VISTAGE



The CEO Economic Outlook

SME leaders stay focused on growth, but costs, tax and demand pressures test confidence

- **INSIDE: COSTS, TAX & REGULATION SQUEEZE MARGINS**
- **PLUS: JOE NELLIS, VISTAGE ECONOMIC ADVISOR, ON WHAT COMES NEXT**

Vistage is the world's largest executive coaching organisation for small and medium-sized businesses.

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THE ECONOMIST

Joe Nellis, CBE

Vistage Economic Advisor

NEW TO THE TEAM

Welcoming Our Economic Advisor

> ***Four decades reading the UK economy — now bringing that judgement into the room with Vistage members.***

One of the UK's most experienced economists, Joe Nellis has spent **over four decades** studying UK, European and global macro trends. He is **Emeritus Professor of Global Economy at Cranfield School of Management**, co-creator of the **Halifax (now Lloyd's) House Price Index**, and a frequent national broadcast commentator on growth, inflation, government policy and interest rates. Author of **19 books and 200+ journal articles**, he has advised MHA since 2024, and now brings that authority to Vistage UK & Ireland.

FOR YOUR GROUPS Authoritative economic insight, anchoring PRISM and interpreting the CEO Confidence Index for the UK & Ireland market.

ABOUT VISTAGE Vistage is the world's largest executive coaching organisation for small and medium-sized businesses. For more than 65 years, we've been helping CEOs, business owners and senior executives solve their greatest challenges. Today, more than 45,000 Members in 40 countries rely on Vistage. Learn more at vistage.co.uk.

Key Findings

Five signals from the Q2 2026 CEO Confidence Index

01

Confidence in the wider economy remains under pressure

60% of CEOs say economic conditions have worsened over the past year, while just 7% report an improvement.

02

Leaders back their own businesses more than the economy

61% expect sales revenue growth and 43% expect profits to improve over the next 12 months.

03

Inflation and cost pressures stay front of mind

84% report substantial or moderate increases in input costs; two-thirds say customers have become more price-sensitive.

04

Tax and regulation are shaping operational decisions

51% are slowing, pausing or reducing hiring, and 26% are holding back or cancelling planned investment.

05

Leadership capability is a clear priority

93% of firms are investing in the development of managers and leaders.

At a Glance

SME leaders are not waiting for perfect conditions. They are investing selectively, protecting margins and building the leadership capacity needed to compete through uncertainty.

61%	Sales revenue expected to increase
43%	Profitability expected to improve
41%	Fixed investment expected to increase
43%	Workforce expected to increase
93%	Investing in leadership development

The bigger picture: SME performance against a backdrop of volatile markets and a cautious wider economy.

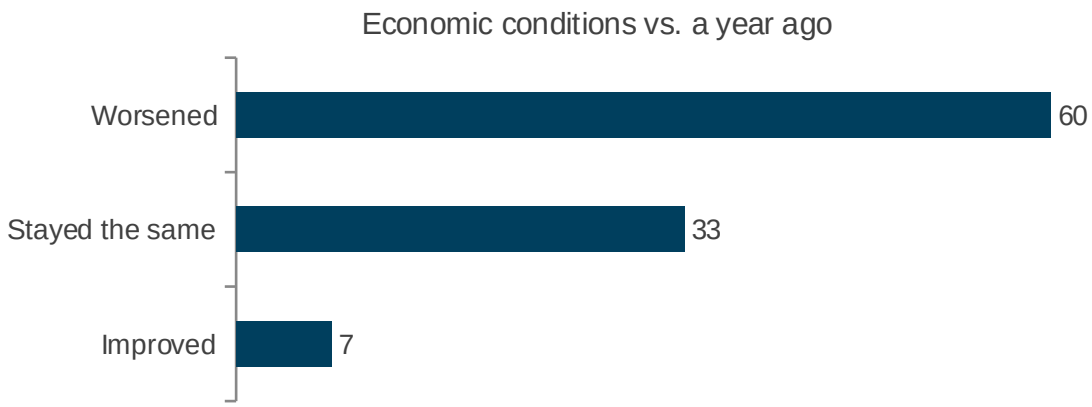
Source: Vistage Q2 2026 CEO Confidence Index.



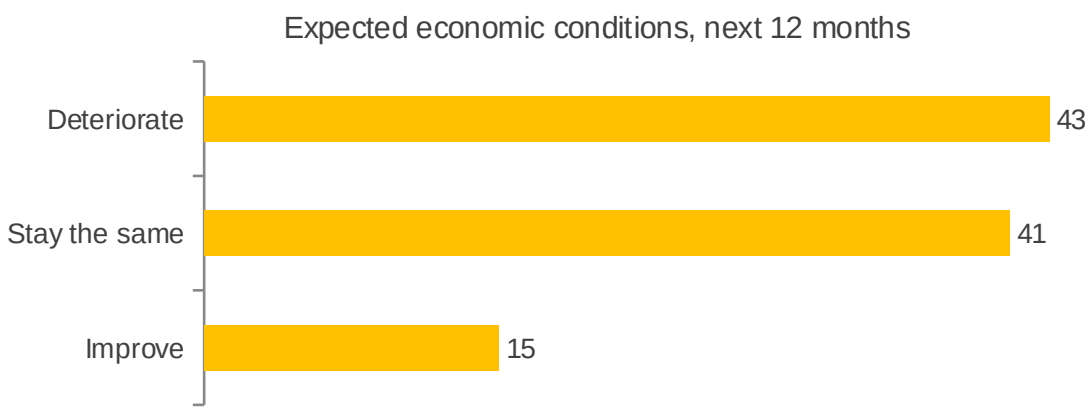
MARKETS AT A GLANCE

Economic Outlook Remains Fragile

Vistage's Q2 2026 CEO Confidence Index shows SME leaders continuing to operate in a difficult external environment. **Only 7%** report conditions have improved compared with a year ago, while **60%** report they have worsened.



Looking ahead: 15% expect the economy to improve, 41% expect conditions to stay broadly the same, and 43% expect them to deteriorate further.



> ***A leadership community that is realistic about the economy, but not resigned to it.***
>
> **— JOE NELLIS, VISTAGE ECONOMIC ADVISOR**

Leaders Are Still Backing Their Own Businesses



The most striking signal in the Q2 results is the gap between macroeconomic caution and business-level ambition. Despite weaker sentiment about the wider economy, CEOs continue to plan for growth.

FIVE-YEAR GROWTH TRAJECTORY

61% of CEOs expect sales to increase over the next year

43% expect profits to improve (33% expect stability, 24% a decline)

41% expect fixed investment to rise over the next 12 months

43% plan to increase headcount over the next 12 months

Source: Vistage Q2 2026 CEO Confidence Index.

Costs, Tax and Regulation Are Shaping Decisions

Cost pressure remains a defining feature of Q2 responses. A squeeze from both sides leaves firms paying more to operate while customers resist price rises.



THE BANK OF ENGLAND, LONDON

84% report substantial or moderate increases in input costs

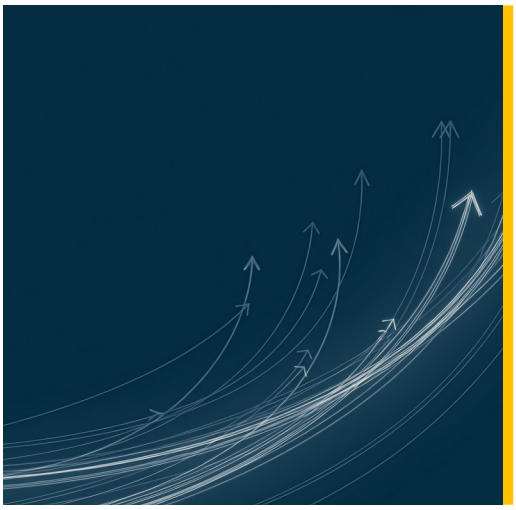
66% say customers have become significantly or moderately more price-sensitive

51% have slowed, paused or reduced hiring because of tax and regulatory pressure

26% have held back or cancelled planned investment

> ***The result is not a wholesale retreat from growth, but a more selective approach to committing capital and expanding teams.***

Strategy, Leadership and the Pressure on Decisions



MOMENTUM, AGAINST THE ODDS

Strengthened strategic foundations

- 73% agree their company has a well-articulated mission, vision and purpose
- 60% measure progress against defined metrics and KPIs
- 67% report their strategic plan includes clearly defined goals and objectives

~51%	say AI is somewhat, fully or strongly integrated into strategic planning (31% disagree)
31%	of leaders feel burned out or emotionally exhausted frequently or nearly every day
33%	report feeling burned out occasionally over the past six months
93%	of firms are investing in the development of managers and leaders

In this context, the strong emphasis on leadership development looks less like a discretionary investment and more like an essential resilience measure.

Relocation Risk Remains Limited, Frustration Evident

82%

say it is very unlikely they will relocate themselves or their headquarters outside the UK in the next two years

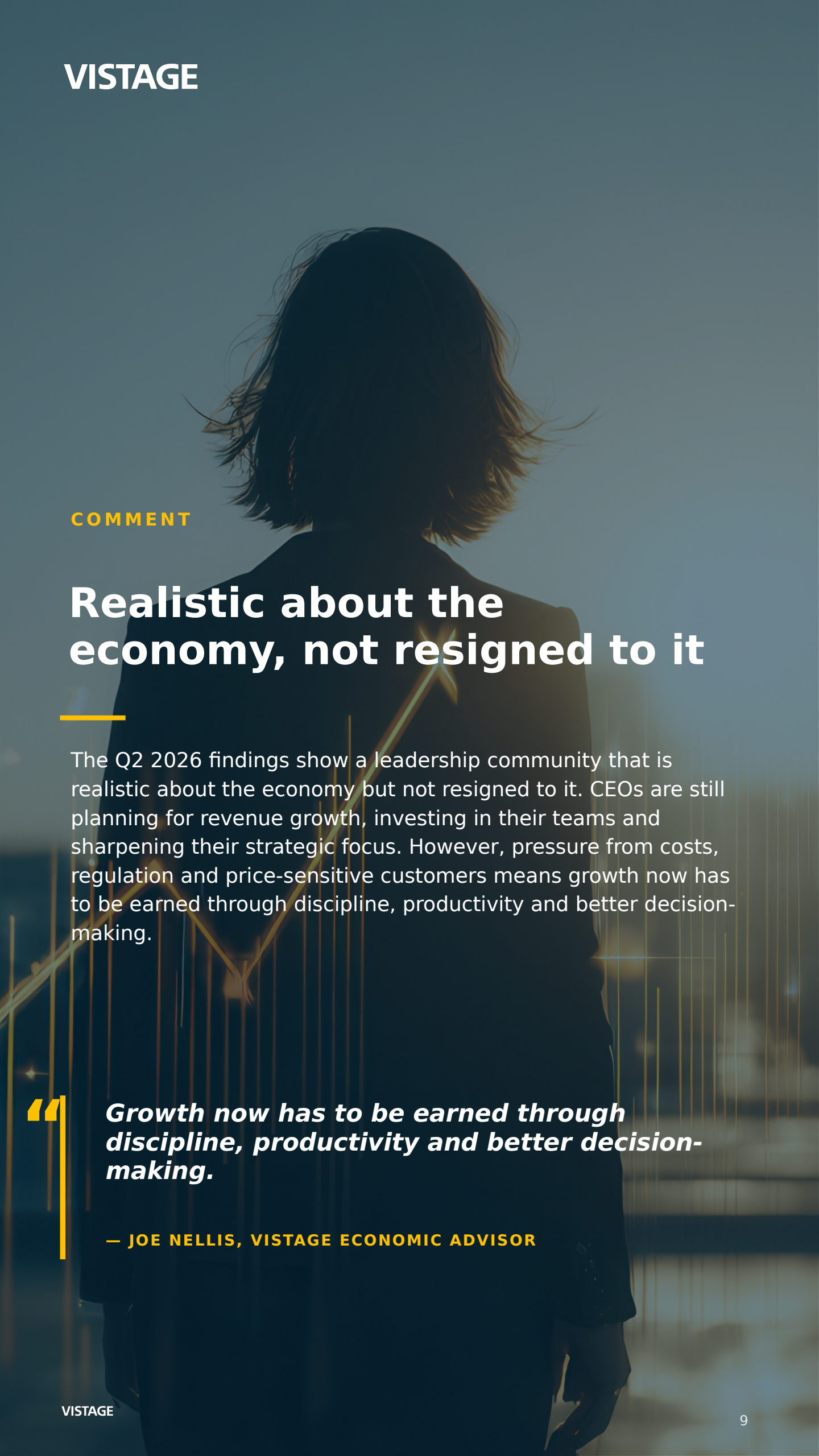
7%

say they are very or fairly likely to relocate over the same period

The data do not indicate a broad exodus. However, the operational effects of tax and regulation are already evident in hiring, investment and ownership decisions — leaders are adapting in place rather than leaving.



BUSINESS WITHOUT BORDERS



COMMENT

Realistic about the economy, not resigned to it

The Q2 2026 findings show a leadership community that is realistic about the economy but not resigned to it. CEOs are still planning for revenue growth, investing in their teams and sharpening their strategic focus. However, pressure from costs, regulation and price-sensitive customers means growth now has to be earned through discipline, productivity and better decision-making.

> ***Growth now has to be earned through discipline, productivity and better decision-making.***
>
> **— JOE NELLIS, VISTAGE ECONOMIC ADVISOR**

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