

THE GARTNER/FORBES INSIGHTS C-LEVEL EXECUTIVE STUDY  
PART 1: ECONOMIC OUTLOOK

# Preparing for Recovery



The economic turbulence of 2009 has companies of all sizes in a holding pattern, cutting their spending and right-sizing their organizations to make it through this financial storm. Yet while the recession has certainly taken its toll on many North American businesses, seven out of ten remain confident that their organizations will experience revenue growth in 2010 and beyond.

It's not as though these businesses have an irrationally sunny outlook. In fact, they have had to make any number of tough choices during the 2008-09 recession to ensure their very survival. But according to the Ninth Annual Gartner/Forbes Insights Executive Study, many companies are using this time to take a hard look at their organizations and proactively prepare strategies that will get them ready for the eventual economic upturn.

The Forbes Insights/Gartner study of more than 650 senior executives at North American companies asked about their attitudes towards the impact of the economic meltdown and actions they are taking during the downturn to weather the impact. The survey also identifies key differences in the

outlooks and approaches of enterprise executives compared to their small/midsize business counterparts.

**CONFIDENT ABOUT RECOVERY**

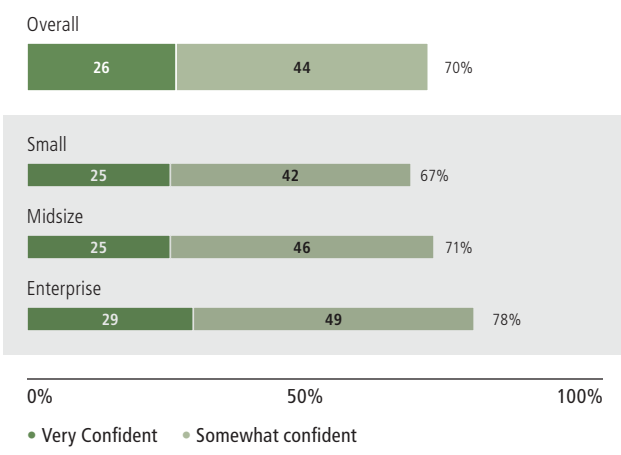
There is little question that the economic downturn has caused great pain for many businesses. But executives in Gartner/Forbes Insights study still express optimism in their prospects for growth, both long-term and short-term.

Fully seven out of ten executives said they were confident in their organizations' prospects for revenue growth in 2010, with 26% being very confident and 44% being somewhat confident. (Fig. 1) The remaining 30% said they were not very confident or not confident at all about short-term growth.

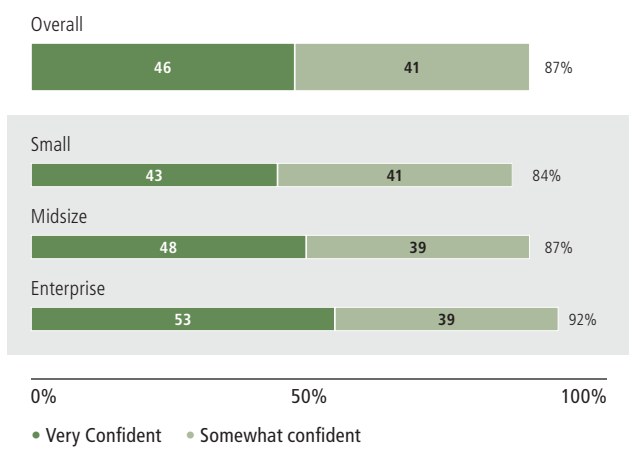
Enterprise organizations (those with 1,000-plus employees) were the most optimistic about short-term recovery, with 78% saying they were somewhat or very confident in 2010 revenue growth. Small businesses (those with under 100 employees) unsurprisingly were the least positive, with 67% expressing confidence.

Looking three years ahead, 87% of all respondents said they were very (46%) or somewhat (41%) confident in their prospects for growth through 2012. More than 92% of enterprise executives expected revenue growth to occur before the end of 2012, with more than half (53%) being very confident. (Fig. 2)

**FIGURE 1:** How confident are you in your organization's prospects for revenue growth through the end of 2010?



**FIGURE 2:** How confident are you in your organization's prospects for revenue growth through the end of 2012?

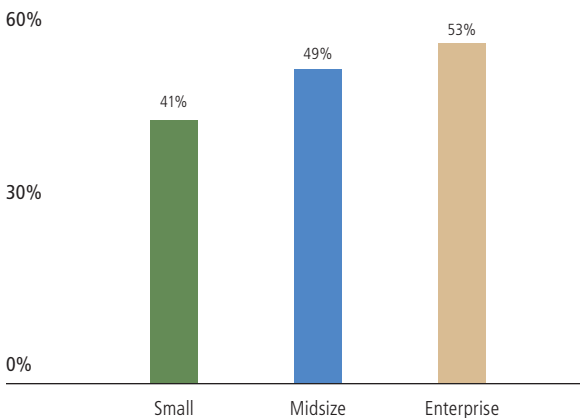


**ENTERPRISES PLAN FOR THE UPTURN**

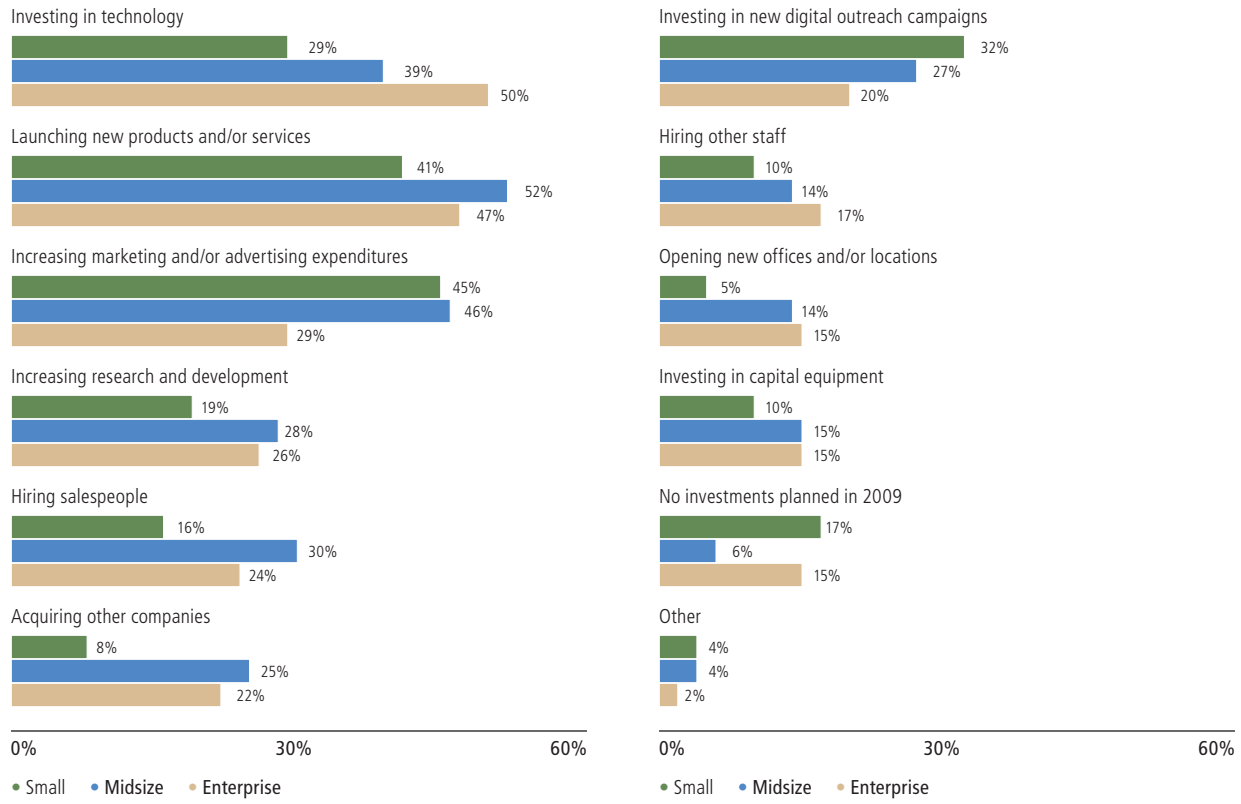
If businesses expect revenue growth, what are they doing to ensure they are ready to capitalize on the eventual economic recovery? Enterprises appear much more likely than small and midsize businesses to be taking proactive measures. Over half of enterprise executives (53%) said they are preparing strategies to be ready for the economic upturn. Just under half of midsize businesses (49%) are making these plans, and that figure drops to 41% for small businesses. (Fig. 3)

The proactive planning of enterprise organizations is further evidenced in their current investments. Enterprises are making more investments for growth in 2009—technology, new products and services, and hiring are their areas of focus. Small businesses, meanwhile, are putting more emphasis on increasing their marketing and advertising expenditures. (Fig. 4)

**FIGURE 3:** Proactively preparing strategies to be ready for the economic upturn



**FIGURE 4:** Is your organization making or planning to make any of the following investments in 2009 to grow its business?



**SMALL BUSINESSES MUST FIRST SURVIVE THE RECESSION**

As might be expected, small businesses, with fewer resources to beat back the impact of the recession, seem more focused on their immediate survival, with 41% saying they were most concerned with outlasting the current economic uncertainty. Among enterprises, 36% were most concerned with economic survival, and 31% of midsize organizations indicated that was their focus. (Fig. 5)

This short-term outlook on survival—coupled with small business executives’ desire to invest in marketing and advertising—makes greater sense when one looks at the small business sales pipeline. Twice as many small businesses believe their current sales pipelines are empty (18%) as believe they are full (9%). (Fig. 6) Comparatively, enterprise sales pipelines are much more full, with 29% of executives

saying they were full/very full and just 6% saying they were empty. This is undoubtedly why small businesses are focusing on marketing tactics aimed at generating leads to hit short-term revenue goals. In other words as customers cut back their spending, small businesses are not only the first to feel the effect but the ones to feel the greatest impact.

**MAKING THE NECESSARY CUTBACKS**

The bottom-line impact of the current recession has caused businesses of all sizes to make cutbacks. Small businesses—which often run “lean-and-mean” during the best of times—have generally been less likely than enterprises to make cutbacks. After all, there is less to cut than at large businesses. As a result, they are not as likely to turn to tactics such as layoffs or salary/bonus reductions that larger

**INTERNET IS THE TOP INFORMATION SOURCE**

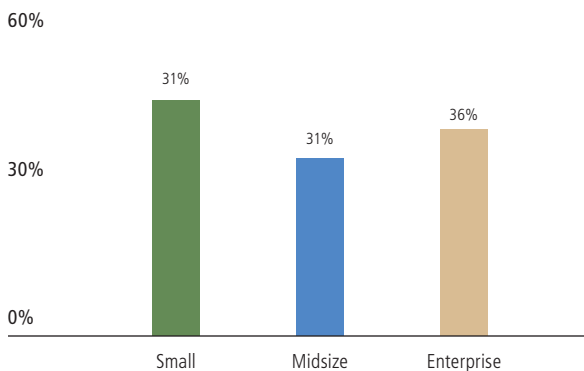
While this year’s edition of the annual Gartner/Forbes Insights Executive study gauges the executives’ reaction to the current economic unrest, media consumption and technology trends remain the survey’s prime focus.

This year, as in the recent past, the Internet was by far the most important business information source, picked by six out of ten (60%) executives, four times the number that chose the next most valuable, daily newspapers (15%). They were followed by industry trade publications (9%), magazines (6%), TV (5%), and radio (2%).

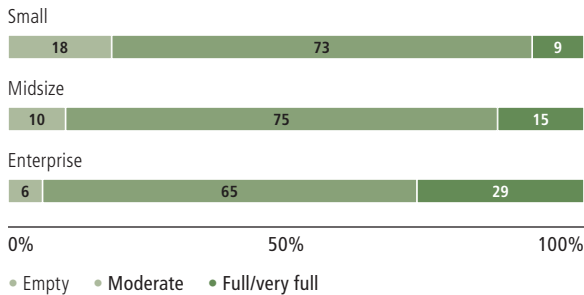
In terms of the time spent with different media, executives spend an average of 15.9 hours per week on the Internet (excluding email) for work and non-work activities. That’s over five hours more than they spend watching TV (10.3 hours), listening to the radio (6.9 hours), and reading newspapers (6.1 hours) and magazines (6 hours).

Moreover, senior executives start their day getting their news and updates from the Web, not from newspapers, as part of their daily work routines. Nearly six out of ten (58%) said they access the Internet before they go to work, compared to 47% who indicated they read a newspaper before going to work.

**FIGURE 5:** My organization is most concerned with surviving the current economic uncertainty



**FIGURE 6:** How would you characterize your organization’s current sales pipeline?



organizations are using to trim the fat of their operations.

So where have cutbacks been made? (Fig. 7) Travel expenses—which have been under fire as companies turn to less costly, technology-focused solutions such as webconferences and collaboration programs—are the most common cost-cutting target. Organizations also are spending less on staffing through layoffs and salary cuts, and also are trying to get better rates from their suppliers.

**CONCLUSIONS**

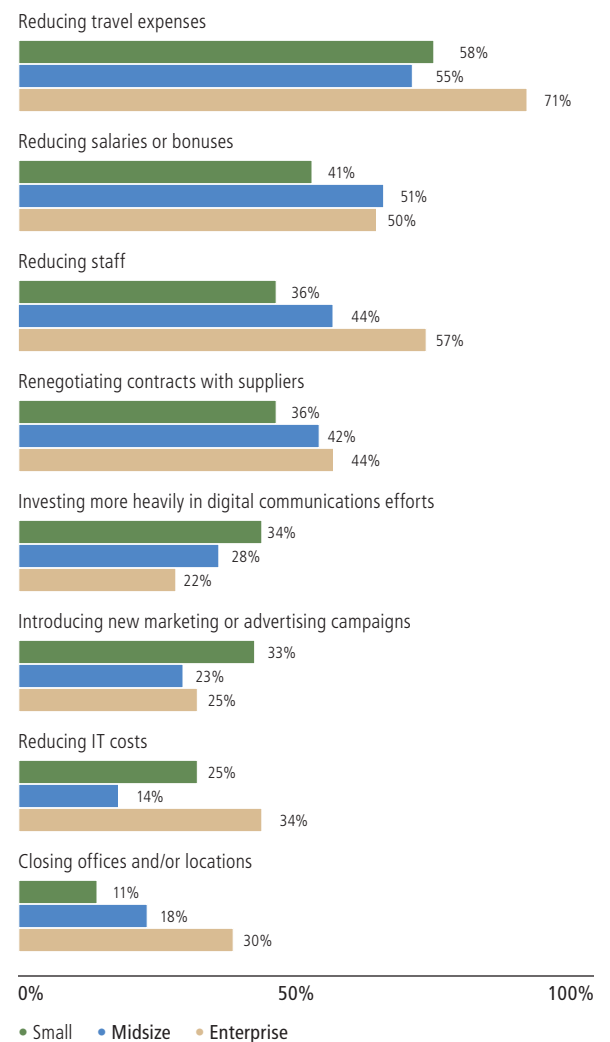
Although cutbacks are seen as an inevitable consequence of the current economic recession, many businesses are using this time to formulate strategies that will give them an advantage when revenue growth returns. The next parts of this series will look at issues related to successful leadership, the role IT is playing in evolving business strategies, and how executives consume different media.

**METHODOLOGY**

The Ninth Annual Gartner/Forbes Insights C-level Executive Study is based on the results of an online survey conducted by Forbes Insights and Gartner in May 2009. Forbes Insights received responses from 658 C-level and senior management executives at North American businesses; 477 of the respondents were C-level executives (including CEO, COO, CFO, CIO, CTO and other C-level titles).

In total, 415 respondents represented small businesses (under 100 employees), 71 respondents were from midsize businesses (100-999 employees), and 171 were executives at enterprises (more than 1,000 employees). Participants were recruited among the Forbes.com, Forbes print subscriber and Forbes Advisory Panel databases, as well as third-party partner Global Market Insite's nationally representative online panel.

**FIGURE 7: What are your organization's tactics for reducing costs in the current recession?**



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