

CLA Heartbeat Index™

The Cost of Confidence

How organizations are managing growth, workforce change, and technology investment amid persistent cost pressures

EXECUTIVE SUMMARY

BUSINESS SENTIMENT SNAPSHOT

CONFIDENCE

COST

WORKFORCE

TECHNOLOGY

SECTOR PERSPECTIVES

WHY THE CLA HEARTBEAT INDEX™ MATTERS

LOOKING AHEAD

METHODOLOGY

CLAconnect.com/HBI

©2026 CliftonLarsonAllen LLP

EXECUTIVE SUMMARY

The latest CLA Heartbeat Index reveals a business community feeling positive about the future, even as the cost of pursuing growth becomes more difficult to absorb. The defining pressure is inflation. It's especially pronounced in health care and life sciences, where 91.8% cited inflation, followed by nonprofits at 83.5%.

More than eight in ten respondents identified cost inflation, including wages, materials, services, and operating expenses, as one of the most significant external factors affecting their organization.

At the same time, the workforce conversation is evolving. The central question has shifted from how to find people to how to increase capability while sustaining performance and controlling cost. Technology sits at the center of that challenge. Investment plans remain strong, though results are mixed.

The findings point to an environment of disciplined confidence. Leaders are still investing, but they're becoming more selective about where resources go, how employees are supported, and what measurable outcomes technology must deliver.

About the CLA Heartbeat Index

The CLA Heartbeat Index is a three-times-a-year survey of CLA clients from across the country. Respondents primarily represent small- and middle-market businesses, entrepreneurs, civic leaders, and nonprofits — organizations closely connected to local economies, employment, investment, and community needs.

Its aim is to offer a practical, real-time window into how these organizations view the current economy and how they're investing, adapting, and growing for the future.



©2026 CliftonLarsonAllen LLP

BUSINESS SENTIMENT SNAPSHOT

A snapshot of business sentiment

The Fall 2026 Heartbeat Index reflects responses from 258 leaders. The strongest signal is disciplined confidence: Organizations remain optimistic, but persistent inflation, workforce capacity pressures, and uneven returns from technology are raising the bar for every investment decision.

7.48/10

Positive outlook for the next 12 months

7.25/10

Confidence the workforce has the skills needed for future strategy

7.18/10

Confidence in the ability to expand, grow, or invest in priorities

5.36/10

Positive assessment of recent technology or AI investments in improving efficiency or performance



©2026 CliftonLarsonAllen LLP



CLAconnect.com/HBI

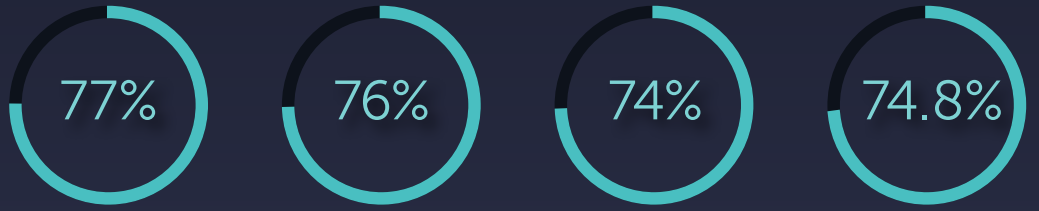
©2026 CliftonLarsonAllen LLP

CONFIDENCE

Confidence remains strong across industries

At a headline level, confidence has held steady despite continued economic pressure. The average outlook score was 7.48 out of 10, and more than half of respondents rated their outlook between 8 and 10. Confidence in workforce skills averaged 7.25, while confidence in executing strategic priorities averaged 7.18.

Sector confidence was similarly resilient:



HEARTBEAT INSIGHT

The source of confidence is moving away from external conditions and toward leaders' belief in their organizations' ability to adapt.

COST

Inflation has become the defining business pressure

More than 81% of organizations identified inflation as an economic factor having the greatest impact on their organization.

The pressure rose to 91.8% in health care and life sciences and 83.5% among nonprofits. Financial services reported a lower 53.1%, reflecting a sector where interest rates and capital availability appear to carry greater weight.

The bigger story of higher prices is how these costs influence:

- Margins
- Capital investment
- Workforce decisions
- Funding
- Service delivery
- Ability to pursue strategic priorities



HEADLINE FINDING

Eight in ten organizations cite inflation as a major challenge, rising to more than nine in ten health care respondents.

©2026 CliftonLarsonAllen LLP

WORKFORCE

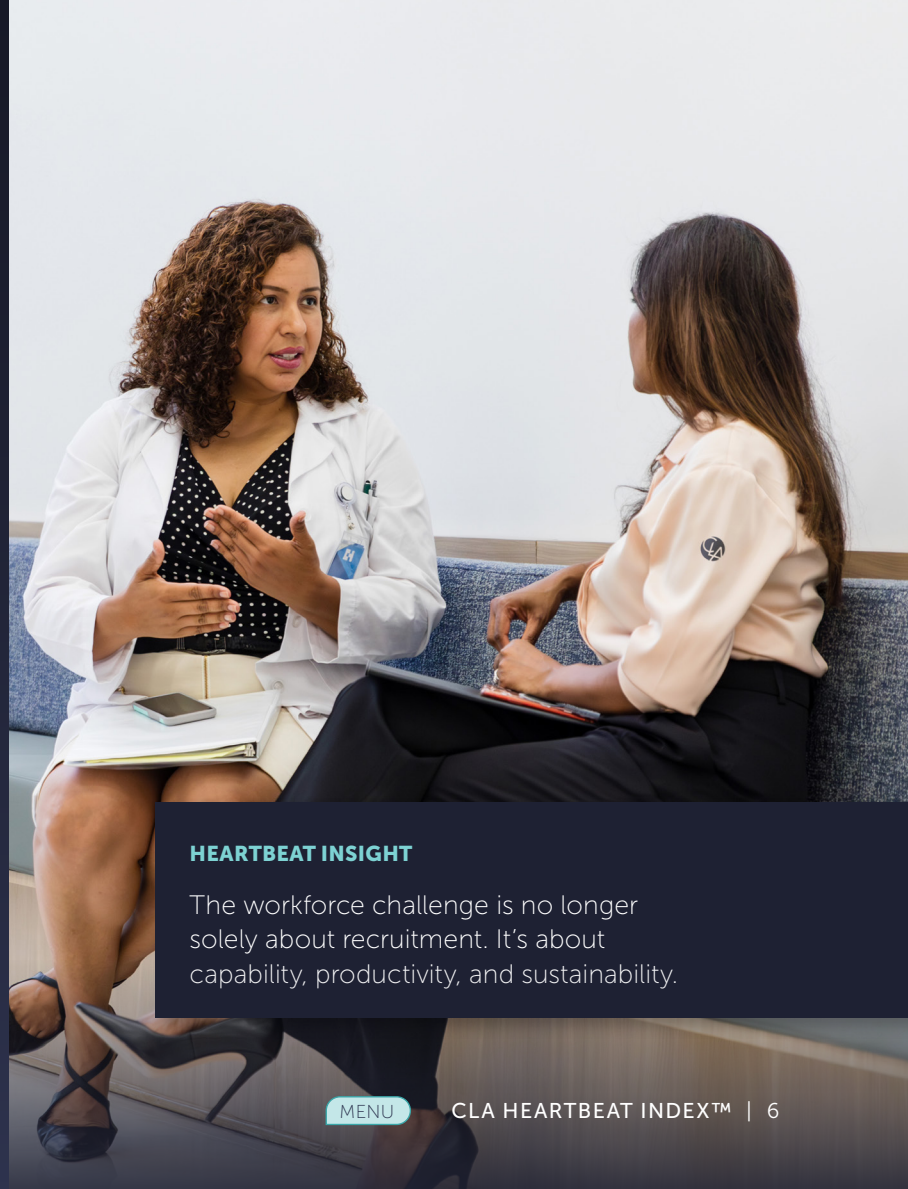
The workforce challenge has evolved

The latest results point to a broader workforce transformation.

Changes to roles and responsibilities and productivity or burnout concerns were each cited by 35.3% of respondents. The need for new skills and reskilling followed closely at 34.9%, while difficulty attracting talent registered 21.3%.

The emphasis is moving from finding people to enabling people. Leaders are balancing capacity, workload, skills, automation, and cost at the same time. That requires a workforce strategy connected directly to how the organization operates and grows.

- How do we equip employees with new skills?
- How do we improve productivity without increasing burnout?
- How do we redesign roles as automation and AI change work?
- How do we maintain capacity while controlling labor costs?



HEARTBEAT INSIGHT

The workforce challenge is no longer solely about recruitment. It's about capability, productivity, and sustainability.

©2026 CliftonLarsonAllen LLP



TECHNOLOGY

Technology investment is rising faster than technology impact

More than 56% of respondents expect to invest in technology, automation, or AI over the next 6 to 12 months.

Yet the average technology-impact score was 5.36 out of 10. Only 21.3% reported highly favorable efficiency or performance gains, while nearly 28% rated the impact at 3 or below.

Organizations clearly believe technology can help address rising costs, productivity challenges, and workforce pressure. The gap in the data shows implementation, adoption, skills, and measurement matter as much as the technology itself.

HEARTBEAT INSIGHT

Technology ambition continues to outpace demonstrated technology impact.

©2026 CliftonLarsonAllen LLP



NONPROFITS

- Nonprofits are balancing inflation with uncertainty around grants, philanthropy, public support, government funding, and policy.
- Inflation was cited by 83.5% of nonprofit respondents, but the broader strategic challenge is sustaining mission delivery when resources are constrained, and demand may remain high.



HEALTH CARE AND LIFE SCIENCES

- Health care and life sciences organizations face multiple layers of pressure at once.
- Inflation was cited by 91.8% of respondents, alongside labor costs, reimbursement pressure, capital costs, regulatory requirements, and workforce concerns.
- The sector must continue delivering essential services while accommodating a cost structure that is becoming harder to absorb.



FINANCIAL SERVICES

- For financial institutions, inflation is important but secondary to interest rates and the cost of capital.
- More than 90% cited interest rates as a major economic factor affecting their organization.
- Their version of disciplined confidence is shaped by funding costs, capital availability, and the impact of rate conditions on customers and growth decisions.

SECTOR INSIGHT

There is one economy, but organizations are facing very different implementation challenges.

©2026 CliftonLarsonAllen LLP

Why the CLA Heartbeat Index™ matters

Many economic measures track broad market conditions, but they do not always reflect what business leaders are experiencing in real time. The CLA Heartbeat Index was created to provide that perspective.

Large-scale indicators can show movement in employment, inflation, GDP, consumer confidence, or capital markets. Those signals are important, but they can miss the practical, day-to-day realities facing the organizations that employ people in local communities, serve customers directly, manage rising costs, make hiring decisions, invest in technology, and determine whether growth still feels possible.

The CLA Heartbeat Index is designed to capture the direct voice of CLA clients who are running small- and middle-market businesses, leading nonprofits, building civic organizations, and operating inside the communities that make up much of the U.S. economy.

These leaders are often the first to feel shifts in labor availability, customer demand, financing costs, supply chain pressure, technology adoption, and regulatory complexity. Their feedback helps turn economic conversation from abstract data into lived business reality.



CLA **HEARTBEAT**
INDEX

©2026 CliftonLarsonAllen LLP

A useful barometer of the U.S. economy

Rather than relying only on backward-looking statistics or market-level signals, the CLA Heartbeat Index captures how leaders are thinking about the next 12 months: Whether they feel confident, whether they can find and prepare talent, whether they can grow profitably, and whether investments in technology and AI are producing measurable value.

That combination of confidence, caution, and execution gives CLA a timely view into how organizations are adapting before those decisions fully show up in traditional economic data.

It also matters because CLA's client base cuts across industries and communities. The index isn't limited to one market segment or one policy issue. It captures the views of entrepreneurs, privately held businesses, nonprofits, civic leaders, and other organizations that collectively influence hiring, wages, investment, local tax bases, community services, and economic momentum.

When these leaders say they're optimistic but disciplined, that's a meaningful signal about the broader economy: Growth is still on the table, but leaders are demanding clearer returns from every dollar, every hire, and every technology decision.



©2026 CliftonLarsonAllen LLP



©2026 CliftonLarsonAllen LLP

How it differs from other small business indexes

Other small business indexes provide valuable signals, including long-running measures of small business optimism and quarterly views of small business sentiment. Those benchmarks are important and help establish context.

The CLA Heartbeat Index adds something different: a recurring, relationship-based pulse from the business, nonprofit, entrepreneurial, and civic leaders CLA serves every day. It's less about producing a single macroeconomic score and more about understanding how leaders are interpreting conditions, where they're investing, what's constraining growth, and what kind of guidance they need next.

That makes the CLA Heartbeat Index complementary — and in some ways more practical for CLA's audience. It brings forward the voice of the organizations that may not always dominate national economic coverage but are essential to the country's economic health.

Their perspective helps explain not only whether businesses feel optimistic, but why they feel that way, what's changing inside their operations, and how they're converting uncertainty into decisions about people, technology, growth, profitability, and community impact.

LOOKING AHEAD

The latest Heartbeat Index shows organizations remain confident about what's ahead, even as economic pressures continue to affect decisions.

Inflation remains a significant concern, and many organizations are continuing to invest in technology, automation, and AI. At the same time, the results show that those investments are not always producing the efficiency and performance gains organizations expected.

Looking ahead, organizations are focused on getting more from their investments, improving productivity, and adapting their workforce to changing needs.



DEFINING IDEA

Confidence is holding, but the cost of turning confidence into growth is rising.

KEY TAKEAWAYS

81%

Of respondents identified inflation as one of the economic factors having the greatest impact on their organization

56%

Expect to invest in technology, automation, or AI over the next six to 12 months

21.3%

Reported highly favorable efficiency or performance gains from recent technology investments

Workforce priorities are shifting toward role redesign, productivity and burnout, and reskilling

©2026 CliftonLarsonAllen LLP

Methodology

CLA conducts the CLA Heartbeat Index™ survey three times per year among CLA clients across the United States. This report is based on responses collected in fall 2026 from 722 businesses and entrepreneurs, primarily representing small- and middle-market organizations. *Values shown are the percentage of respondents. For questions allowing multiple selections, percentages may total more than 100%.*

CONNECT WITH A CLA PROFESSIONAL FOR NEXT STEPS

FURTHER INSIGHTS

Select any article title to read more.

A Fresh Look at Your Organization Can Turn Challenges Into Opportunities

Are you confident you're heading toward sustainable and positive change? Reviewing your structure, processes, and systems can help your organization make informed, targeted, impactful decisions.

Practical AI and Automation in Finance: What Can Deliver ROI

Finance teams see the strongest ROI outcomes when AI is applied with strategy, strong processes, and clear human oversight.

AI Is Already in Your Workflows. Are Your Controls Ready?

You don't need to build AI governance from scratch, but you do need to adapt existing controls so they match how AI enters your workflows and changes risk.

2026 Mid-Year CLA Outlook: Slower Economic Growth, New Opportunities

The economy is slowing, but growth remains intact; this is a late-cycle expansion, not a downturn.

Making Decisions in Inflationary Times

The impacts of inflation are not the same for every organization, and successful decisions from past inflationary periods don't necessarily translate in future inflationary times.

Financial Modeling in Health Care: Turning Risk Into Informed Decisions

You don't need perfect certainty to make big decisions — a financial model helps you see how different assumptions could play out before you commit people, capital, or time.

Redesigning Workflows and Decision Systems With AI and Automation

AI is a broad enterprise capability that spans decision support, automation, and knowledge work — not just workflow efficiency. Transform routine work into measurable operational wins.

A Strategic Playbook for Nonprofits in 2026

Nonprofits continue to be under intensified financial and operational pressure, but with that comes new opportunities and a roadmap for greater resilience.

©2026 CliftonLarsonAllen LLP



CPAs | CONSULTANTS | WEALTH ADVISORS

©2026 CliftonLarsonAllen LLP. CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAglobal.com/disclaimer. Securities and investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor, member FINRA/SIPC.