



NATIONAL CENTER FOR  
THE MIDDLE MARKET

A REPORT BY THE NATIONAL CENTER FOR THE MIDDLE MARKET

# STRATEGIC PLANNING FOR GROWTH

## How Middle Market Companies Map Their Futures

### KEY TAKEAWAYS

For most middle market businesses, the primary objective of corporate strategy is to maximize revenue growth, followed by ensuring long-term sustainability and maximizing profitability. Indeed, the National Center for the Middle Market's recent research revealed that, for the majority of middle market businesses, formal growth strategy is second only to market expansion in terms of weight in the growth equation. While some strategic focuses lead to more rapid revenue growth than others—exploiting marketplace opportunities is more lucrative than maximizing operational efficiencies, for example—it's not just what the strategy dictates that matters. How the strategy is defined, developed, and executed also play essential roles in strategic success and a company's rate of growth. Specifically, companies that are most satisfied with the execution of strategy, and grow faster as a result, are much more adept at defining and articulating their strategies, and their value propositions. They also deploy a much more robust strategy development and review process that engages employees at all levels of the organization and takes into account external inputs and the latest managerial thinking. In the middle market, companies must master the three mutually-reinforcing elements of strategy—definition, development, and execution—in order to realize their vision and achieve their goals at a faster rate than their peers.

IN COLLABORATION WITH

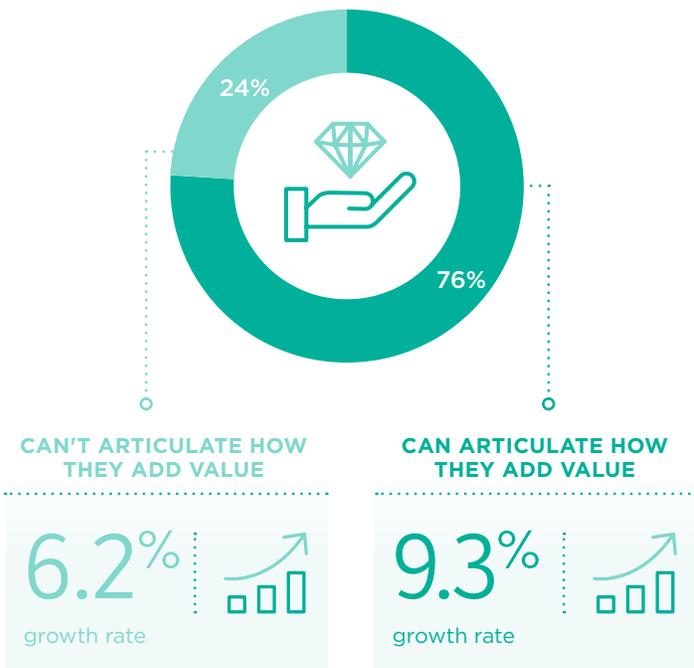
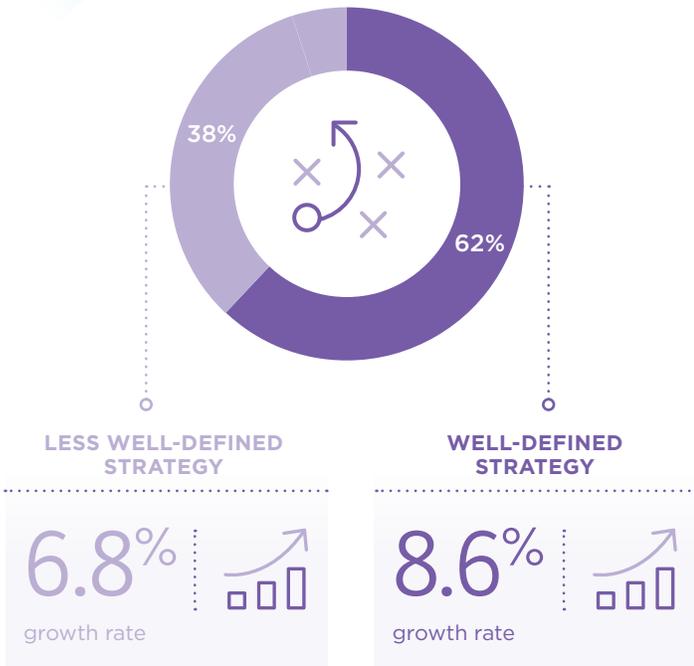


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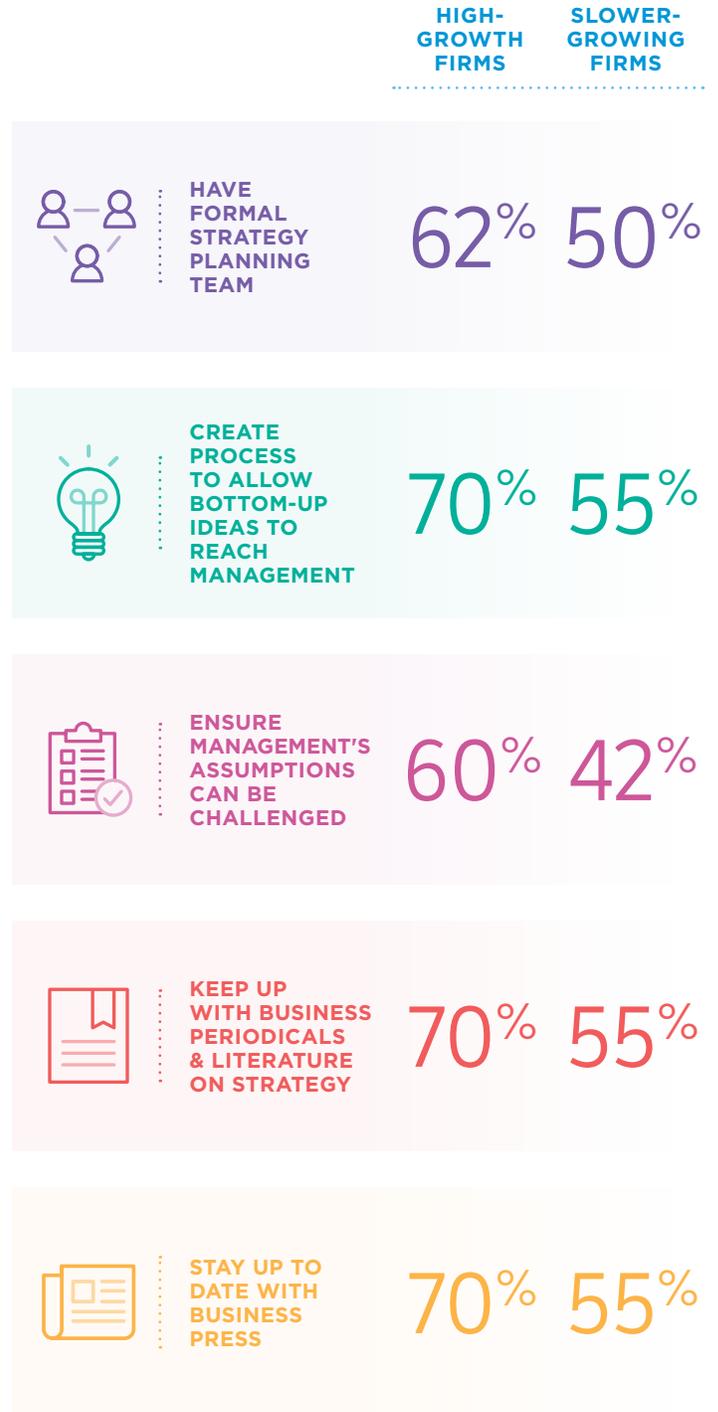
# STRATEGY SUCCESS & COMPANY GROWTH RELY ON THREE ELEMENTS

## 1. STRATEGY DEFINITION & ARTICULATION



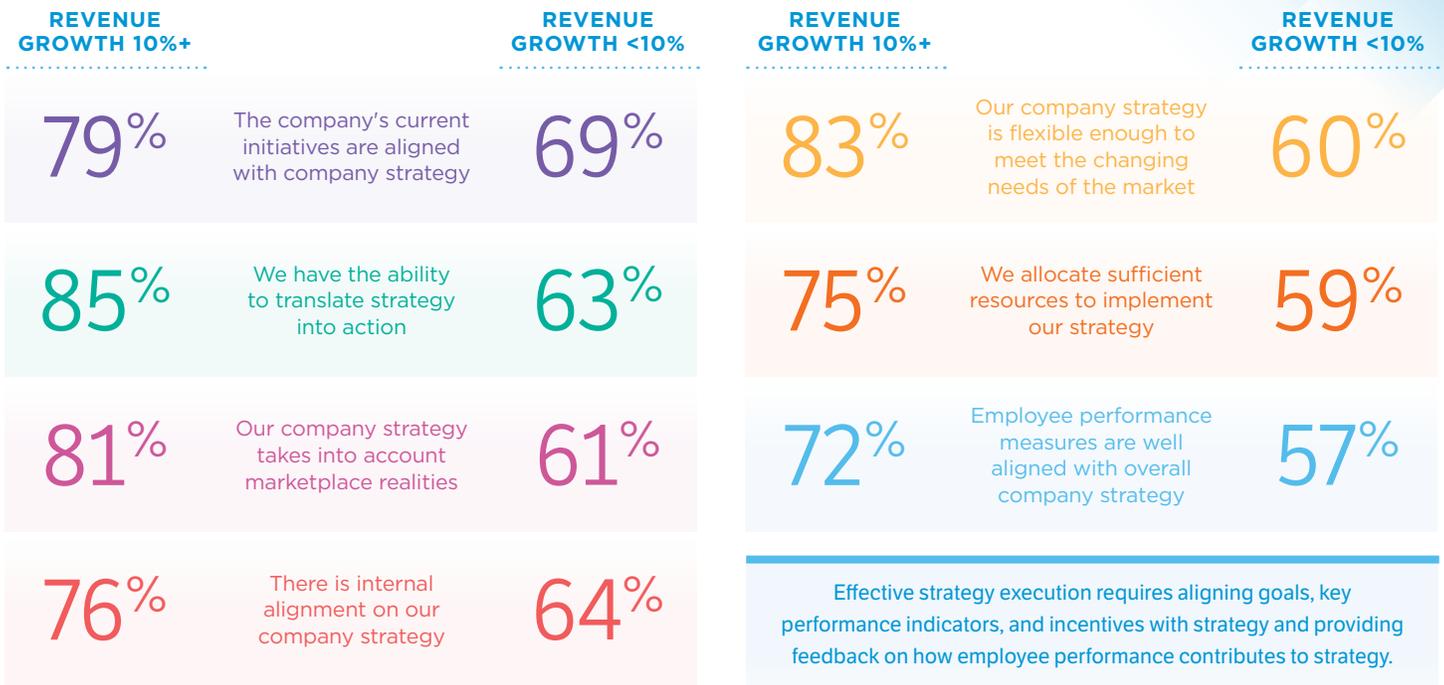
A well-defined strategy helps companies better articulate the value they offer. Those that can speak to their value proposition grow half again as fast as those that cannot.

## 2. ROBUST STRATEGY DEVELOPMENT PROCESS

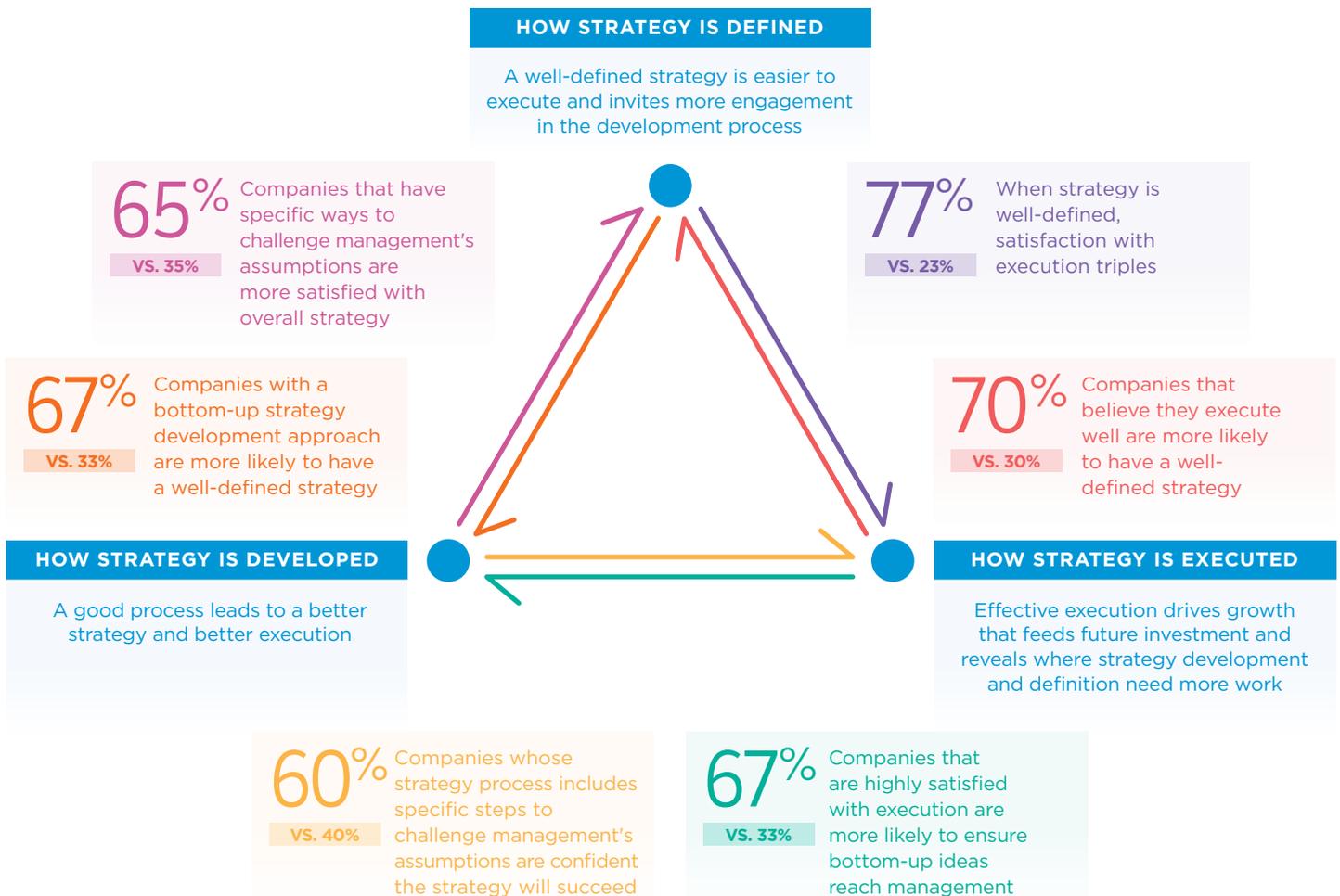


Rapidly-growing firms do not necessarily have a more formalized strategy-development process. But they do factor in a wide range of both internal and external inputs.

### 3. CAPABILITIES TO TRANSLATE STRATEGY INTO EXECUTION



## THE THREE PILLARS OF STRATEGY SUCCESS MUTUALLY REINFORCE EACH OTHER



## ABOUT THIS STUDY



### ABOUT THE U.S. MIDDLE MARKET

The U.S. middle market comprises nearly 200,000 companies that generate more than \$10 trillion in combined revenue annually. The middle market is defined by companies with annual revenues between \$10 million and \$1 billion. In addition to their geographic and industry diversity, these companies are both publicly and privately held and include family-owned businesses, sole proprietorships, and private equity-owned companies. While the middle market represents approximately 3% of all U.S. companies, it accounts for a third of U.S. private-sector GDP and jobs. The U.S. middle market is the segment that drives U.S. growth and competitiveness.



### ABOUT THE RESEARCH

Following a recent study that revealed formal growth strategy as a key driver in the growth of middle market firms, The National Center for the Middle Market launched new research to more fully understand the dynamics of corporate strategy among middle market businesses. Indeed, for 60% of middle market companies, revenue growth is the primary objective of strategy, followed by ensuring long-term sustainability and maximizing profitability. Working with Michael Leiblein, Associate Professor at The Ohio State University Fisher College of Business, as well as with Anne Petrik of Vistage and Nick Araco of the CFO Alliance, the Center looked at how companies approach the strategic planning function and investigated the factors that contribute to or hinder effective strategy execution and, thus, rapid growth. The Center surveyed 400 financial decision makers from middle market business across a range of industries and geographies. Respondents completed a 25-minute, self-administered online survey between August 16 and August 28, 2018. For full research findings and tool that can be used to help companies hone their strategy processes, visit <<link to full report goes here>>

## RESEARCH PRODUCED BY:



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The National Center for the Middle Market is a collaboration between The Ohio State University's Fisher College of Business, SunTrust Banks Inc., Grant Thornton LLP, and Cisco Systems. It exists for a single purpose: to ensure that the vitality and robustness of middle market companies are fully realized as fundamental to our nation's economic outlook and prosperity. The Center is the leading source of knowledge, leadership, and innovative research on the middle market economy, providing critical data analysis, insights, and perspectives for companies, policymakers, and other key stakeholders, to help accelerate growth, increase competitiveness and create jobs in this sector. To learn more visit: [www.middlemarketcenter.org](http://www.middlemarketcenter.org).

## WITH CONTRIBUTIONS FROM:



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