

Economic Confidence Among Small to Mid-Sized Businesses Remains High, but Cracks Begin to Show

July 24, 2024

The CBIZ Main Street Index — Summer 2024 reveals the need for skilled workers, a lack of pricing power and marginal pressures as key challenges for SMBs

CLEVELAND--(BUSINESS WIRE)--Jul. 24, 2024-- [CBIZ, Inc.](#) (NYSE: CBZ), a leading provider of financial, insurance and advisory services, has released the CBIZ Main Street Index — Summer 2024, taking the pulse of and gauging the outlook for small and mid-sized businesses (SMBs). While the Index found a notable sense of confidence for SMBs, labor challenges remain the top concern. About two-thirds (62.4%) say having an adequate number of skilled workers is their biggest concern, up 16% from January 2024. To address workforce issues, nearly half of respondents (44.9%) are enhancing compensation and/or health and benefits packages.

The Index's Business Confidence Study saw its weighted average rise to 69.7, up nine points from last summer. But while confidence levels among SMBs remain high, the Index found that these businesses are still making adjustments in preparation for a downturn in the economy, with over half (52.8%) of respondents having increased or planning to increase their sales efforts. As businesses enhance their focus on driving volume, the Index also found that price increases of 10% or more are down compared to January 2024. Only 3.2% have increased or plan to increase prices by 10% in summer 2024, compared to 9.7% in January 2024.

"The stabilization of interest rates and a strong stock market are contributing to the elevated business confidence," said Anna Rathbun, Chief Investment Officer of CBIZ Investment Advisory Services. "Steady rates allow business owners to plan more effectively without the disruption of continual rate hikes, and a robust stock market tends to bolster the confidence of business owners who have investments or brokerage accounts. Despite this optimism, there are signs of underlying stress. Businesses are increasingly finding that they lack the pricing power they once had, leading them to push for higher sales volumes to compensate. Additionally, the ongoing challenge of attracting and retaining skilled workers is forcing many to enhance compensation and benefits, further squeezing margins. These factors suggest that while confidence remains strong at the surface, there are significant pressures building beneath."

Based on a survey conducted from May 13 - June 19, the Index analyzed responses from 549 businesses with fewer than 100 employees in 31 industries across the U.S.* The Index assesses a range of timely trends, including business sentiment, areas of growth and decline, and cash flow.

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](#). Additional key findings include:

- **Healthcare costs and economic factors remain top-of-mind concerns:** The Summer 2024 CBIZ Main Street Index reveals that 40.3% of small to mid-sized businesses are worried about affording healthcare coverage costs, marking it as the second highest. Additionally, 35.5% of businesses are concerned about interest rates, while 34.5% are worried about cybersecurity threats. With the upcoming election, 29.1% of SMBs are also uneasy about potential tax policy changes.
- **SMBs focusing on workforce optimization amid economic uncertainty:** Nearly half of businesses (49.5%) have implemented or plan to implement workforce optimization strategies, including evaluating and adjusting current staffing levels and exploring outsourcing options. Additionally, 48.8% of businesses are reviewing and optimizing fixed costs, such as insurance coverages, to better prepare for potential economic downturns.
- **Turning to technology to tackle workforce challenges:** More than 39% of businesses are focusing on improving efficiency with technology to address workforce issues. This includes the use of AI, which 42.4% of businesses are leveraging, to save time drafting emails and other documents. Additionally, 34.1% are utilizing AI for data analysis and insights. However, 81% of SMBs do not have an AI risk management program in place to understand and manage AI-related risks.

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

About CBIZ

CBIZ is a leading provider of financial, insurance and advisory services to businesses throughout the United States. Financial services include accounting, tax, government health care consulting, transaction advisory, risk advisory, and valuation services. Insurance services include employee benefits consulting, retirement plan consulting, property and casualty insurance, payroll, and human capital consulting. With more than 120 offices in 33 states, CBIZ is one of the largest accounting and insurance brokerage providers in the U.S. For more information, visit www.cbiz.com.

View source version on [businesswire.com](https://www.businesswire.com/news/home/20240724499638/en/): <https://www.businesswire.com/news/home/20240724499638/en/>

Media

Alex Ortiz
Gregory FCA for CBIZ, Inc.
Cbiz@gregoryfca.com
610-228-2119

Source: CBIZ, Inc.