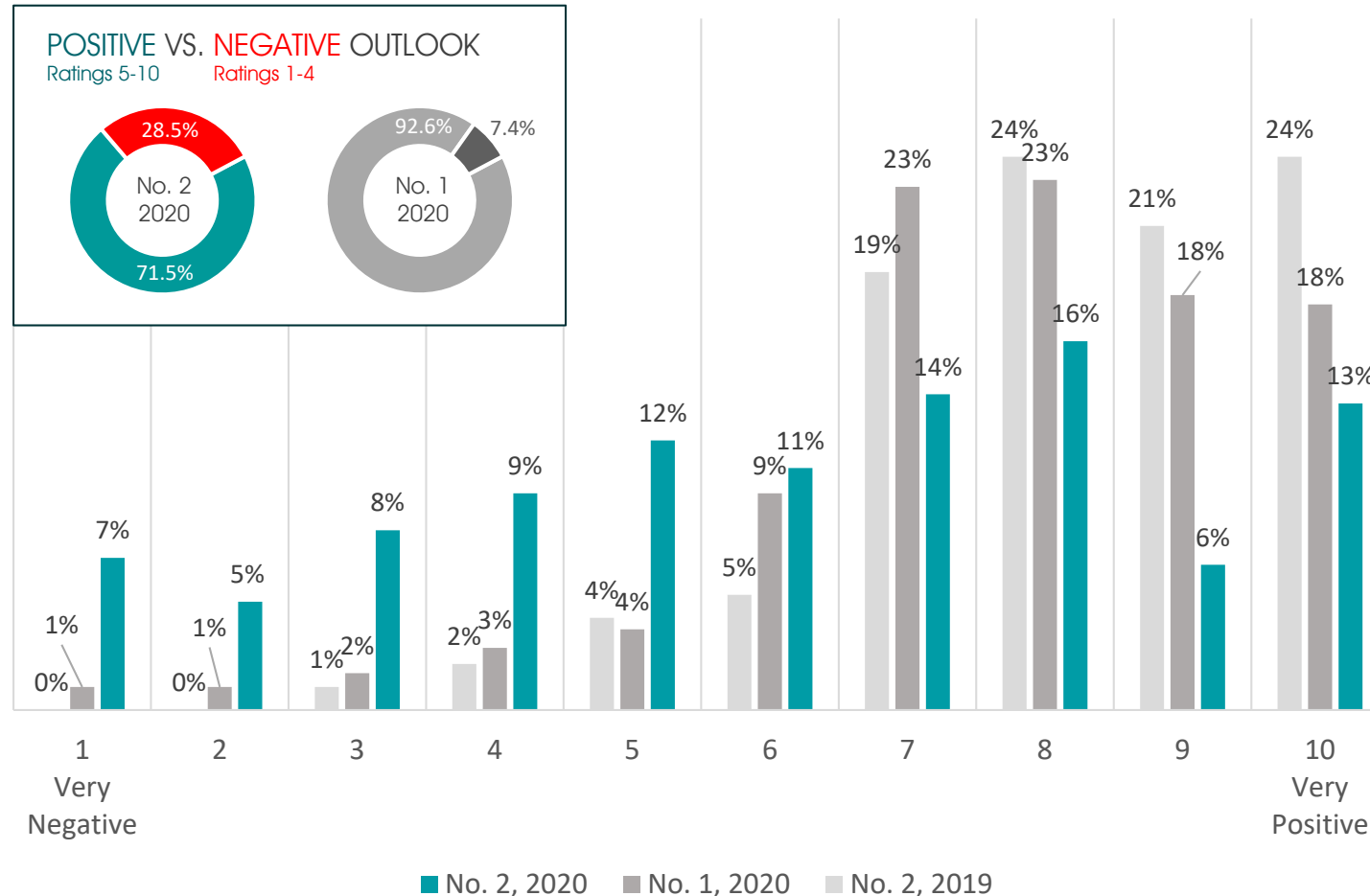
**"Our clients are being affected"**

**"Sales have plummeted"**



## QUESTION:

What is your view of the current business environment?



No. 2, 2019 100% = 258 | No. 1, 2020 100% = 256 | No. 2, 2020 100% = 256

## KEY FINDINGS

CEO optimism about the current business environment plummeted just as the coronavirus outbreak was reaching U.S. shores.

- 13.3% of CEOs rated their outlook for the coming year as “10.” This is a decline from 17.6% in the previous survey.
- 35.6% of CEOs rated their outlook as “8” or higher. This is a steep decline from 58.6% previously.
- 71.5% of CEOs assigned a rating of “5” or higher in the current survey, down sharply from 94.1%.
- 40.2% of CEOs assigned a rating of “5” or lower in the current survey, up sharply from 11%.

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

## INDEX: A Weighted Average of CEO Responses

8.18

No. 2  
2019

7.72

No. 1  
2020

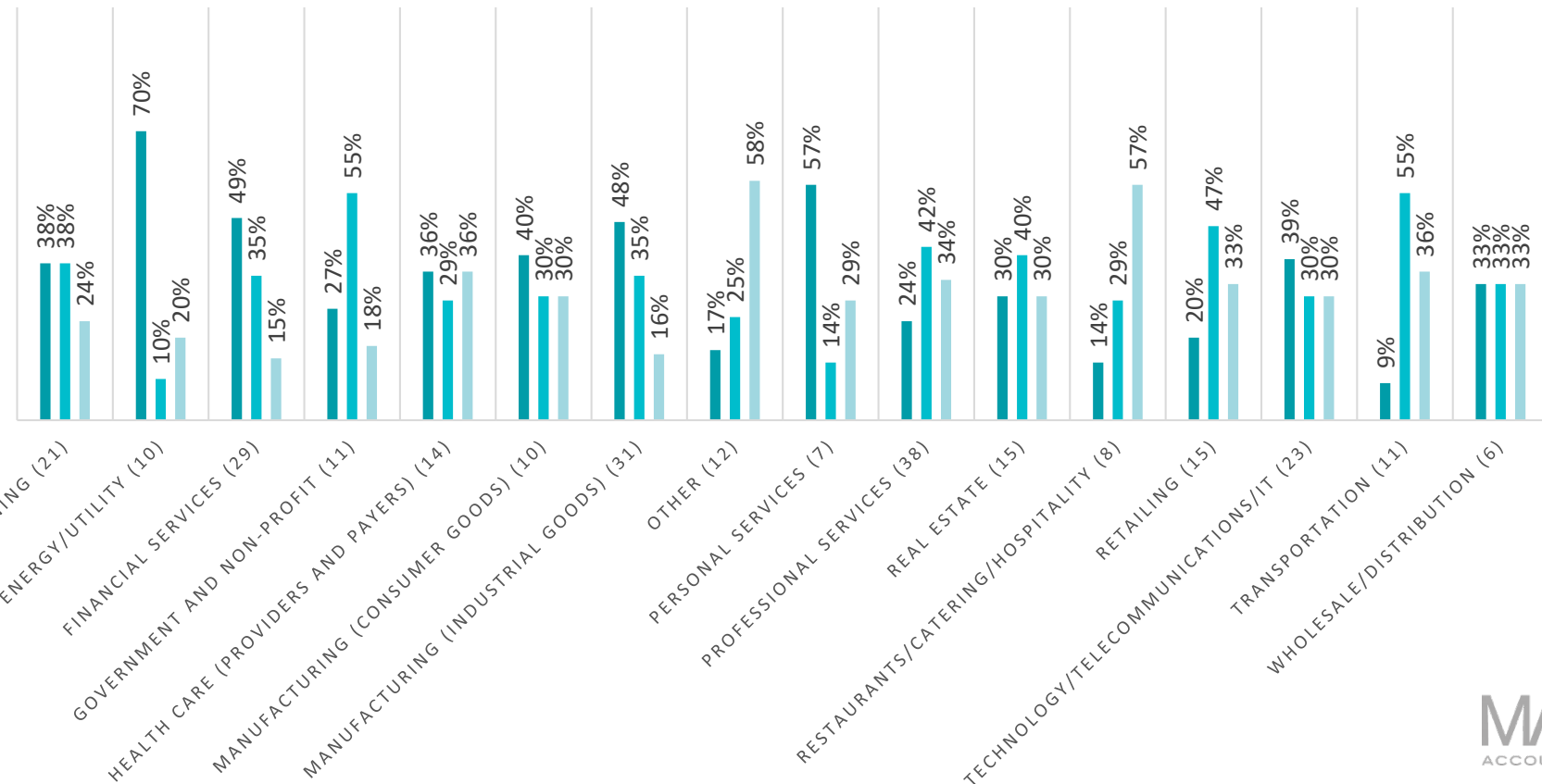
6.12

No. 2  
2020

## RATING OF BUSINESS OUTLOOK by Industry

CEOs across business sectors varied considerably regarding their outlook on the business environment.

■ 8 - 10 ■ 5 - 7 ■ 1 - 4

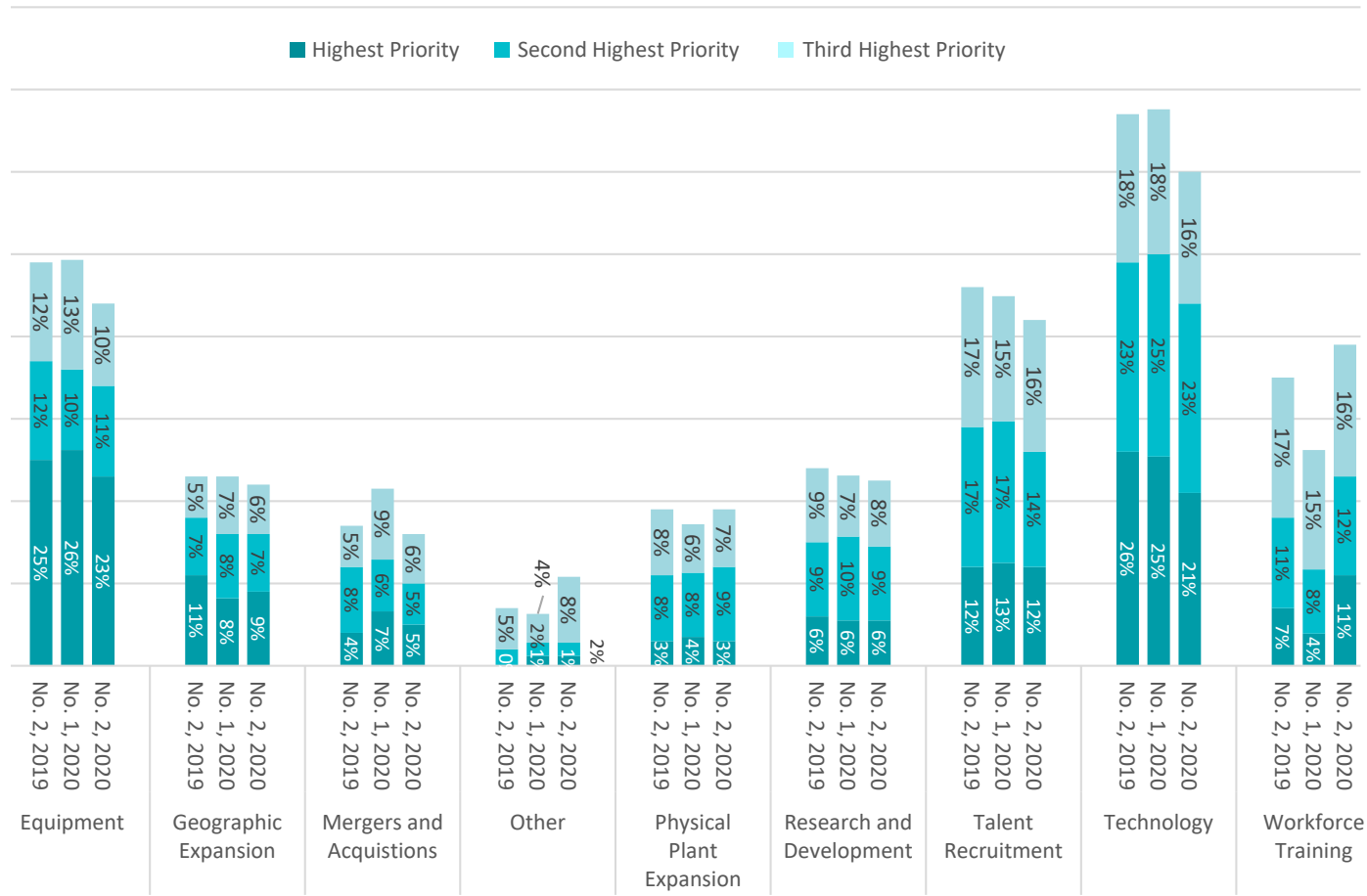


cont'd  
What is your  
view of the  
current  
business  
environment?

# QUESTION: In which ways do you plan to invest in your company?

## KEY FINDINGS

- When asked about their priorities for capital investment over the next 12 months, technology was the most frequent response, with 60% of CEOs indicating that this was one of their three top priorities. This represents a decrease from 68% in the previous survey.
- Equipment (23% of CEOs) and technology (21% of CEOs) were most commonly cited as the top investment priorities



No. 2, 2019 100% = 258 | No 1, 2020 100% = 256 | No 2, 2020 100% = 256

cont'd  
In which way do you plan  
to invest in your company?

### CEO Investment Priorities — by Industry

Upper figure: highest priority

Lower figure: one of three highest priorities

	Equipment	Geographic Expansion	Mergers & Acquisitions	Physical Plant Expansion	Research & Development	Talent Recruitment	Technology	Workforce Training
Construction/Engineering/Mining	28.6% 57.1%	0.0% 23.8%	4.8% 14.3%	0.0% 14.3%	0.0% 9.5%	19.0% 42.9%	14.3% 38.1%	23.8% 61.9%
Energy/Utility	10.0% 50.0%	10.0% 30.0%	0.0% 10.0%	10.0% 40.0%	10.0% 20.0%	30.0% 60.0%	20.0% 50.0%	10.0% 10.0%
Financial Services	17.2% 37.9%	24.1% 34.5%	6.9% 20.7%	0.0% 17.2%	10.3% 37.9%	10.3% 41.4%	18.2% 62.1%	10.3% 31.0%
Government/Non-profit/Education	27.3% 54.5%	0.0% 9.1%	0.0% 0.0%	0.0% 18.2%	9.1% 18.2%	36.4% 45.5%	18.2% 90.9%	0.0% 36.4%
Healthcare (Providers and Payers)	14.3% 21.4%	14.3% 21.4%	14.3% 28.6%	0.0% 7.1%	14.3% 42.9%	7.1% 42.9%	28.6% 64.3%	0.0% 50.0%
Manufacturing (Consumer)	10.0% 40.0%	20.0% 30.0%	0.0% 20.0%	20.0% 70.0%	10.0% 10.0%	0.0% 10.0%	20.0% 60.0%	10.0% 30.0%
Manufacturing (Industrial)	48.4% 64.5%	6.5% 9.7%	0.0% 9.7%	9.7% 35.5%	3.2% 32.3%	12.0% 20.0%	22.6% 61.3%	6.5% 29.0%
Personal Services	42.9% 42.9%	0.0% 28.6%	0.0% 28.6%	0.0% 14.3%	0.0% 0.0%	0.0% 42.9%	28.6% 42.9%	14.3% 57.1%
Professional Services	15.8% 26.3%	2.6% 21.1%	5.3% 21.1%	2.6% 7.9%	6.9% 34.5%	13.2% 50.0%	23.7% 68.4%	15.8% 28.9%
Real Estate	10.0% 40.0%	10.0% 20.0%	10.0% 20.0%	0.0% 10.0%	0.0% 10.0%	20.0% 20.0%	10.0% 50.0%	20.0% 50.0%
Restaurants/Catering	0.0% 25.0%	12.5% 37.5%	0.0% 0.0%	0.0% 10.0%	12.5% 12.5%	37.5% 50.0%	12.5% 50.0%	0.0% 62.5%
Retailing	11.1% 44.4%	5.5% 25.0%	11.1% 16.7%	0.0% 11.1%	5.6% 16.7%	11.1% 33.3%	16.7% 38.9%	11.1% 38.9%
Technology/Telecommunication/IT	18.1% 45.5%	9.1% 22.7%	9.1% 22.7%	0.0% 13.6%	0.0% 27.3%	9.1% 40.9%	36.4% 72.7%	9.1% 59.1%
Transportation	45.5% 54.5%	18.2% 18.2%	0.0% 27.3%	0.0% 9.1%	0.0% 9.1%	16.7% 45.5%	9.1% 72.7%	9.1% 63.6%
Wholesale/Distribution	50.0% 50.0%	0.0% 16.7%	0.0% 0.0%	0.0% 33.0%	0.0% 16.7%	0.0% 66.7%	16.7% 50.0%	33.3% 33.3%

### CEO Investment Priorities — By Investment

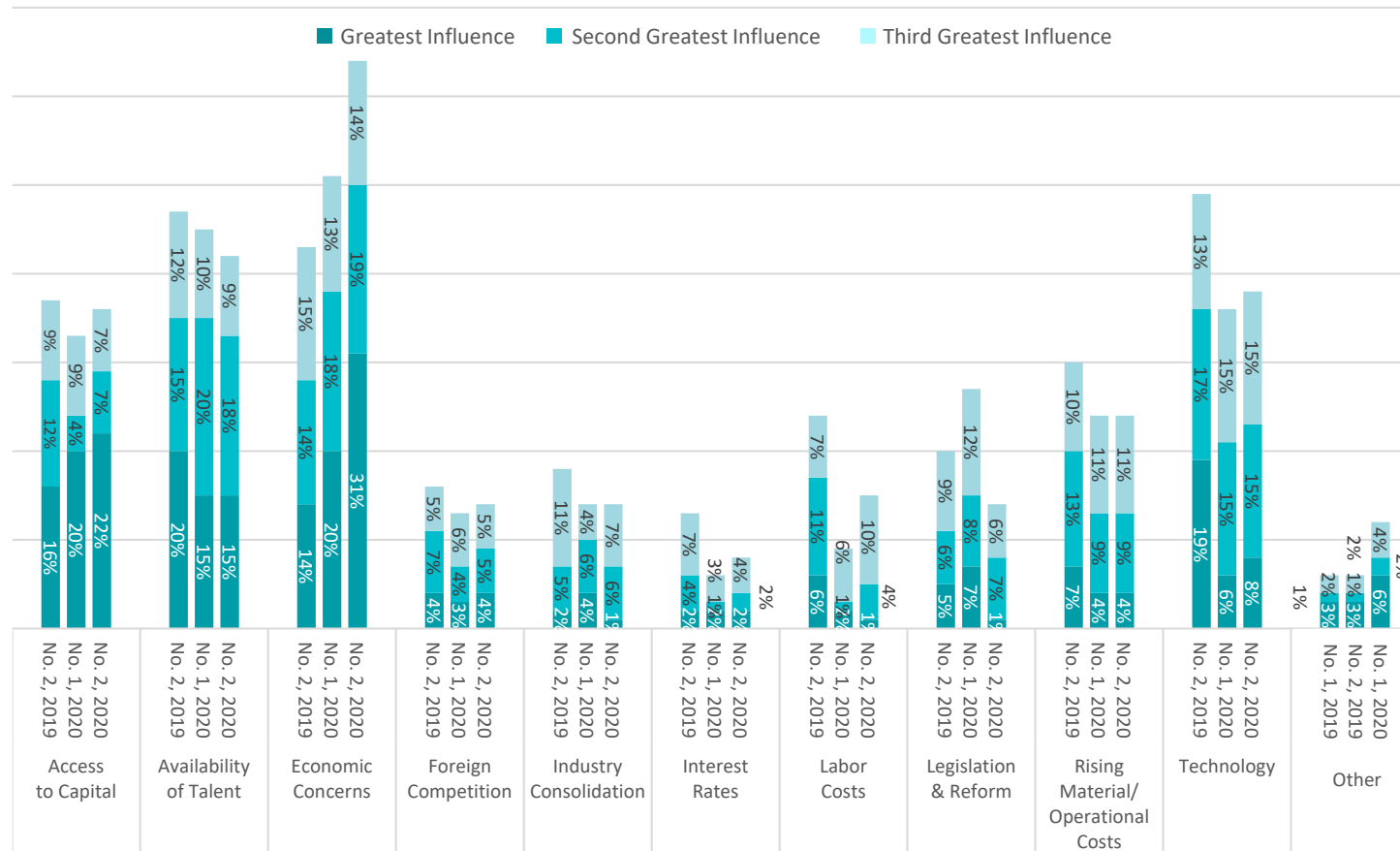
	Highest Priority	Second Highest Priority	Third Highest Priority	Total
Technology	53 (21%)	59 (23%)	41 (16%)	153 (60.0%)
Equipment	58 (23%)	27 (11%)	26 (10%)	111 (43.4%)
Talent Recruitment	31 (12%)	37 (14%)	40 (16%)	115 (42.2%)
Workforce Training	29 (11%)	30 (12%)	41 (16%)	100 (39.1%)
Geographic expansion	24 (9%)	17 (7%)	15 (6%)	56 (21.9%)
Research and Development	15 (6%)	22 (9%)	21 (8%)	58 (22.7%)
Physical Plant Expansion	7 (3%)	24 (9%)	18 (7%)	49 (19.1%)
Mergers and Acquisitions	14 (5%)	13 (5%)	16 (6%)	43 (16.8%)
Other*	2 (1%)	4 (1%)	15 (6%)	21 (8.2%)

## QUESTION:

What are the most important influences for your business planning in the next 12 months?

## KEY FINDINGS

- Issues related to the economy, the availability of talent, and technology were the most commonly expressed influences on business planning (top 3) for the coming 12 months.
- “Economic concerns” was most often cited as having the greatest influence (by 31.3% of the respondents), followed by “access to capital,” which was cited by 21.5% of respondents.



No. 2, 2019 100% = 258 | No. 1, 2020 100% = 256 | No. 2, 2020 100% = 256

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	Labor Costs	Regulatory Environment	Rising Mat./Oper Costs	Technology
Construction/Engineering/Mining	28.6%	23.8%	28.6%	0.0%	0.0%	0.0%	0.0%	4.8%	4.8%	4.7%
Energy/Utility	30.0%	10.0%	30.0%	0.0%	0.0%	0.0%	10.0%	0.0%	10.0%	10.0%
Financial Services	24.1%	13.8%	34.5%	6.9%	0.0%	0.0%	0.0%	13.8%	0.0%	6.9%
Government/Non-profit/Education	9.1%	27.3%	27.3%	0.0%	9.1%	0.0%	0.0%	0.0%	0.0%	27.3%
Healthcare (Providers and Payers)	28.6%	14.2%	21.4%	0.0%	0.0%	0.0%	0.0%	14.3%	7.1%	7.1%
Manufacturing (Consumer)	10.0%	0.0%	20.0%	20.0%	0.0%	0.0%	0.0%	0.0%	20.0%	20.0%
Manufacturing (Industrial)	16.1%	22.6%	22.6%	6.5%	0.0%	3.2%	0.0%	3.2%	3.2%	9.7%
Personal Services	28.6%	0.0%	28.6%	0.0%	0.0%	0.0%	0.0%	14.3%	0.0%	14.3%
Professional Services	26.3%	7.9%	42.1%	0.0%	0.0%	0.0%	2.6%	2.6%	14.3%	7.9%
Real Estate	10.0%	10.0%	30.0%	10.0%	0.0%	0.0%	0.0%	0.0%	10.0%	0.0%
Restaurants/Catering	12.5%	25.0%	50.0%	0.0%	10.0%	0.0%	0.0%	0.0%	12.5%	0.0%
Retailing	18.2%	5.6%	33.3%	0.0%	0.0%	11.1%	0.0%	0.0%	0.0%	0.0%
Technology/Telecommunication/IT	18.2%	13.6%	27.3%	4.5%	4.5%	0.0%	4.5%	4.5%	4.5%	18.2%
Transportation	4.5%	36.4%	36.4%	9.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Wholesale/Distribution	33.3%	16.7%	16.7%	16.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

## Influences on Business Planning — By Influence

	Greatest Influence	Second Greatest Influence	Third Greatest Influence	Total
Economic Concerns	80 (31.3%)	48 (18.8%)	37 (14.4%)	165 (64.5%)
Availability of Talent	39 (15.2%)	45 (17.6%)	24 (9.4%)	108 (42.8%)
Technology	21 (8.2%)	39 (15.2%)	38 (14.8%)	98 (38.3%)
Access to Capital	55 (21.5%)	19 (7.4%)	19 (7.4%)	93 (36.3%)
Rising Material/Operational Costs	11 (4.3%)	22 (8.6%)	29 (11.3%)	62 (24.2%)
Labor Costs	3 (1.3%)	9 (3.5%)	28 (10.2%)	38 (14.8%)
Industry Consolidation	3 (1.2%)	16 (6.3%)	17 (6.6%)	36 (14.1%)
Legislation and Reform	3 (1.2%)	18 (7.0%)	14 (5.5%)	35 (13.7%)
Foreign Competition	10 (3.9%)	12 (4.7%)	13 (5.1%)	35 (13.7%)
Interest Rates	5 (2.0%)	6 (2.3%)	10 (3.9%)	21 (8.2%)
Other*	15 (5.6%)	6 (2.3%)	11 (4.3%)	33 (12.8%)

\* Coronavirus (22); Personal issues: Unfair competition; Generating clients (1 each)

# DEMOGRAPHICS

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

Construction/Engineering/Mining	21	8.2%
Energy/Utility	10	3.9%
Financial Services	29	11.3%
Government and Non-profit	11	4.3%
Health Care (Providers and Payers)	14	5.5%
Manufacturing (Consumer Goods)	10	3.9%
Manufacturing (Industrial Goods)	31	12.1%
Personal/Consumer Services	7	2.7%
Professional Services	38	14.8%
Real Estate	10	3.9%
Restaurants/Catering/Hospitality	8	3.1%
Retailing	18	7.0%
Technology Services	22	8.6%
Transportation	11	4.3%
Wholesale/Distribution	6	2.3%
Other *	10	3.9%
<b>Total</b>	<b>256</b>	<b>100.0%</b>

\*Other: Agriculture (2); Aircraft repair (1); Arts/Entertainment (2); Sports/Recreation (2); Vending machine services (1); Unspecified (2)

## What best describes your title?

Owner	67	26.2%
CEO	52	20.3%
Divisional President	47	18.4%
Managing Partner	40	15.6%
President	42	16.4%
Founder	4	1.6%
Chairman	4	1.6%
<b>Total</b>	<b>256</b>	<b>100.0%</b>

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

Less than 50	61	23.8%
50 to 99	26	10.2%
100 to 499	43	16.8%
500 to 999	42	16.4%
1,000 to 2,499	34	13.3%
2,500 to 4,999	25	9.8%
5,000 or more	23	9.0%
Not sure/Decline to say	2	0.8%
<b>Total</b>	<b>256</b>	<b>100.0%</b>

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

Less than \$5 million	59	23.0%
\$5 million to \$9.9 million	28	10.9%
\$10 million to \$24.9 million	22	8.6%
\$25 million to \$49.9 million	25	9.8%
\$50 million to \$99.9 million	23	9.0%
\$100 million to \$249.9 million	22	8.6%
\$250 million to \$499.9 million	17	6.6%
\$500 million to \$999.9 million	26	10.2%
\$1 Billion or more	29	11.3%
Not sure/Decline to say	5	2.0%
<b>Total</b>	<b>256</b>	<b>100.0%</b>





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