

LEADING FROM THE MIDDLE

2012 National Middle Market Summit



NATIONAL CENTER FOR
THE MIDDLE MARKET

In Collaboration With



2011 Middle Market Survey

SIZE AND ECONOMIC
CONTRIBUTION

EXTERNAL
HEADWINDS

STRUCTURE AND
GEOGRAPHY

GROWTH
CHAMPIONS

Size and Economic Contribution

195,000 BUSINESSES
BETWEEN \$10MM—\$1B

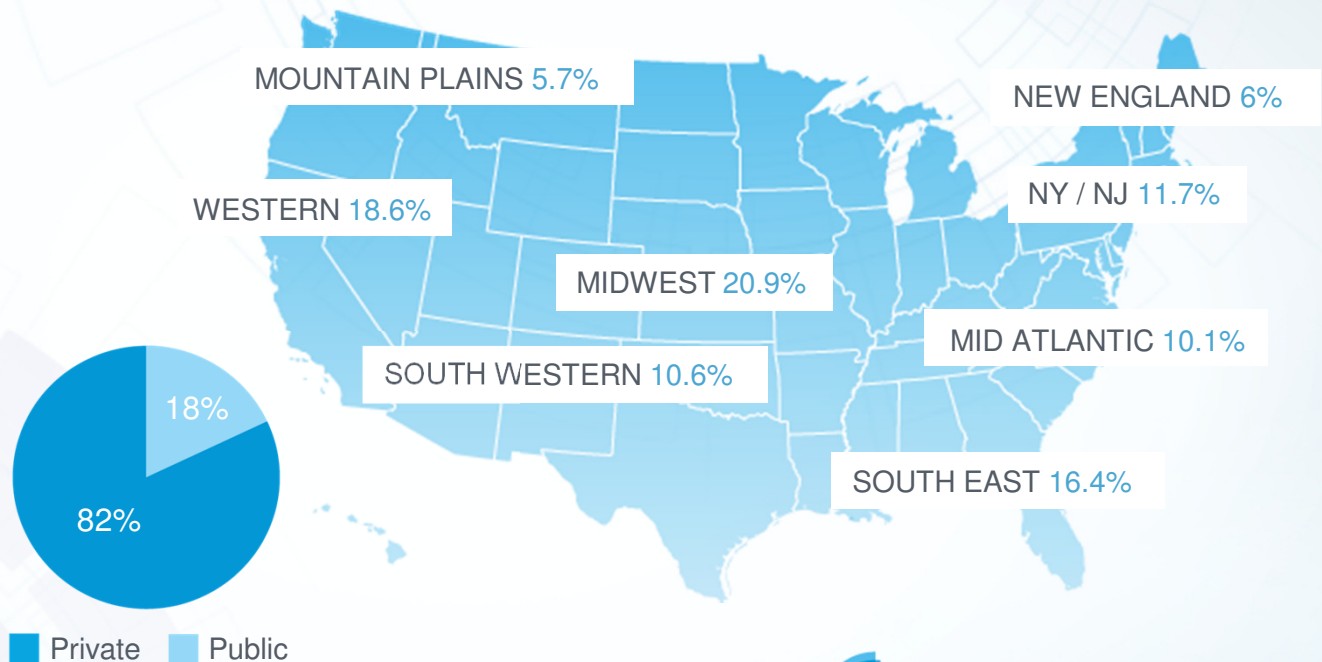
\$3.84 TRILLION
PRIVATE SECTOR GDP
(33%)

4th LARGEST
GLOBAL ECONOMY

41.3MM JOBS
NET JOB CREATOR
THROUGH THE CRISIS

82% SURVIVORSHIP
70% IN BUSINESS
FOR 20+ YEARS

Structure and Geography



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EXTERNAL HEADWINDS

40% NOT CONFIDENT
IN LOCAL, NATIONAL,
AND GLOBAL ECONOMIES

45% ARE CHALLENGED
BY INTERNATIONAL COMPETITION

55% INSUFFICIENT ACCESS
TO CAPITAL MARKETS

71% CHALLENGED BY
REGULATORY COMPLIANCE

GROWTH CHAMPIONS CHARACTERISTICS

BROADER GEOGRAPHIC VISION

SHARPER CUSTOMER FOCUS

SUPERIOR TALENT MANAGEMENT

STRONG MANAGEMENT CULTURE

INVEST IN INNOVATION

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One Year Later

↑ 197,000
FIRMS

+ ADDED
1.95MM
JOBS

↑ \$50.5B
IN REVENUE
GROWTH

Number of Middle Market Businesses

2011 vs. 2010

197,000

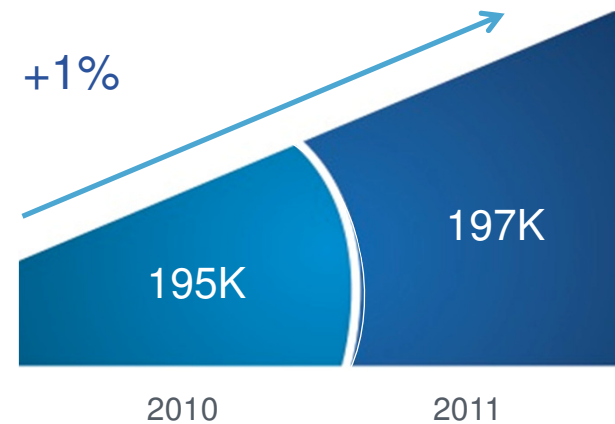
Middle Market Businesses

+1%
Middle
Market

+3%
Small
Businesses

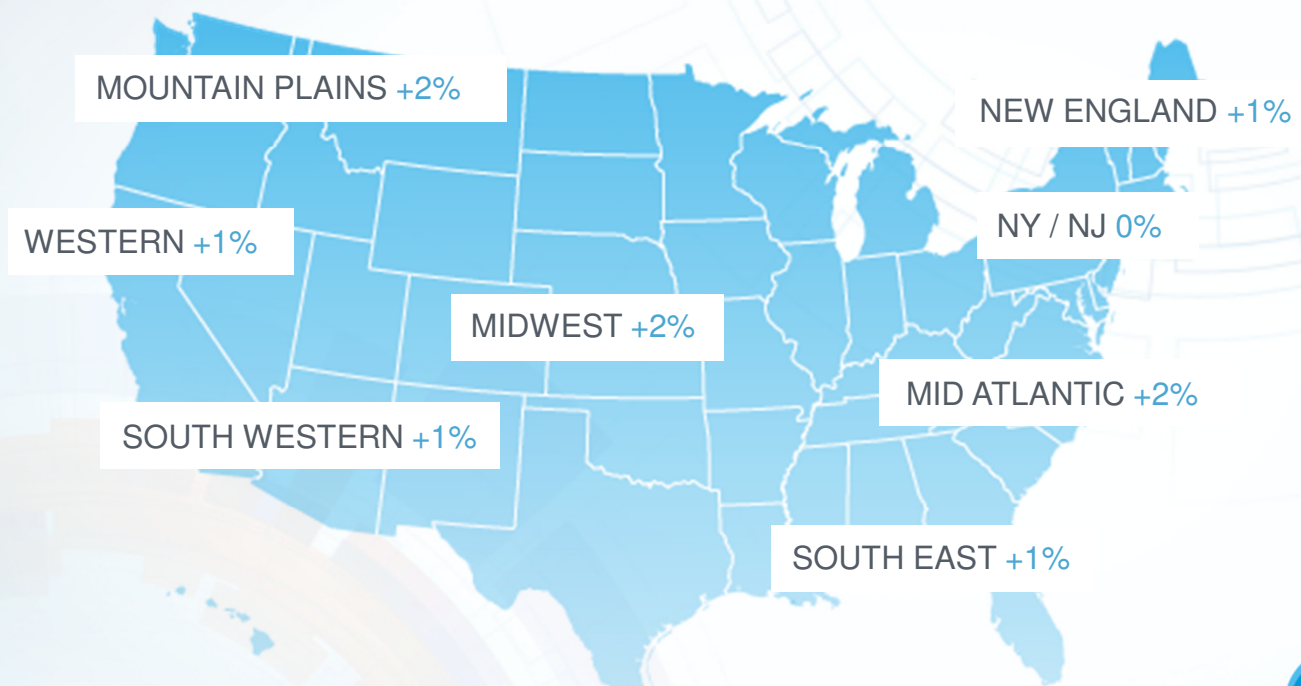
-1%
Large
Businesses








MIDDLE MARKET BUSINESSES



Where the Growth is

2011 vs. 2010



	+5% Healthcare
	+5% Services
	+2% Financial Services
	0% Manufacturing
	0% Wholesale Trade
	-2% Construction
	-6% Retail Trade

Job Creation

2011 vs. 2010

1.95MM

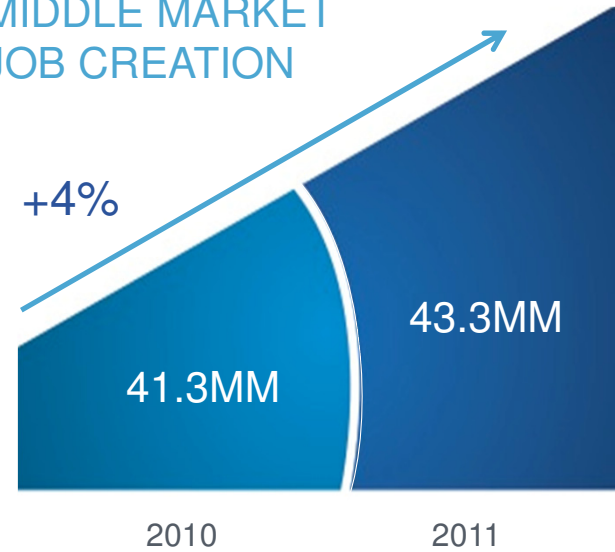
Added Jobs

+4%
Middle
Market

+3%
Small
Businesses

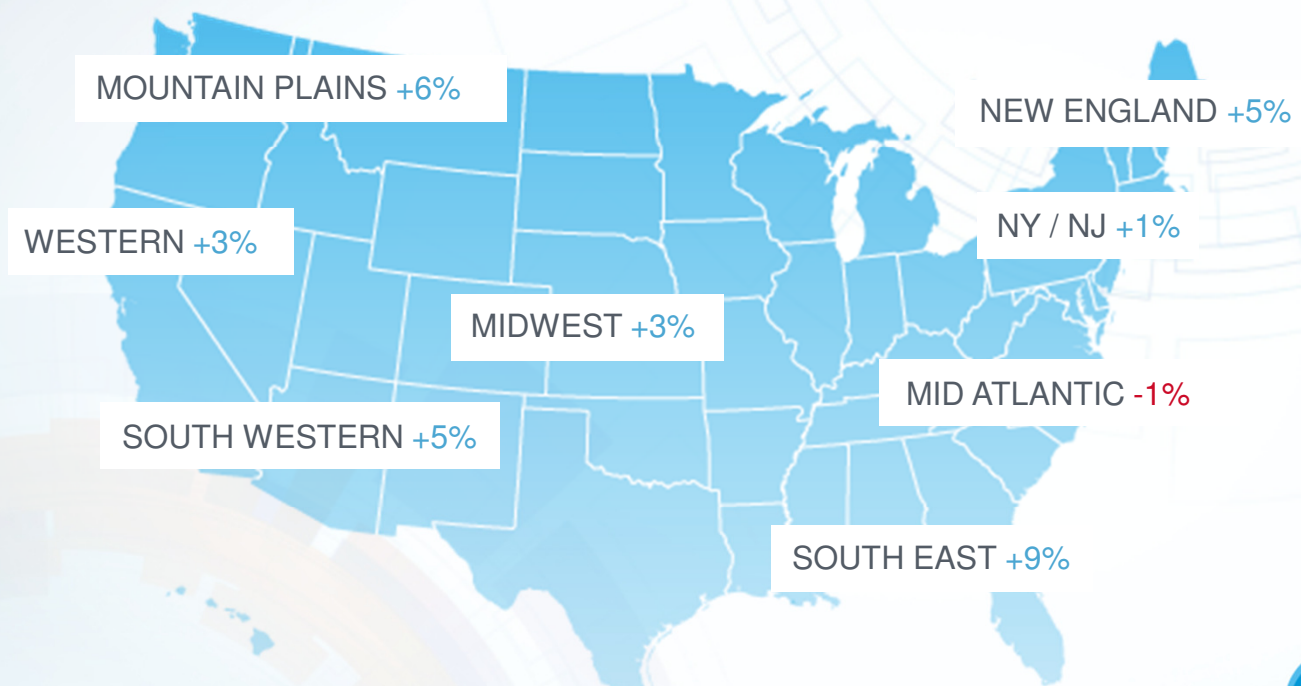
+1%
Large
Businesses

MIDDLE MARKET JOB CREATION



Where the Job Creation is

2011 vs. 2010



- \$ +7% Financial Services
- ☒ +5% Services
- 🚚 +2% Wholesale Trade
- ⚙️ +2% Manufacturing
- ⊕ +2% Healthcare
- 🏷️ +2% Retail Trade
- 🏗️ +1% Construction

Revenue Growth

2011 vs. 2010

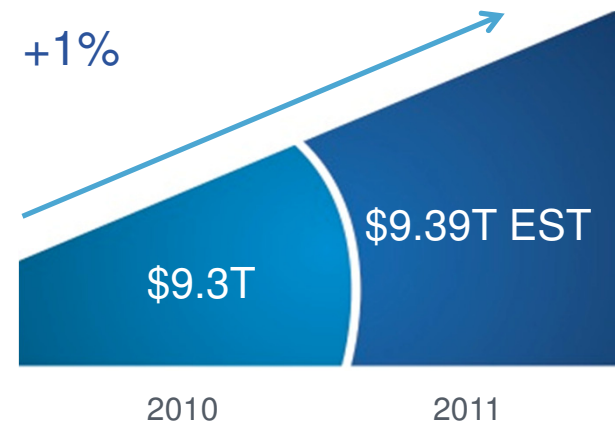
\$50.5B
In Revenue Growth

+1%
Middle
Market

+1%
Small
Businesses

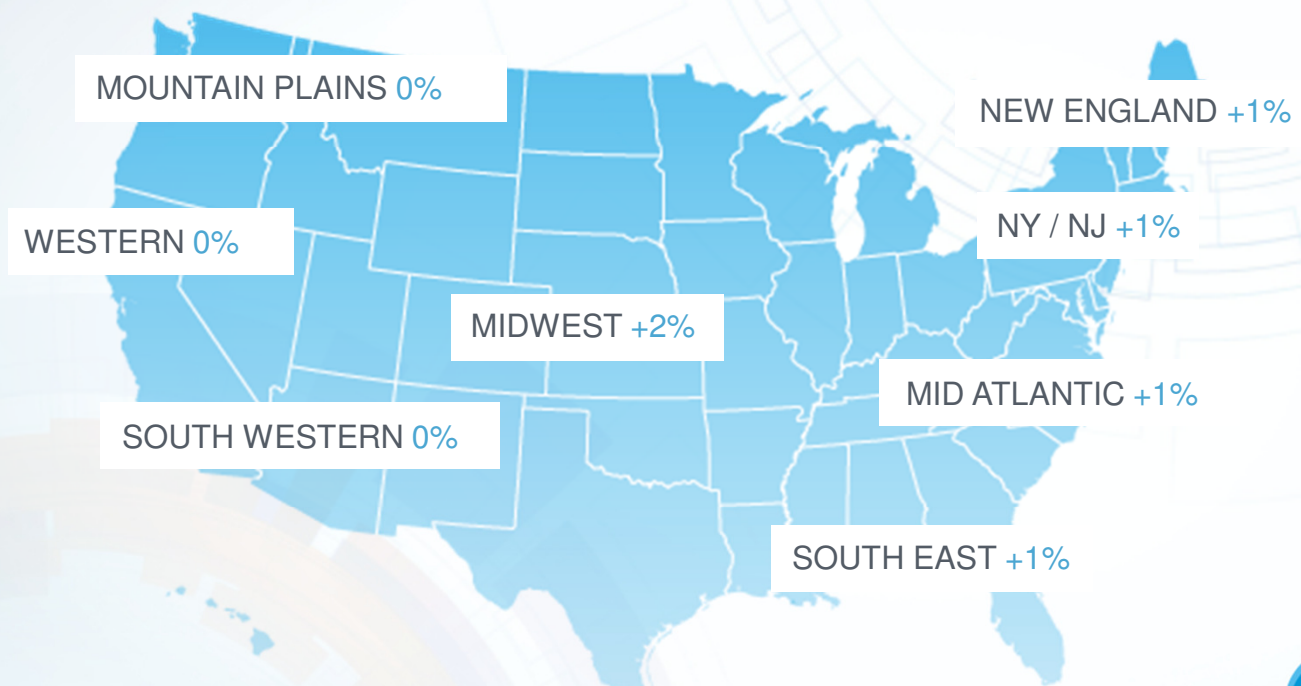
+.25%
Large
Businesses








MIDDLE MARKET BUSINESSES



Where the Revenue Growth is

2011 vs. 2010



-  +4% Services
-  +3% Financial Services
-  0% Manufacturing
-  -1% Wholesale Trade
-  -1% Healthcare
-  -2% Construction
-  -6% Retail Trade

Middle Market Indicator

Quarterly Survey: 1,000 Executives



ECONOMIC
OUTLOOK HAS
WEAKENED



CHALLENGES
REMAIN BUT
HAVE CHANGED



PERFORMANCE
OUTLOOK HAS
MODERATED

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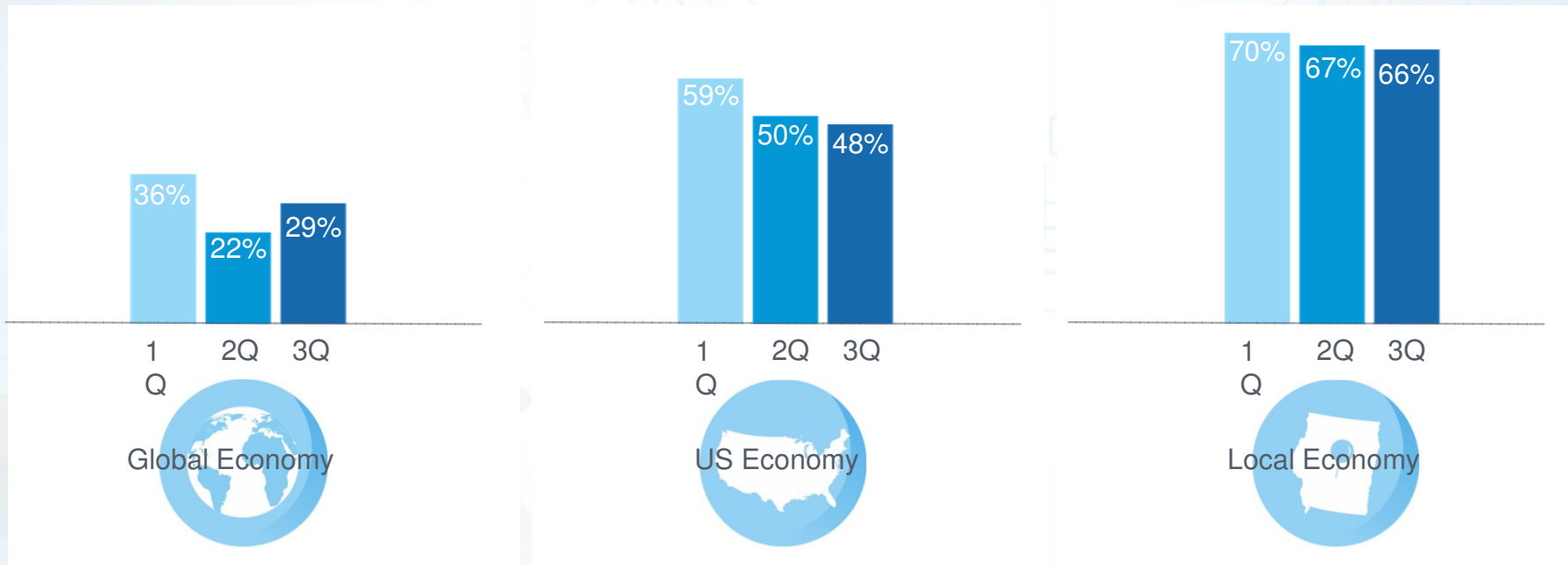
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Economic Outlook

Middle Market Executive Confidence



Top 5 Business Challenges

3Q 2012: Next 12 Months

91% COST OF HEALTHCARE

89% ABILITY TO
MAINTAIN MARGINS

87% COST OF DOING BUSINESS

84% UNCERTAINTY OF HOW
GOVERNMENT ACTIVITIES WILL
IMPACT BUSINESS

77% ABILITY TO
ATTRACT, TRAIN,
AND RETAIN TALENT

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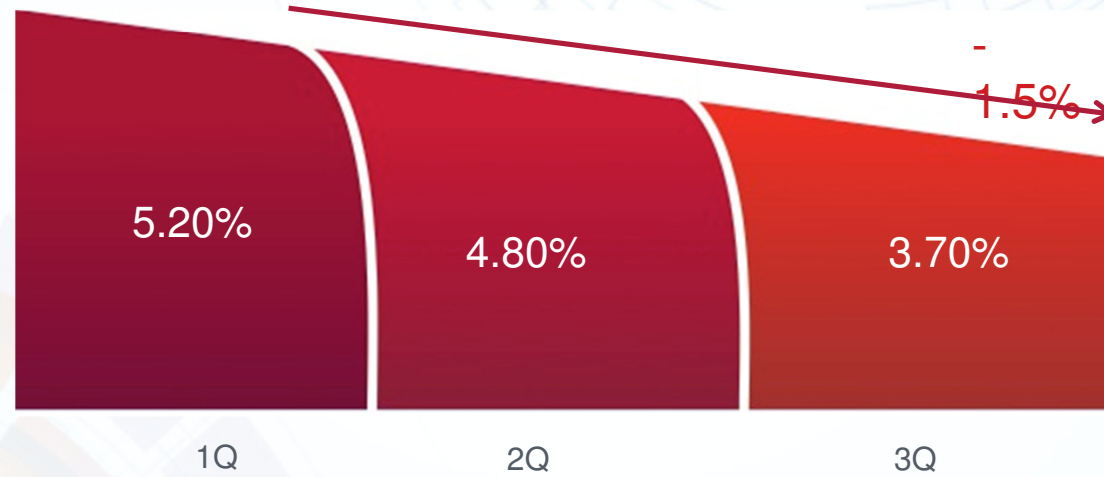
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Revenue Growth Outlook

3Q 2012: Next 12 Months



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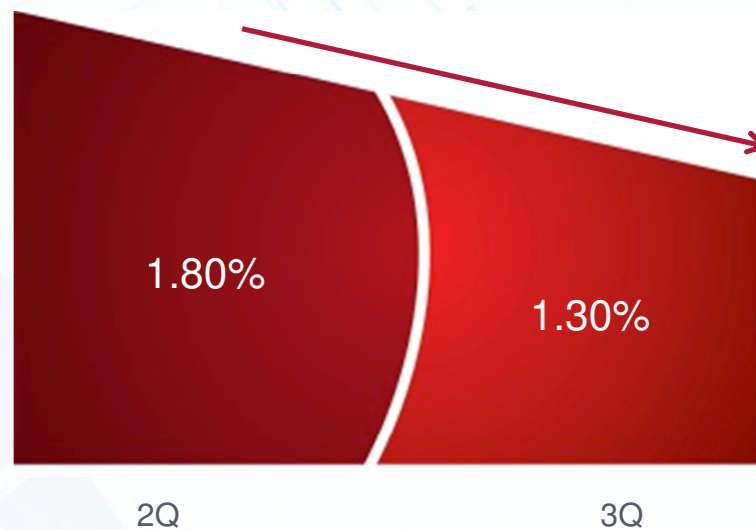


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 FISHER
COLLEGE OF BUSINESS  GE Capital

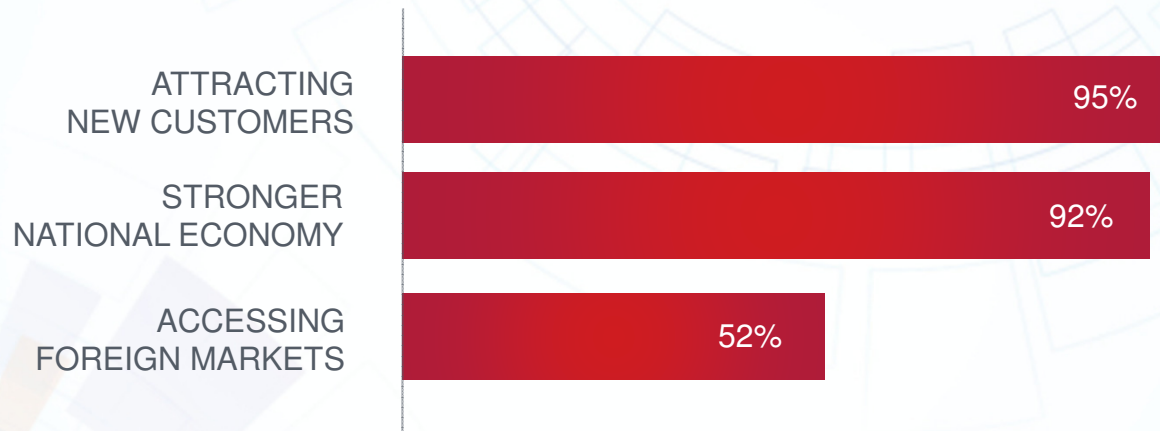
Job Creation Outlook

3Q 2012: Next 12 Months



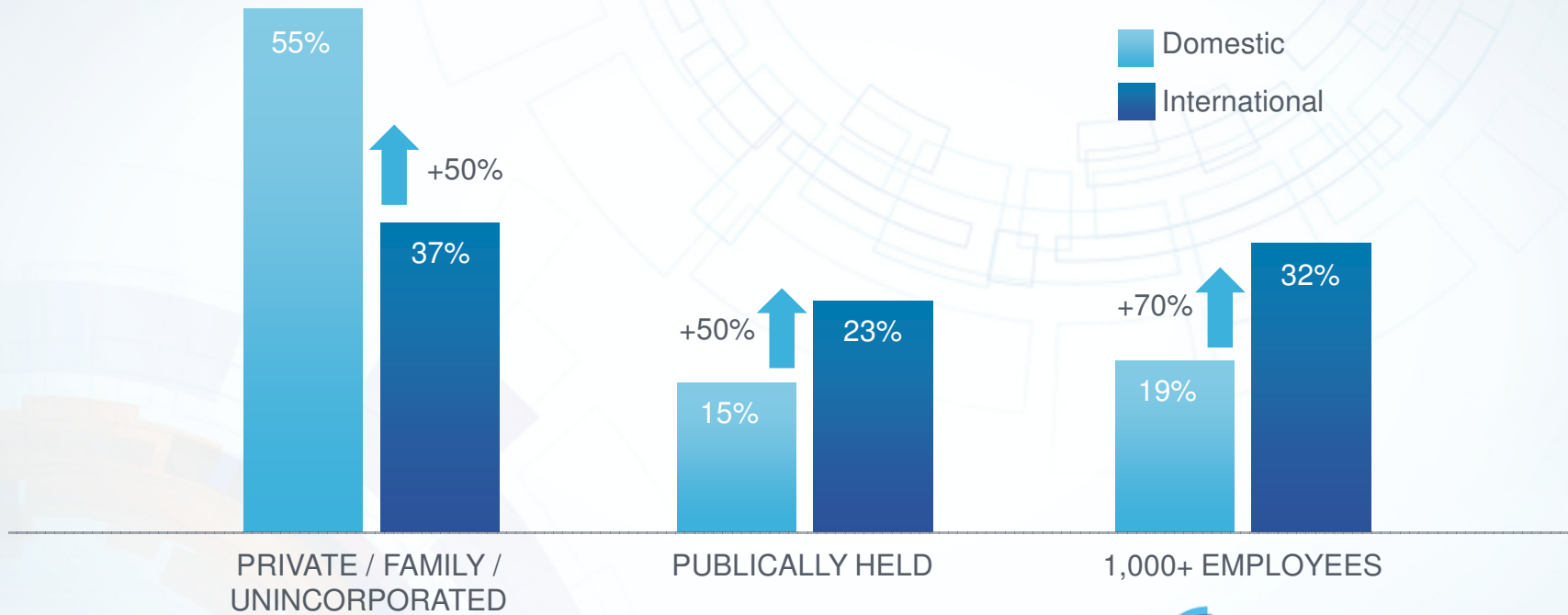
Top Factors to Meeting Growth Targets

2011 NCMM Research



Ownership Structure

EIU 2012 Research



Going Global

EIU 2012 Research

TOP 3 EXPANSION BARRIERS: DOMESTIC FIRMS

Expansion is too Risky

43%

Lack of Foreign Market Knowledge

32%

Don't Know the Opportunity

28%

Previous
Entry
Mode

46% PARTNERSHIP

32% DIRECT
26% ALLIANCE
14% JV

Future
Entry
Mode

33% PARTNERSHIP

32% ALLIANCE
22% DIRECT
18% JV

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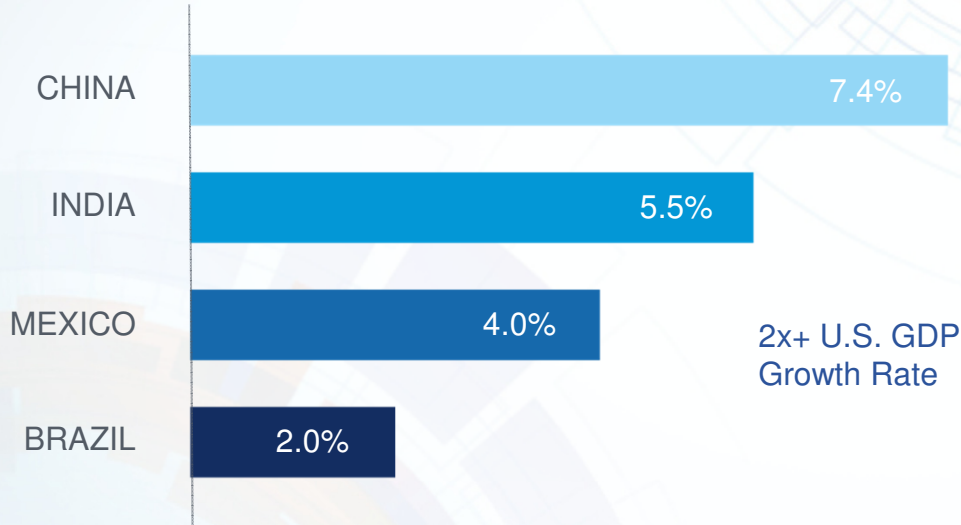
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Benefits of Going Global

EIU 2012 Research

TOP ENTRY MARKETS



82%

Expect 20%+ Sales Growth This Year from Foreign Markets

41%

Are More Competitive Domestically

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The National Center for the Middle Market

\$1 MM

Invested in Identifying Issues
and Solutions for Middle
Market Businesses

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The National Center for the Middle Market

14 ACADEMIC PROJECTS

1. Distribution strategies
2. Executive compensation
3. Global alliances
4. Innovation practices
5. Lean implementation
6. M&A
7. Market entry
8. Supply chain
9. Talent management

FLAGSHIP PROJECTS



**The Economist
Intelligence Unit**

Why don't more middle market firms go global?



**Council of Supply Chain
Management Professionals**

Identifying solutions to key supply chain issues facing middle market firms.

CENTER PROJECTS



Growth Champions Deep Dive



Quarterly release on the health of the middle market

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MIDDLE MARKET
CASE COMPETITION

CEO FORUMS AND EVENTS

RESEARCH PROJECTS



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