

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

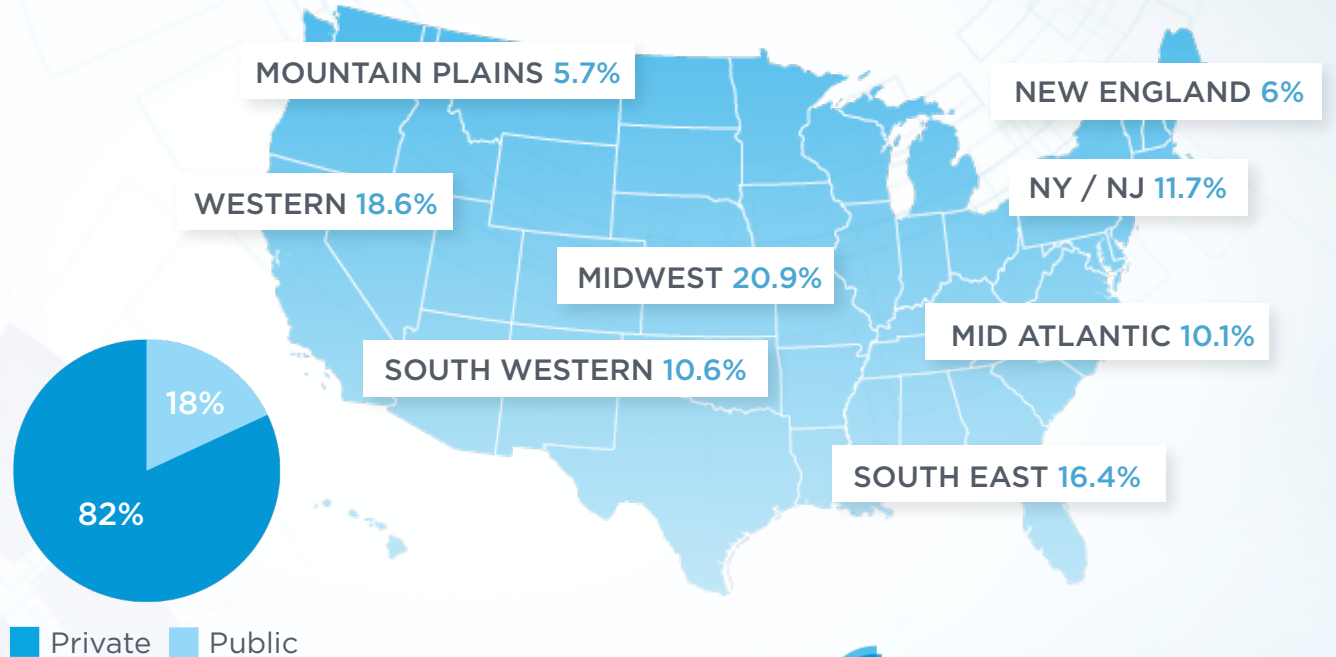
\$3.84 TRILLION
PRIVATE SECTOR GDP
(33%)

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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 **FISHER**
COLLEGE OF BUSINESS

 GE Capital

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



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

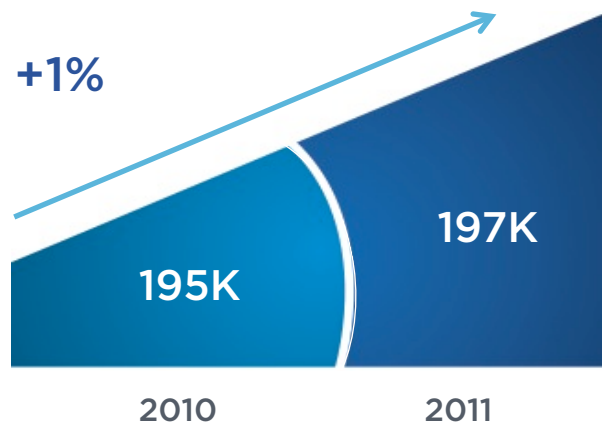
+3%

Small
Businesses

-1%

Large
Businesses

MIDDLE MARKET BUSINESSES



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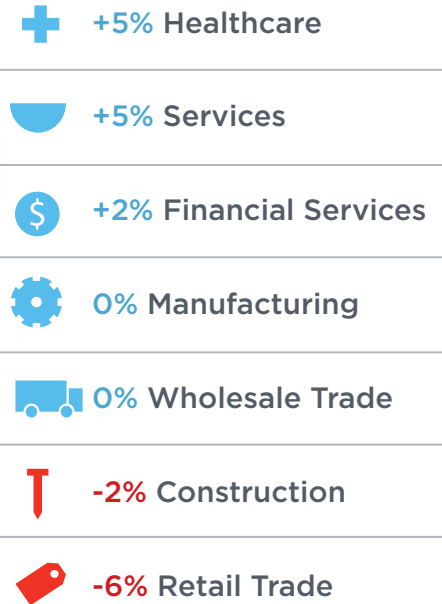
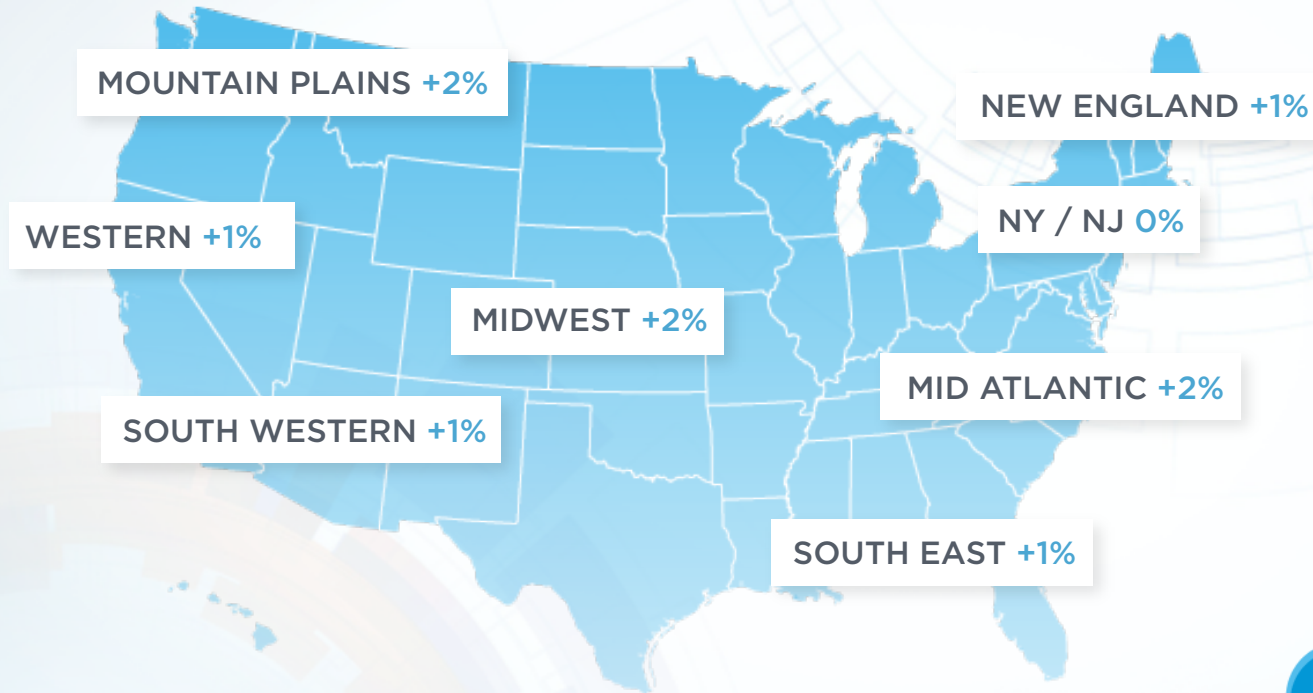
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Where the Growth is

2011 vs. 2010



Job Creation

2011 vs. 2010

1.95MM

Added Jobs

+4%
Middle
Market

+3%
Small
Businesses

+1%
Large
Businesses

MIDDLE MARKET JOB CREATION

+4%

41.3MM

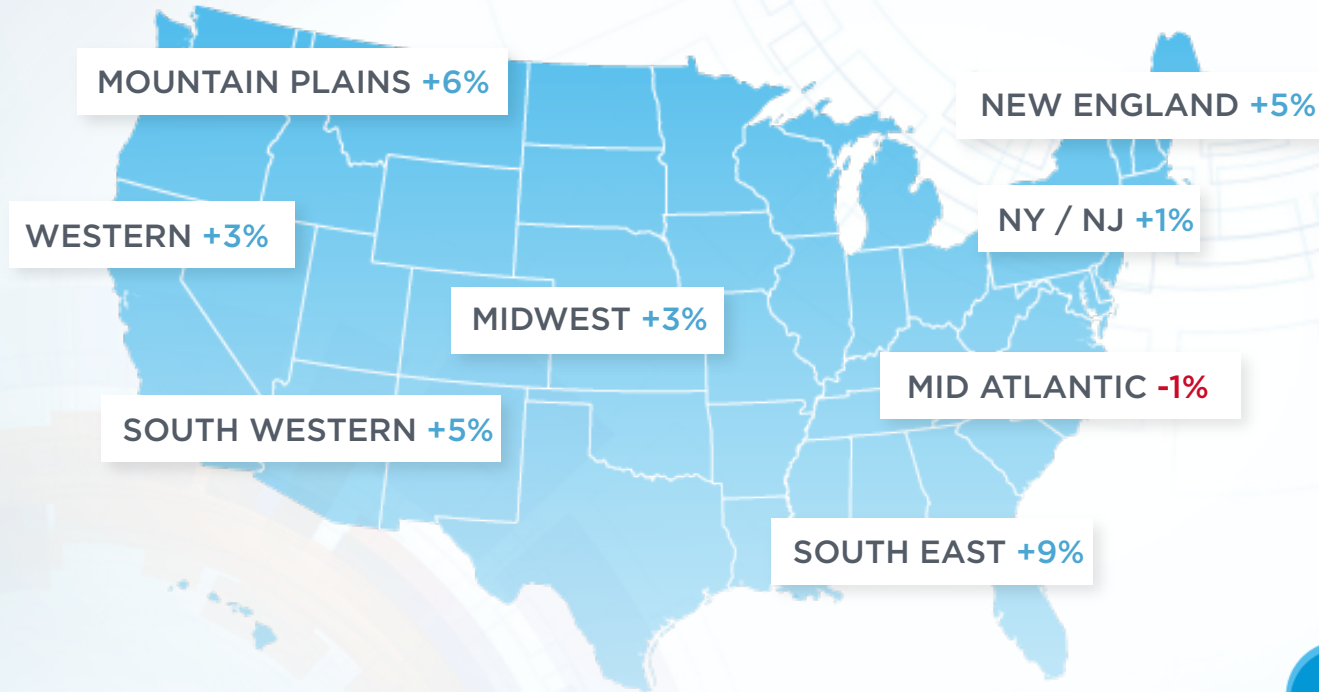
43.3MM

2010

2011

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%

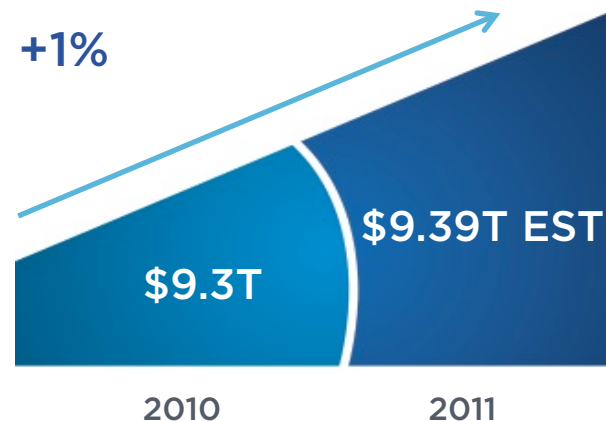
Small
Businesses

+.25%

Large
Businesses

MIDDLE MARKET BUSINESSES

+1%



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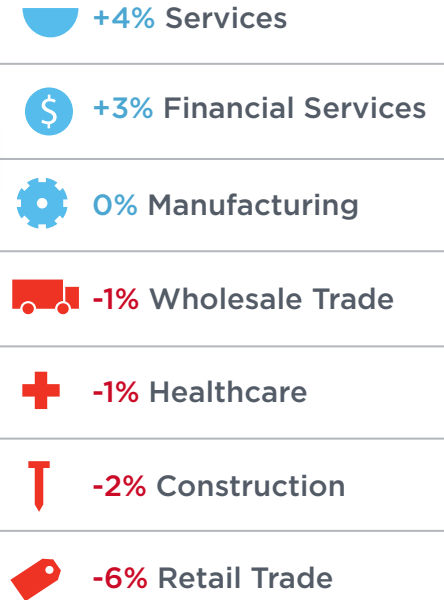
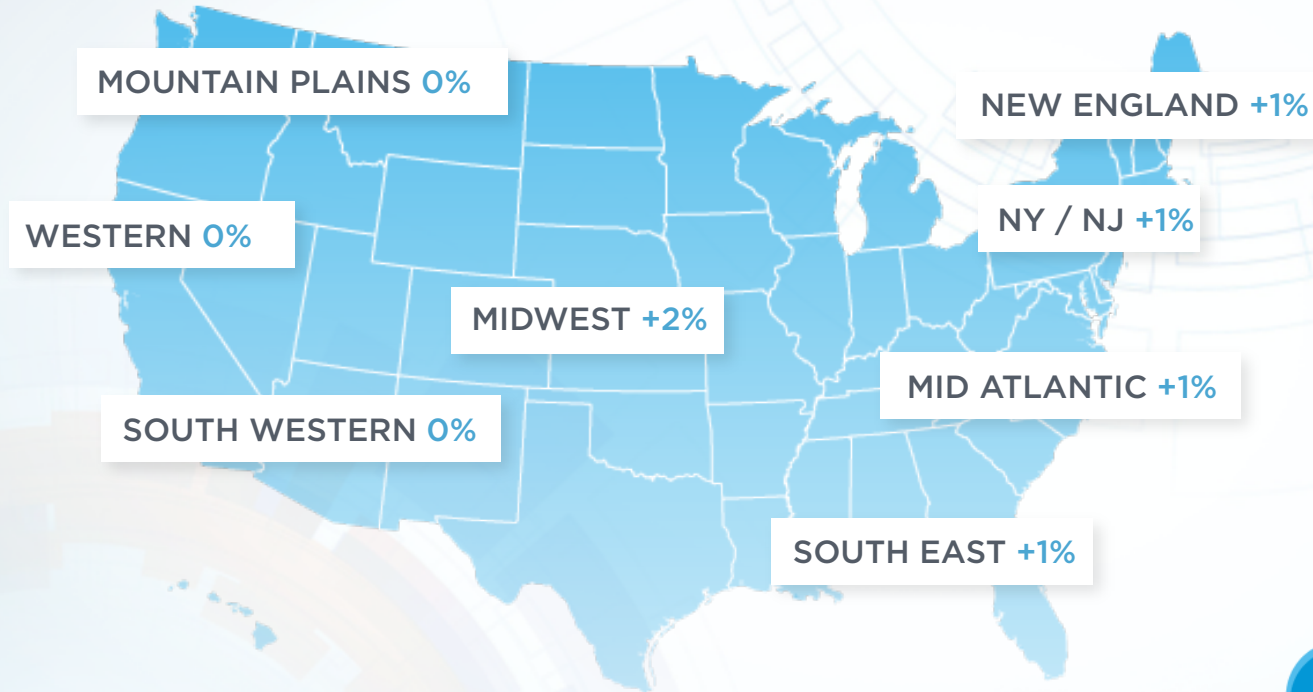
FISHER
COLLEGE OF BUSINESS



GE Capital

Where the Revenue Growth is

2011 vs. 2010



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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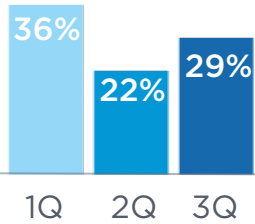
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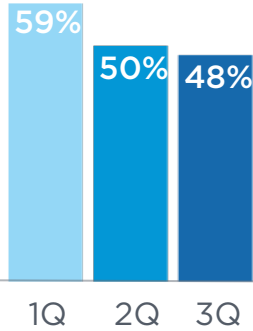


Economic Outlook

Middle Market Executive Confidence



Global Economy



US Economy



Local Economy



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Top 5 Business Challenges

3Q 2012: Next 12 Months

91% COST OF HEALTHCARE

89% ABILITY TO
MAINTAIN MARGINS

87% COST OF DOING BUSINESS

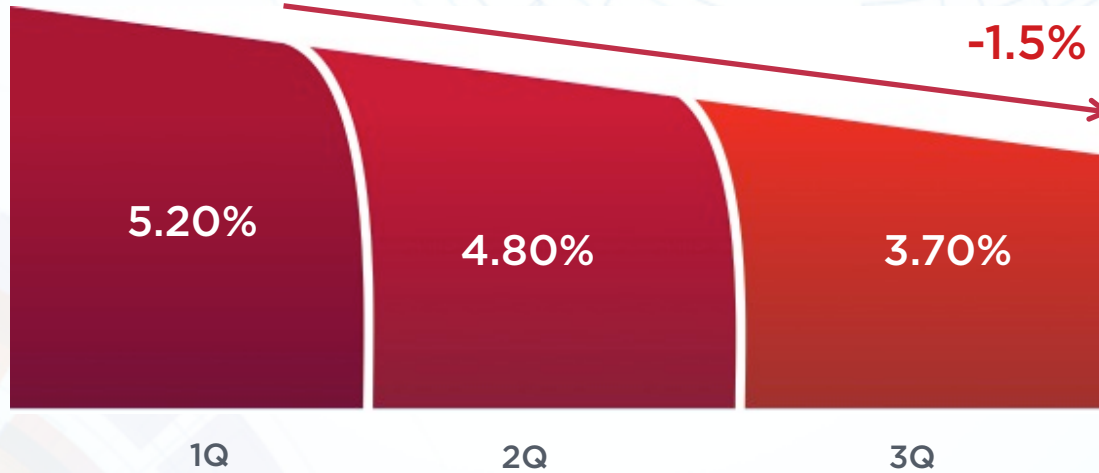
84% UNCERTAINTY OF HOW
GOVERNMENT ACTIVITIES
WILL IMPACT BUSINESS

77% ABILITY TO
ATTRACT, TRAIN,
AND RETAIN TALENT



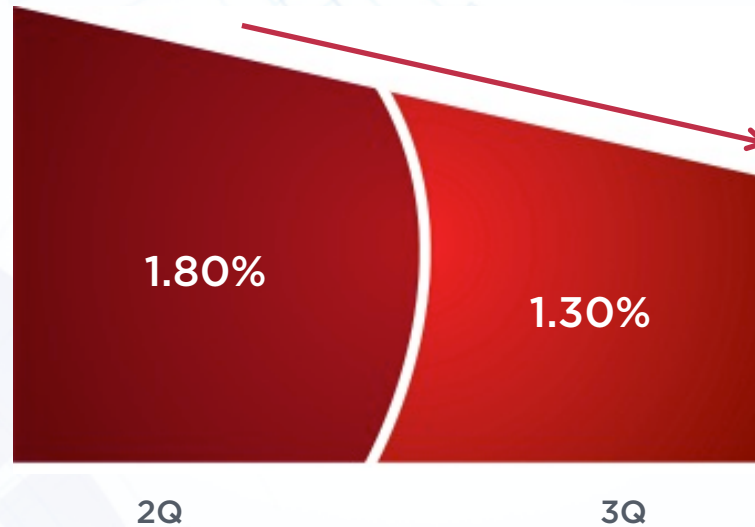
Revenue Growth Outlook

3Q 2012: Next 12 Months



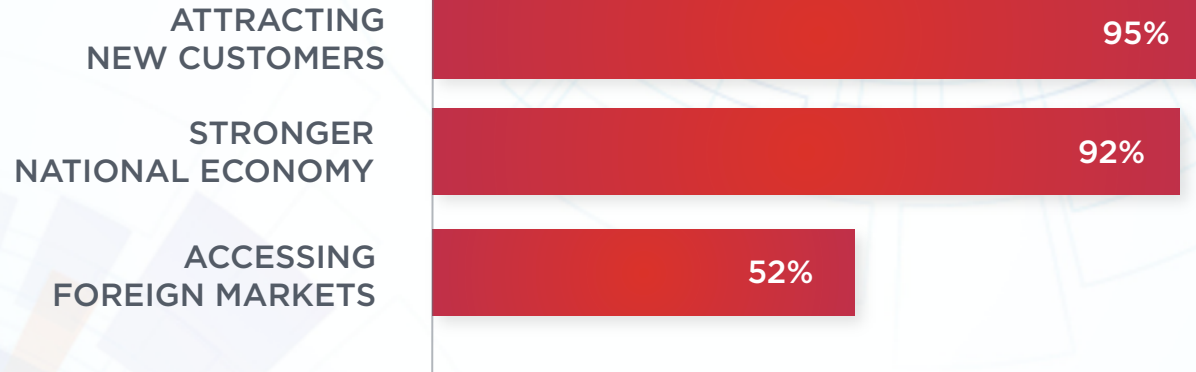
Job Creation Outlook

3Q 2012: Next 12 Months



Top Factors to Meeting Growth Targets

2011 NCMM Research



Ownership Structure

EIU 2012 Research



PRIVATE / FAMILY / UNINCORPORATED

PUBLICALLY HELD

1,000+ EMPLOYEES

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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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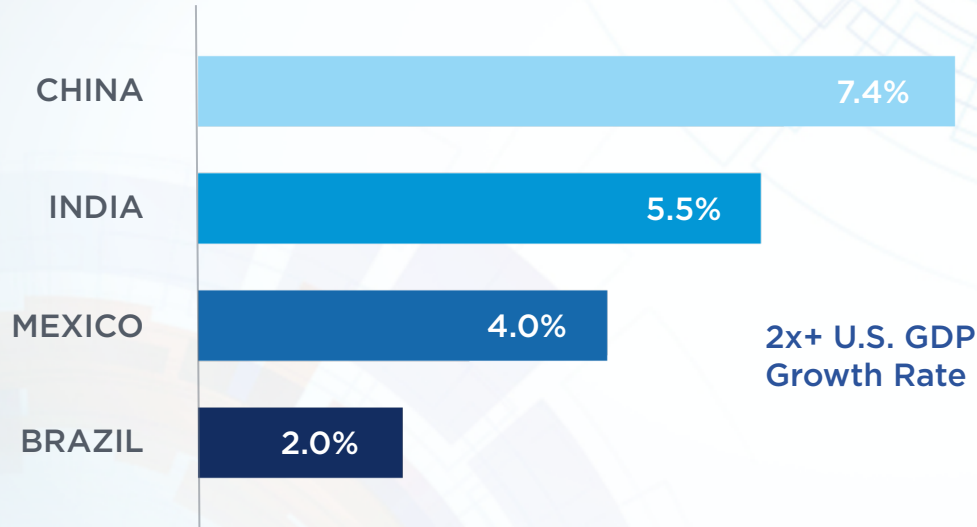


GE Capital

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

\$1MM

Invested in Identifying
Issues and Solutions for
Middle Market Businesses

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



Get Involved

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EXECUTIVE EDUCATION

MIDDLE MARKET JOB FAIR

MIDDLE MARKET CASE COMPETITION

CEO FORUMS AND EVENTS

RESEARCH PROJECTS





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