

# Four in Five Small to Mid-Sized Businesses Expect Revenue to Grow or Hold Steady into Q2

February 21, 2023

*Despite positive outlook, the CBIZ Main Street Index found recession is the top concern for 61% of businesses*

CLEVELAND--(BUSINESS WIRE)--Feb. 21, 2023-- [CBIZ, Inc.](#) (NYSE: CBZ), a leading provider of financial, insurance and advisory services, has released the results of its Q1 2023 Main Street Index, taking the pulse of and gauging the outlook for small and mid-sized businesses (SMBs). The results showed companies are preparing for the possibility of recession but remain optimistic about their near-term future. This includes 81% of small to mid-sized businesses that project revenue will remain the same or increase by as much as 10% over the next few months.

The CBIZ Business Confidence Study, a weighted average of responses to the index's business confidence-focused questions, rose slightly to just under 68 points. Ongoing action by the Federal Reserve to raise interest rates and lower inflation was also apparent in the index, as 78% of companies incurred a significant or modest increase in the cost of goods and resources this quarter, down from 85% in Q4 of 2022. Despite the positive signs for SMBs, 72% surveyed expect a downturn in the economy in the near future, while 61% cite a recession as their top concern. Other top concerns include hiring and maintaining an adequate number of skilled workers (56%) and rising interest rates (36%).

"Our data reveals the resilience and adaptability that small businesses have shown in this uncertain economic environment," said Anna Rathbun, chief investment officer of CBIZ Investment Advisory Services. "Despite potential recessionary indicators and rising interest rates, most companies are managing to withstand these headwinds and are prepared for whatever lies ahead. It's a testament to the hard work and creativity these business owners are investing to find solutions for success."

Based on a survey conducted between Jan. 10 and Feb. 1, the index analyzed responses from more than 700 businesses with fewer than 100 employees in 27 industries across the U.S.\* The index assesses a range of timely trends, including business sentiment, staffing needs, areas of growth and decline, and adapting to a changing workplace.

The data was evaluated from an overall perspective, as well as based on company size, region and industry. An interactive infographic with the results is available on the [CBIZ website](#). Key findings include:

- **Despite economic uncertainty, four in five businesses expect revenue to remain steady or grow** — Eighty-one percent of businesses say they expect revenue to at least hold steady quarter over quarter. This includes 19% that project anywhere from a 6% to 10% rise in revenue over the next few months.
- **72% of businesses expect a downturn in the economy; recession is top concern** — While the economy remains robust by a number of measures, like jobs added to the workforce and the unemployment rate, a number of other factors point to a possible slowdown. Nearly three out of four small to mid-sized businesses expect an economic downturn in the near future, while 61% list their top concern as a recession.
- **Half of SMBs remain impacted by employee turnover, resignation** — Half of small to mid-sized companies report they're at least slightly impacted by the rate of resignations and steady employee turnover within their business. While still significant, this figure dropped from 62% in Q4 of last year. Additionally, the second-ranked concern among SMBs is hiring or maintaining an adequate number of skilled workers, with more than 55% indicating the issue persists.
- **While costs for goods, resources and labor are still rising, fewer businesses report them as an issue compared with last quarter** — Fewer SMBs are reporting rising costs incurred in their day-to-day work, possibly due to the slowing rates of year-over-year and month-over-month inflation. Seventy-eight percent share that they incurred a significant or modest cost increase for goods and resources this quarter, compared to 85% in the last quarter of 2022. Almost 76% say labor costs are at least modestly rising, compared to just under 82% in Q4 of last year.
- **Energy prices continue to cause financial pain for SMBs** — While certain energy costs like heating oil may be less of a financial burden for some businesses compared to the previous quarter, six out of 10 say heating, cooling, electricity and gasoline costs have caused them an increase in overhead this quarter.

\*Note: Not all those surveyed in the CBIZ Main Street Index are clients of CBIZ.

## About CBIZ

CBIZ, Inc. provides professional business services that help clients better manage their finances and employees. CBIZ provides its clients with financial services, including accounting, tax, financial advisory, government health care consulting, risk advisory, real estate consulting and valuation services. Employee services include employee benefits consulting, property and casualty insurance, retirement plan consulting, payroll, life insurance, HR consulting and executive recruitment. As one of the largest accounting, insurance brokerage and valuation companies in the United States, the Company's services are provided through more than 120 Company offices in 33 states. For more information, visit [www.cbiz.com](http://www.cbiz.com).

View source version on [businesswire.com](https://www.businesswire.com/news/home/20230221005247/en/): <https://www.businesswire.com/news/home/20230221005247/en/>

**Media**

Rocco Aloe

Gregory FCA for CBIZ, Inc.

[Cbiz@gregoryfca.com](mailto:Cbiz@gregoryfca.com)

610-860-2075

Source: CBIZ, Inc.