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# 2023 Upstate CEO Report





Rochester, NY  
March 25, 2024

Dear Reader,

FTS is proud to partner with Upstate Venture Connect to bring you the results of the 2023 Upstate CEO survey. As the CEO of a staffing and recruiting firm deeply engaged in supporting the growth and development of businesses in our region, we found the findings of the survey to be both enlightening and pertinent to our collective endeavors.

FTS is a staffing and recruiting firm based in Upstate NY with a focus on supporting high-growth companies in fulfilling their talent needs. As a firm local to the Upstate NY region, we are enthusiastic about the prospect of connecting local talent with businesses and contributing to local economic growth. Our firm is well-equipped to provide consultation and support in developing growth plans and identifying strategies for talent acquisition

Among the key takeaways from the report, the foremost concern for high-growth companies is access to capital. It is evident that despite their aspirations for expansion, many of these organizations face significant challenges in securing the funding necessary to fuel their growth initiatives. Furthermore, the report underscores the notion that local high growth companies are tapping into talent pools outside of state boundaries as part of their growth initiatives. Finally, it is encouraging to observe CEOs' recognition of the importance of adding executives and experienced managers to their teams as a crucial component of growth initiatives. These individuals play a pivotal role in shaping the trajectory of a company's growth journey. The post-covid business landscape in Upstate NY has created a climate abundant with opportunities for growth, but that doesn't come without its challenges.

We commend our partners at UVC for their efforts in providing insights into the business landscape of Upstate NY. As we navigate the post-covid era and work towards fostering a regional culture of innovation and entrepreneurship, I am confident that by leveraging our collective expertise and resources, we can drive positive change and propel our region's high-growth companies towards greater success.

Thomas Carpitella  
CEO, FTS  
<https://ftsco.com/>

# Table of Contents

<b>Table of Contents</b>	<b>2</b>
<b>Executive Summary</b>	<b>3</b>
<b>Survey Results</b>	<b>4</b>
Respondent Demographics	4
Revenues and Investment History	7
Employment Analysis	9
Forecasting Growth	13
<b>UVC Recommendations</b>	<b>16</b>
Capital Access Recommendations	16
Scaling for Growth Recommendations	16

# Executive Summary

The 2023 CEO Survey was conducted by Upstate Venture Connect from November – December 2023. The survey was sent to identified Chief Executive Officers or equivalent for high growth companies across Upstate New York through direct email invitations. This report delivers a concise snapshot of Upstate New York's business climate, featuring insights from 92 CEOs across varied high-growth sectors. The questions asked explore immediate needs and goals for organizations, how remote and hybrid work has shifted in the wake of COVID-19, and more. A key concern among CEOs is capital, with 78% citing funding as a critical challenge, pointing to the tension between growth ambitions and financial realities, including talent acquisition.

The data also highlights a landscape of mainly small yet ambitious firms, with most reporting revenues below \$1MM but aiming for significant expansion. With companies foreseeing a need for approximately \$7MM in capital over five years and planning for workforce growth, the ambition to scale is evident. However, hurdles like securing early-stage funding, attracting skilled talent, and managing growth operations emerge as significant challenges, emphasizing the need for more robust support, strategic alliances, and wider investor involvement to fuel the region's economic growth and innovation potential.

Key Findings include:

- Companies are seeking an average of \$7MM in capital over the next 5 years. This is needed to field growth from current employment of 2,750 full time employees to 8,500, a 6,000 gain over 5 years.
- Companies plan to hire over 700 employees in 2024, however not all of these roles would be in NYS. Nearly 40% of all FTEs are not in NYS. Our institutions such as universities as well as talent acquisition firms can help improve this ratio by connecting new college graduates to companies hiring.
- 86% of companies report shifting to hybrid and remote work models for employees. This impact is felt across the total numbers of full time employees based in NYS present and future as well as in talent acquisition.

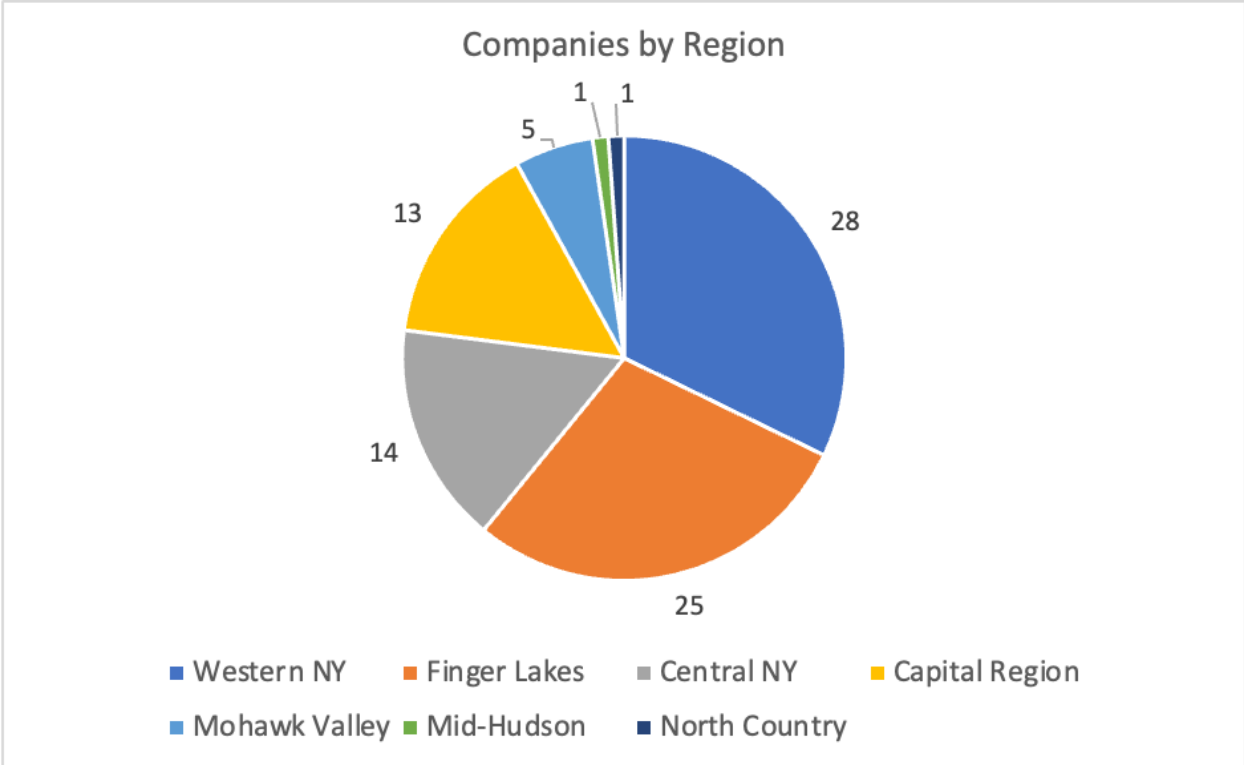


# Survey Results

The following narrative summary presents analytical findings with quantitative data accompanied by qualitative insights from the UVC Team.

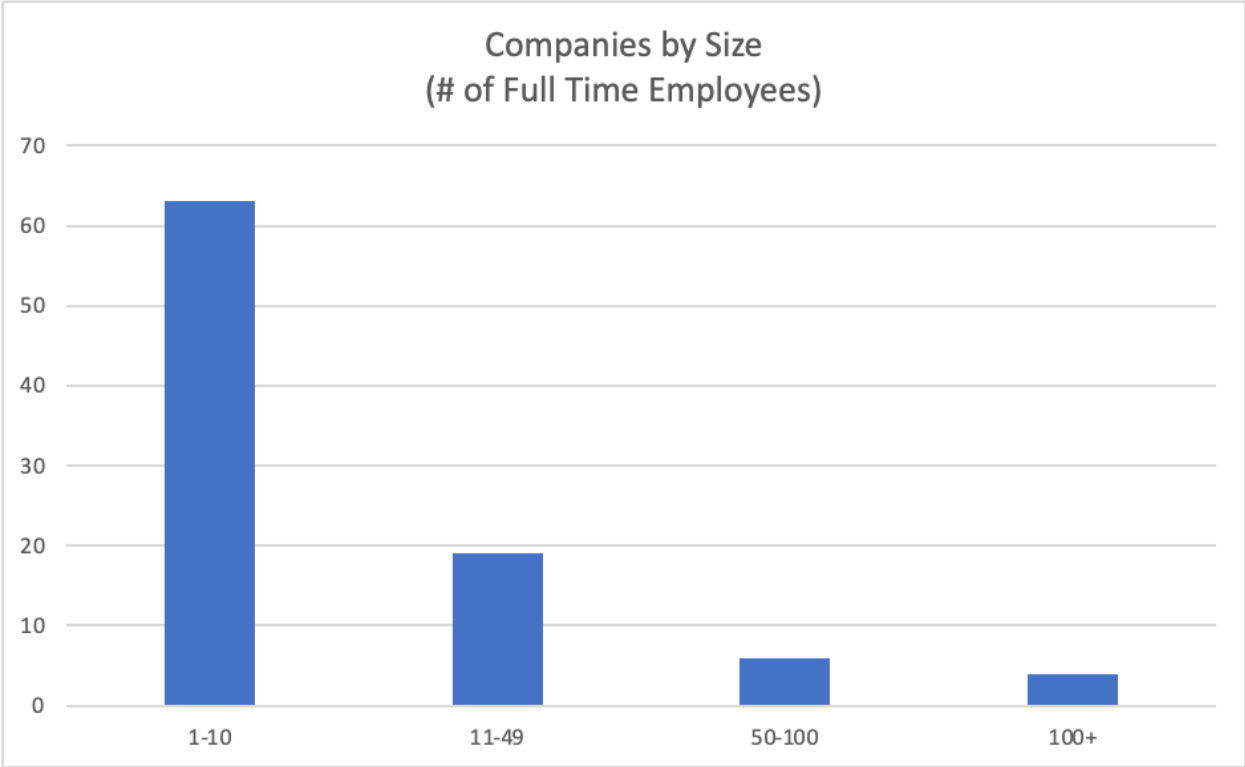
## Respondent Demographics

Chart 1: Companies by Region (n=87)



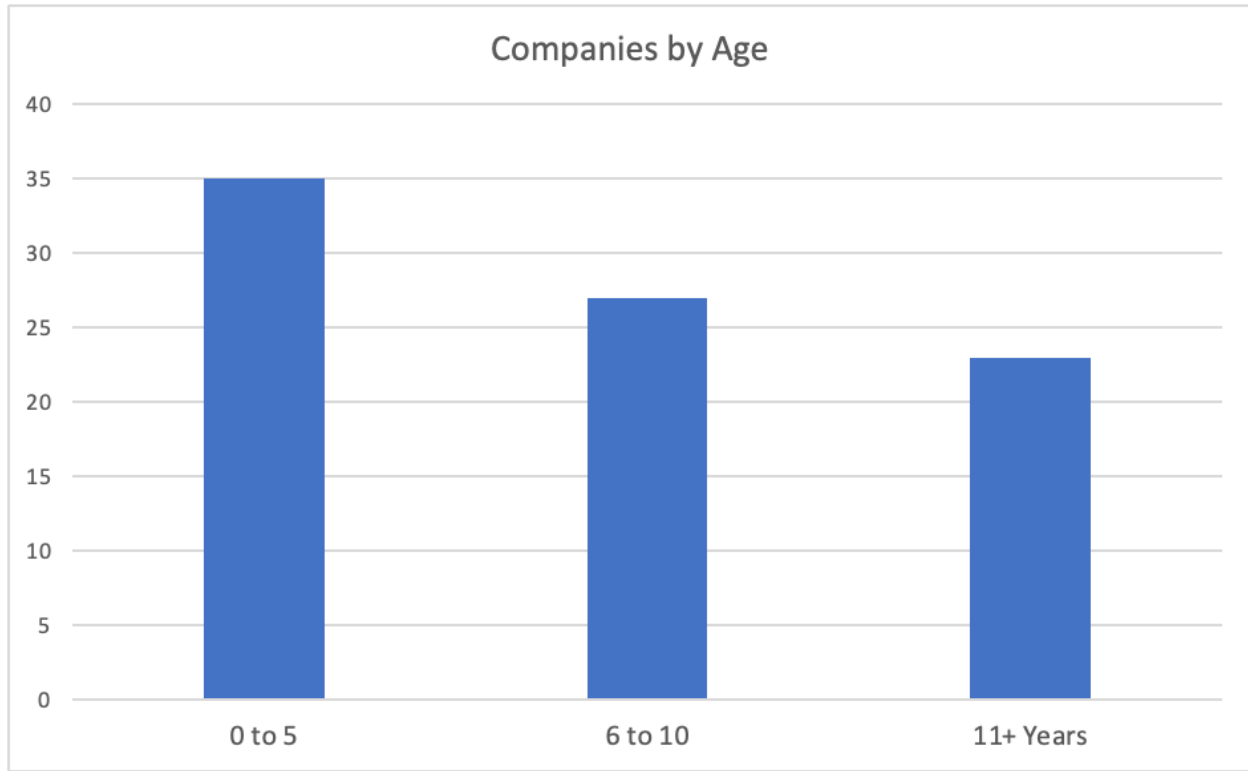
Companies were categorized into their NYS Economic Regions. Chart 1 shows Western NY and Finger Lakes region with the most responses. Communities with lower participation are not necessarily indicative of a lower amount of active companies; but also the engagement activity within that region.

**Chart 2:** Company by Size in NYS (n=92)



Companies were asked how many full time equivalent employees they had working for the company within NYS. We see in Chart 2 a majority of responses in the 1-10 employees category. This demonstrates that a large amount of respondents were early stage startups.

**Chart 3: Companies by Age (n=85)**



Companies were also broken down by the number of years they've been in business. Seen in Chart 3 we have a strong distribution of company ages from 0 to 11+ years.

# Revenues and Investment History

**Table 1: 2023 Corporate Revenues (n=85)**

Company Age	Below \$1MM	\$1 - \$10MM	\$10 - \$50MM	\$50MM +
0 to 5	30	5	0	0
6 to 10	15	8	3	1
11+ Years	7	9	5	2

The survey offers a snapshot of Upstate New York's business revenues, revealing a landscape dominated by small-scale companies seen in Table 1. 61% of surveyed businesses earn under \$1MM annually, pointing to a region rich with emerging startups and small enterprises ripe for growth. A notable 26% of companies have revenues between \$1 million to \$10 million, indicating a segment that's successfully moving beyond the startup phase. At the higher end, a small but significant portion of companies (13% combined) are generating over \$10 million, showcasing the presence of established firms within the market. This revenue distribution provides a high-level overview of the economic diversity in the region, with a clear indication of growth potential and investment opportunities for market and industry leaders.

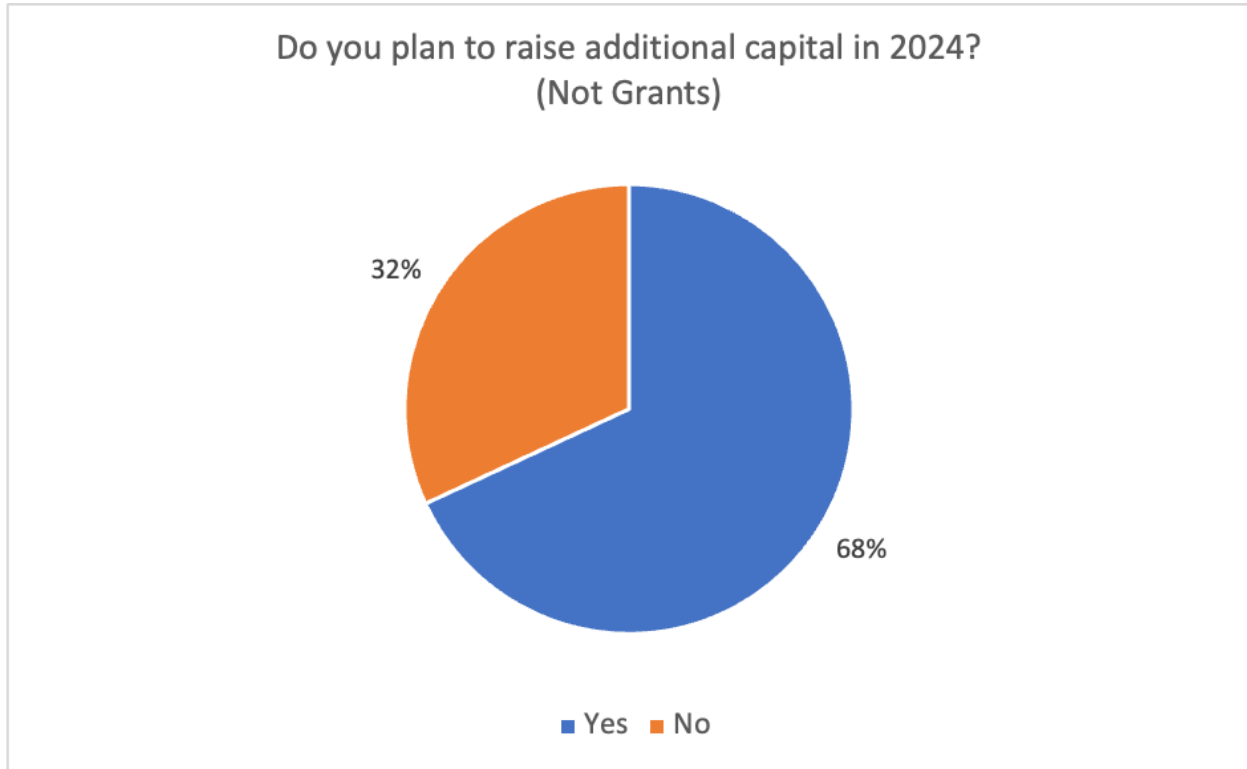
**Table 2: 2023 Funding Status (n=92)**

Company Age	No Private Funding	Received Private Capital	No Grant / Public Funds	Received Non-Dilutive Funds
0 to 5	9	26	24	11
6 to 10	8	19	16	11
11+ Years	11	12	10	13

The survey highlights funding as a key issue for Upstate New York CEOs, with many actively pursuing capital. While 23 CEOs have not secured funding, about half are planning capital raises in 2024 to fuel growth. On average, these companies foresee a need for around \$7 million in capital over the next five years, highlighting the region's strong growth ambitions. Looking at plans to raise capital broken down by company age, we see a direct relationship between the newer companies and fundraising needs.



**Chart 4:** Raising additional capital 2024 (n=92)



**Table 3:** Raising additional capital by Age (n=85)

2024 Capital Raising by Company Age		
Company Age	Raising Capital	Not Raising Capital
0 to 5	30 (86%)	5 (14%)
6 to 10	16 (59%)	11 (41%)
11+ Years	11 (48%)	12 (52%)

Chart 4 shows 68% of organizations seeking private capital in 2024. Further breaking that down by company age in Table 3 we see companies aged 0 to 5 report at 86%. This further underscores the need for capital at the earliest stages of a company. Still, 11 companies that are 11+ Years old are seeking to raise in 2024. This demonstrates the scale of the Upstate New York ecosystem with organizations from pre-seed through series A and beyond.

# Employment Analysis

**Table 4:** Current Employment Levels by Company Age (n=85)

Age	All FTEs	NYS FTEs (%)	NYS FTEs/Co
0 to 5	520	305 (59%)	9
6 to 10	940	460 (49%)	17
11+ Years	1290	800 (62%)	40
Totals	2750	1565 (57%)	19

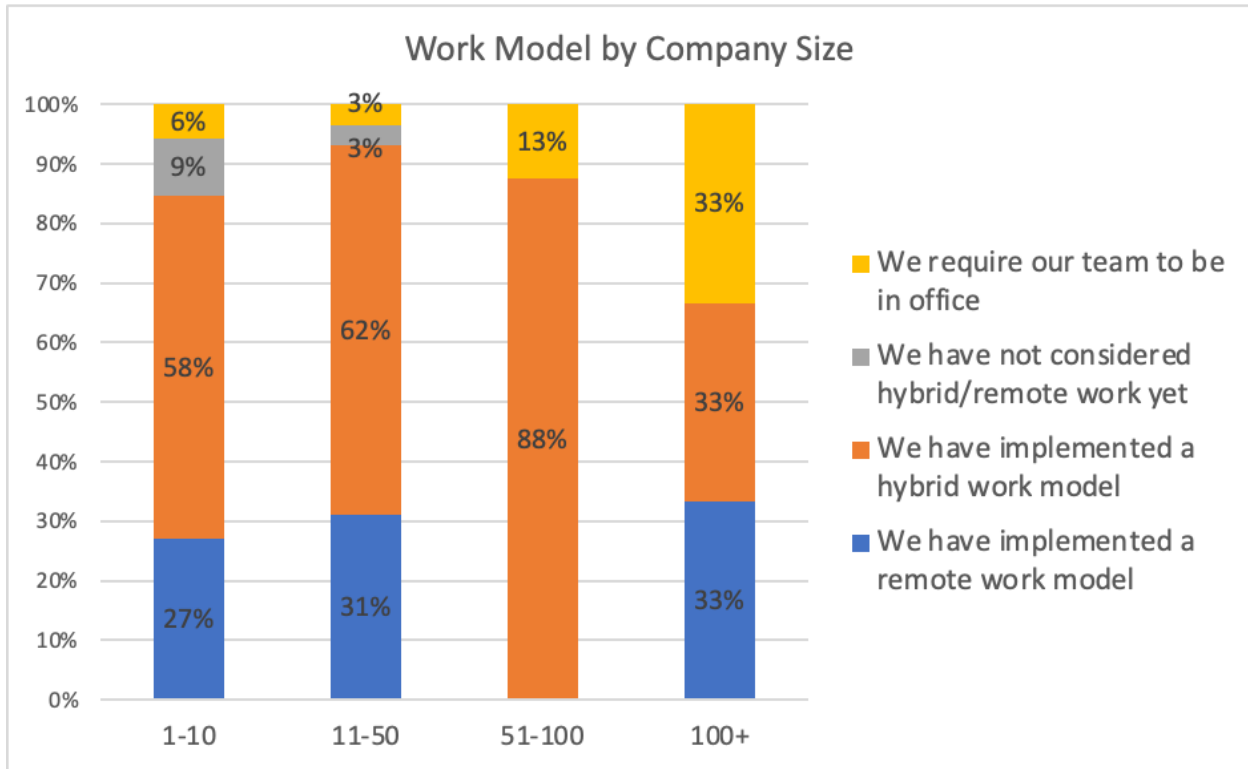
**Table 5:** 5 Year Estimated Employment Levels by Company Age (n=85)

Age	All FTEs	NYS FTEs (%)	NYS FTEs/Co
0 to 5	2565	1195 (47%)	35
6 to 10	3135	1300 (41%)	48
11+ Years	2955	1720 (58%)	86
Totals	8655	4215 (49%)	52

Reporting companies have 2,750 full time employees (Table 4), 57% of whom are based in NYS. In five years, this number is expected to grow to 8,655 (Table 5), 49% in NYS. Compared to the report in the 2018 CEO Survey the total % share of employees in NYS has shown a decrease, from 70% to 59% and it looks like the trend will continue as companies scale up.

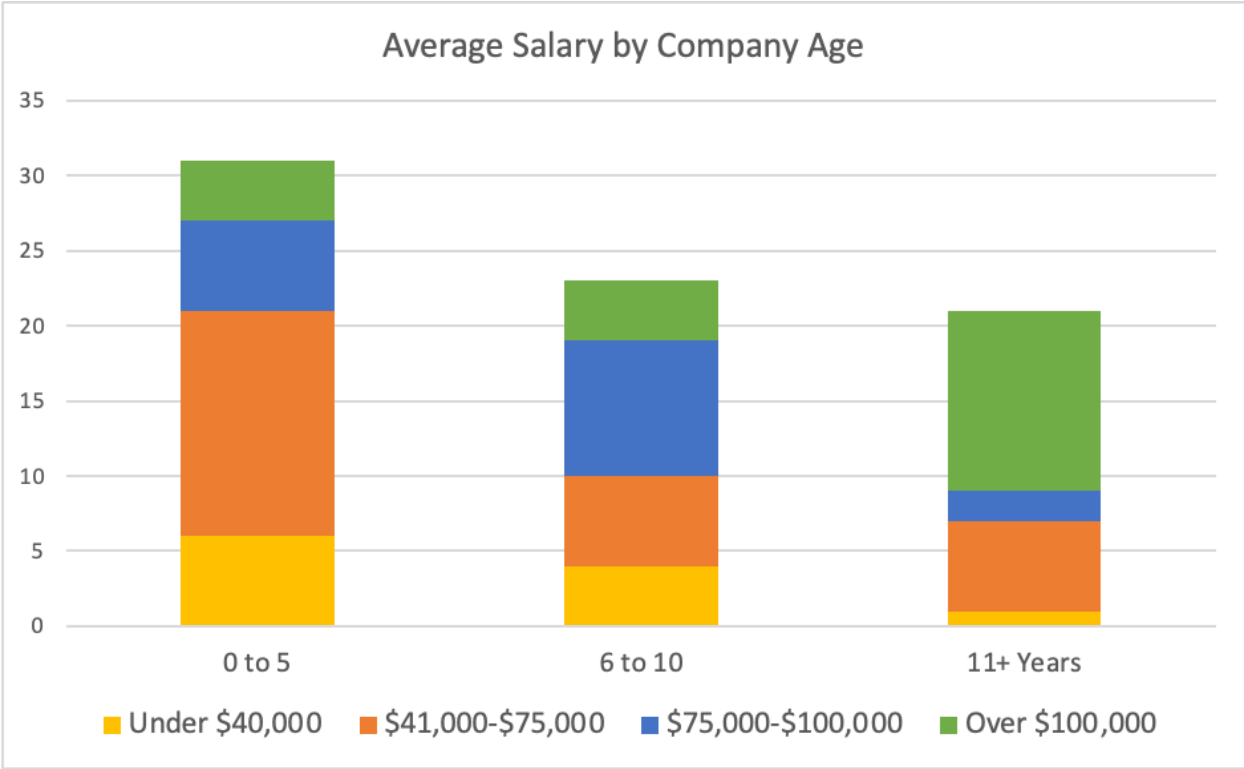
The global nature of high growth businesses means that the talent pool is wider than their founding location. However there has been a dramatic shift in workplace culture as remote and hybrid work has become more prevalent post-COVID. Our survey also asked CEO’s about their work environment including remote, hybrid, and in office work.

**Chart 5: Hybrid & Remote Work Models by Company Size (n=92)**



The survey asked respondents about their hybrid and remote work models. Chart 7 above reveals that the majority of organizations regardless of size have transitioned to remote or hybrid work models. Interestingly the largest companies have stricter in person requirements, with 33% of organizations over 100 employees requiring in office work. One thing we consistently hear coming out of the pandemic is how work from home has changed the way business gets done. This impacts several areas and one important factor is talent acquisition. As companies moved to hybrid or fully remote models, it enabled them to bring on talent from other locations. Additionally it has impacted the work market, as some talent prefers remote work or hybrid flexibility.

**Chart 6: Average Salary by Company Age (n=82)**



Reviewing the pay bands across region and company age demographics in Chart 8, we see a few notable standouts. Most companies reporting an average salary of over \$100,000 fall in the 11+ Years age bracket. This continues to be a consistent trend when compared to our prior surveys showing that the older companies tend to have higher pay scales. At the other end of the spectrum most new companies (0 to 5 years old) report average pay under \$40,000 or in the \$41,000 - \$75,000 ranges. We often see newly formed companies with a single founder taking no pay, and companies that have raised an initial seed round may have enough to pay a few employees allowing them to work full time on the startup.

**Chart 7: 2024 Hiring Plans (n=91)**

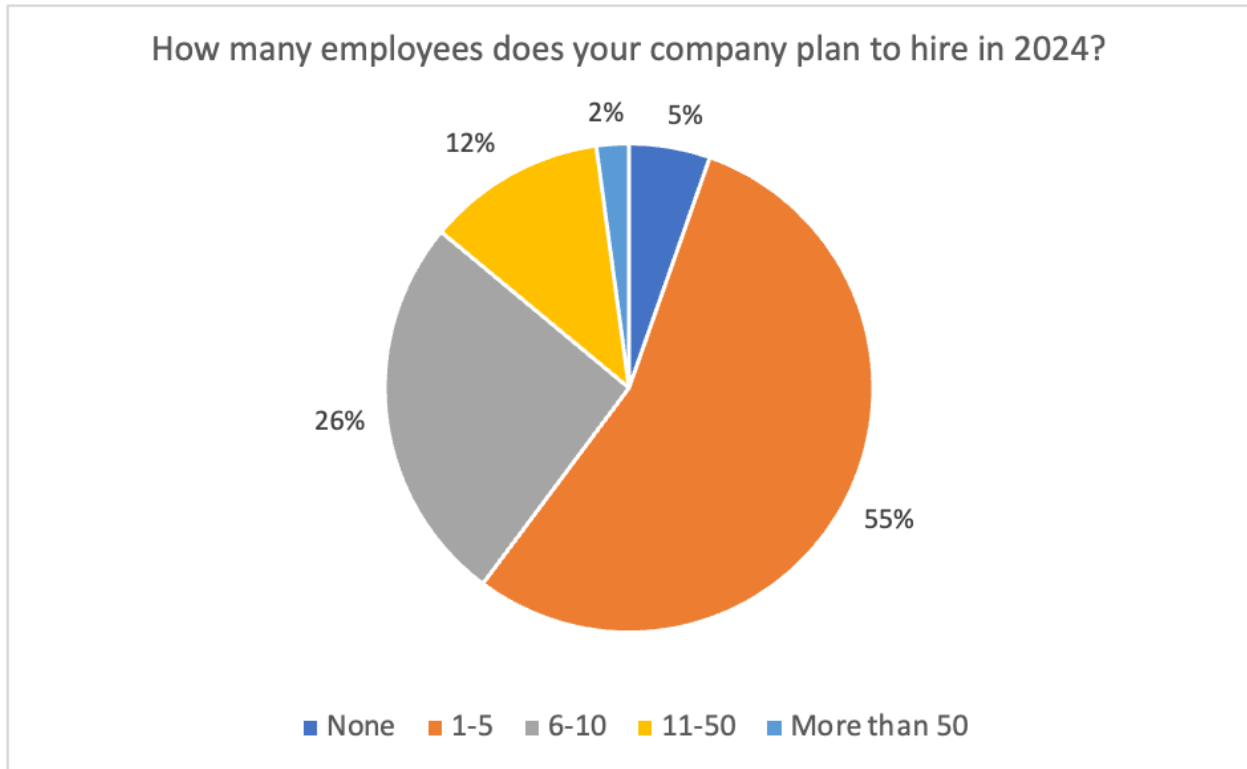
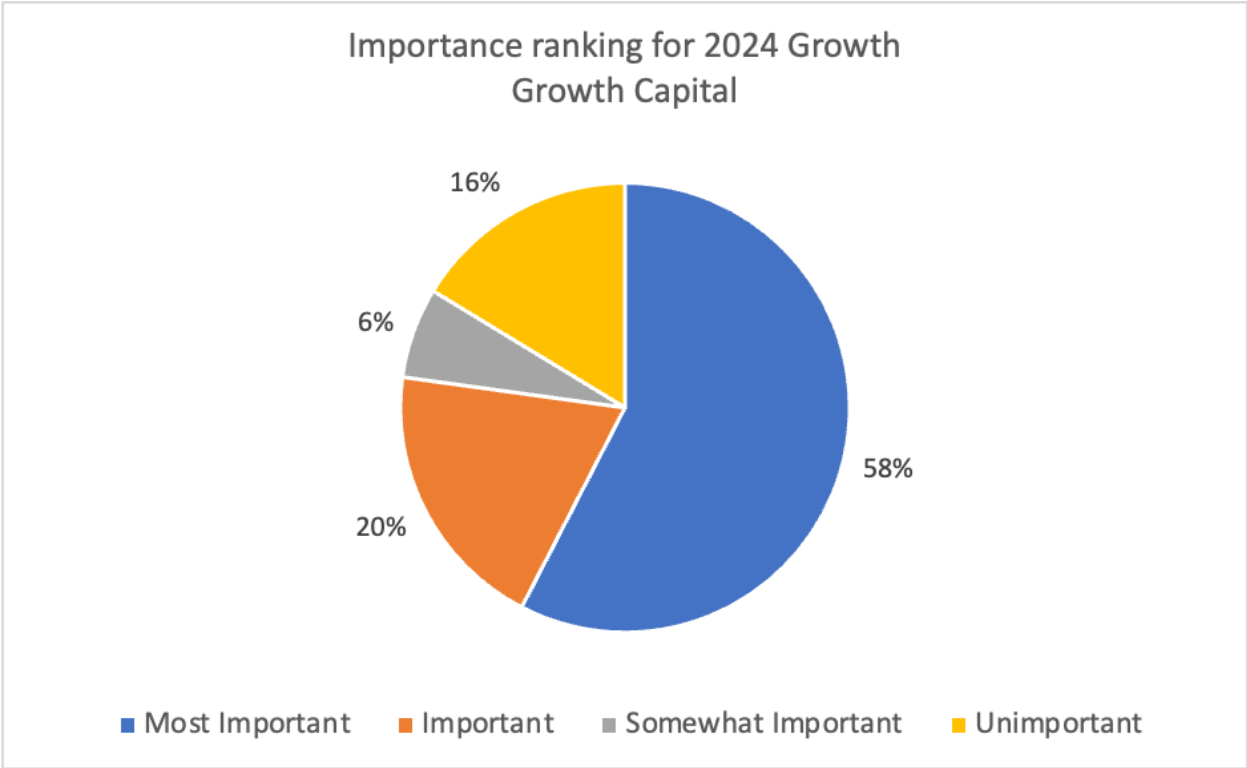


Chart 7 shows an overwhelming 95% of CEOs plan to expand their teams in 2024. While 76% are considering temporary or contract hires, only 22% are currently engaging talent acquisition firms for support. This gap signals a potential market for these firms, provided they can clearly demonstrate their value. Feedback on staffing services underscore the essential need for identifying top talent affordably. Experiences vary, with some finding success in recruiting sales professionals, whereas others call for more rigorous technical evaluations to ensure a good organizational fit. The primary hiring hurdle remains securing sufficient funding.

# Forecasting Growth

**Chart 8:** Growth Capital Importance Ranking (n=92)



CEOs have highlighted growth capital as the most critical factor for their companies' growth in 2024, seen in Chart 8. 78% rank this as the most important or important factor to growth. This underscores a strong need for financial resources to fuel expansion and innovation.

**Chart 9:** Experienced Managers / Executives Importance Ranking (n=92)

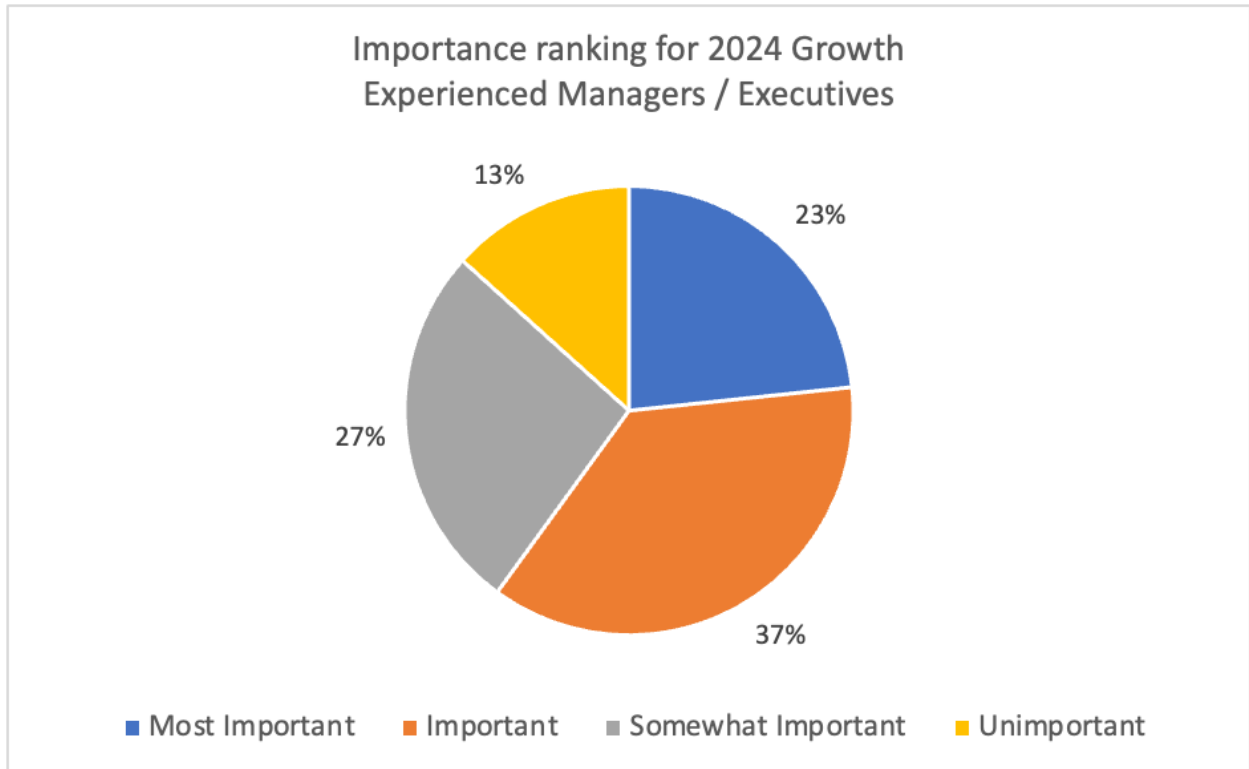
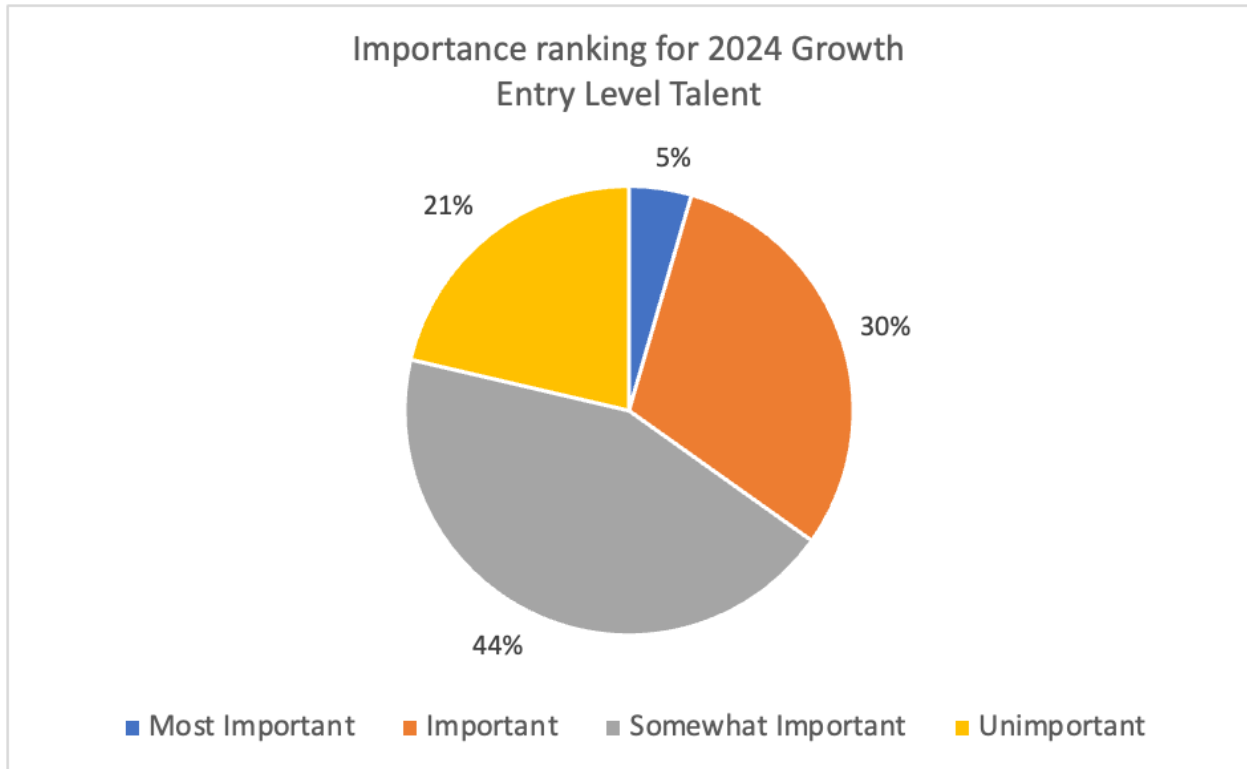


Chart 9 shows the importance of adding experienced managers and executives to their teams for the companies responding. While this may not be the same overwhelming factor as growth capital, a majority (60%) report this as important and most important.

**Chart 10: Entry Level Talent Importance Ranking (n=92)**



Entry level talent does not register the same levels of importance in the responses, seen in Chart 10. A relatively high percentage of 21% consider this unimportant, and an additional 44% rank as just somewhat important. When reviewing the overall importance ranking it is evident that raising capital is most important. Anecdotal responses underscore this by stating that capital is necessary for talent acquisition.



# UVC Recommendations

## Capital Access Recommendations

Fundraising for startups in 2024 presents several challenges stemming from the evolving landscape and market dynamics. The competition for investor attention is fiercer than ever, with an abundance of startups vying for a limited pool of capital. Investors are becoming increasingly discerning, scrutinizing startups for robust business models, clear paths to profitability, and differentiated value propositions. Moreover, economic uncertainties continue to instill caution among investors, leading to a more risk-averse investment climate.

Therefore, Upstate New York startups in need of capital may benefit from looking for investors not just in Upstate NY but outside the region as well. While Upstate New York offers a supportive ecosystem for startups, the local investment landscape may have limitations in terms of available capital and investor appetite for risk. Seeking funding outside the region can provide access to a broader pool of investors. By diversifying the investor base geographically, startups can mitigate risks associated with local economic fluctuations in a tightening capital market.

## Scaling for Growth Recommendations

Crossing the line to profitability is a milestone many startups aspire to, yet so few actually get there. By prioritizing revenue growth, startups foster financial resilience, demonstrating their ability to generate value and attract investors based on tangible success rather than promises. This approach not only cultivates a stronger foundation for scalability but also instills discipline in resource management and customer-centricity, essential for weathering market fluctuations and fostering organic growth. In an era where economic uncertainties loom large, startups must pivot towards revenue-driven strategies, fortifying their positions as resilient and viable players in the competitive landscape.



Founded in 2010, Upstate Venture Connect (UVC) provides thought-leadership, intelligence, and network building opportunities for entrepreneurs in Upstate NY. UVC currently supports nearly 700 high growth businesses by making personalized introductions and hosting invite-only gatherings. UVC is a 501c3 non-profit.

If you would like access to the appendix or have any questions about the report, please contact us at [info@uvc.org](mailto:info@uvc.org)