



NATIONAL CENTER FOR
THE MIDDLE MARKET

STRENGTH IN THE MIDDLE

2018 ANNUAL REPORT

Building resilience, competitiveness,
and growth in the U.S. middle market

IN COLLABORATION WITH



THE OHIO STATE UNIVERSITY
FISHER COLLEGE OF BUSINESS



Grant Thornton



CHUBB®

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Dear Friends,

Since its creation, the National Center for the Middle Market (NCMM) has distinguished itself as a leader and advocate for the companies and organizations that move America forward. Having been a part of the NCMM since its infancy and having witnessed its incredible impact over the past seven years, I am proud of what the Center has done and of what it continues to do in service to the middle market.

The programs, research, and outreach conducted annually by the NCMM exemplify the powerful intersection of academia and business. Here at The Ohio State University Max M. Fisher College of Business, we are committed to a partnership with the Center to continue to provide the innovative programs, thought leadership, and cutting-edge research that are shaping the vision and strategy of middle market firms every day.

The creation and dissemination of the NCMM's 2018 DNA of Growth report, a longitudinal study that analyzed five years of data from middle market companies, is one such example of this synergy in action. The report by Fisher faculty, in collaboration with Center partners, identified seven key drivers of growth, along with three typologies of fastest growers in the middle market. Relevant research such as the DNA of Growth report, along with the bellwether Middle Market Indicator, is helping to expand the awareness and impact of the NCMM each year.

None of this, of course, would be possible without the support of our partners in industry. We are thankful to departing sponsor SunTrust Banks for its engagement with the NCMM over the past three years. We are also delighted to welcome Chubb Insurance, the world's largest publicly traded property and casualty insurance company, as the Center's newest sponsor in 2019. Together with Cisco and Grant Thornton, we look forward to advancing and elevating all the ways the NCMM is serving the market that moves America.

Sincerely,

Anil J. Makhija

*Dean and John W. Berry, Sr. Chair in Business
The Max M. Fisher College of Business
The Ohio State University*

SUPPORTING A STRONGER MIDDLE MARKET

Since its inception in 2011, the National Center for the Middle Market has been committed to supporting middle market companies in doing what they do best: grow, provide new jobs, and serve as the engine that pulls the national economy forward. We help middle market leaders better address their challenges and learn about and leverage the proven strategies of the best-of-the-best middle market performers to accelerate success. And we ensure greater awareness and understanding of the vitality and robustness of middle market companies among key stakeholder groups.

Offerings for Middle Market Leaders

- + Data-driven content with action-oriented insights
- + Interactive tools
- + Vital support networks and communities
- + Valuable programs

Other Center Audiences

- + Policymakers
- + Economic development organizations
- + Academic researchers
- + Business students
- + Media and thought leaders

U.S. MIDDLE MARKET DEFINED

200,000
businesses in all industry segments and geographies

Representing
3%
of all U.S. companies

Annual revenues from
\$10M–\$1B

33%
of private sector GDP

1/3
of U.S. private sector jobs

2018 Center Accomplishments

In 2018, the Center and its partners focused on advancing the resilience, competitiveness, and growth of middle market companies to create even greater strength in this segment. Key achievements included:

**7**

**NEW RESEARCH
REPORTS**

**4**

**NEW EDITIONS
OF THE MIDDLE
MARKET INDICATOR**

**\$185k**

**IN NEWLY APPROVED
ACADEMIC RESEARCH GRANTS**

**35**

**MIDDLE MARKET EVENTS
REACHING 6,000 ATTENDEES**

**5%**

**INCREASE IN AWARENESS OF
THE CENTER AMONG MIDDLE
MARKET EXECUTIVES**

**55****MILLION**

**LISTENERS REACHED VIA
TWO RADIO MEDIA TOURS**

**2ND**

**SEC GOVERNMENT BUSINESS FORUM ON SMALL
BUSINESS CAPITAL FORMATION HOSTED AT THE
OHIO STATE UNIVERSITY**

BOLSTERING CORE MIDDLE MARKET CAPABILITIES

The National Center for the Middle Market works closely with world-class research institutions as well as practitioner partners to fund, develop, and field projects that align with the top challenges and most pressing concerns of middle market executives.

2018 Research Objectives



INCREASE RESILIENCE

Give middle market executives strategies for enhancing their staying power and thriving in any economic or industry condition.



STRENGTHEN COMPETITIVENESS

Equip leaders of middle market companies with data-based insights and tactics designed to sharpen their edge and help create or strengthen a competitive advantage.



DRIVE GROWTH

Analyze the best practices of the most successful, fastest-growing businesses and deliver insight-based frameworks designed to accelerate and sustain growth.

2018 Academic Research Projects

Featured World-Class Researchers

The Value of Quality-Distribution Information Sharing for the Selective Assembly of Bearing Components

- + W.C. Benton, Ph.D., Edwin Dodd Professor of Management and Dean's Distinguished Professor of Operations Management in the Fisher College of Business at The Ohio State University
- + Toyin Clotey, Ph.D., Associate Professor, College of Business, Iowa State University

Does Firm Size Matter: Comparing Influence of Organizational Architecture on Performance between Large and Middle Market Corporations

- + Mahendra R. Gupta, Ph.D., Geraldine J. and Robert L. Virgil Professor of Accounting and Management, Olin Business School, Washington University
- + Richard J. Palmer, Ph.D., Copper Dome Faculty Fellow and Professor of Accounting, Southeast Missouri State University

Understanding Strategic Acquisitions by Technology Platforms

- + Milan Miric, Ph.D., Assistant Professor of Data Science and Operations, Marshall School of Business, University of Southern California

Semantic Analysis on Consumers' Search Phrases

- + Hongshuang (Alice) Li, Ph.D., Assistant Professor of Marketing, Fisher College of Business, The Ohio State University
- + Liye Ma, Ph.D., Assistant Professor of Marketing, Robert H. Smith School of Business, University of Maryland

2018 ACADEMIC RESEARCH ACCOMPLISHMENTS

7

new projects funded

\$185,000

in grants awarded

11

top research institutions

16

academic researchers

2018 RESEARCH PROJECTS

The Center develops and publishes detailed research reports that present executives with key takeaways, expert commentary, and perspectives on the data, colorful case stories that bring the insights to life, and action-oriented frameworks and tools that leaders can quickly adapt and put to work in their own organizations.

Research Reports

- + **Risk & Resilience in the Middle Market:**
How Companies Prepare for and Respond to Major Business Disruptions
- + **Cybersecurity & The Middle Market:**
The Growing Importance of Cybersecurity & How Middle Market Companies Manage Cyber Risks
- + **Middle Market Retail:**
How Digital Transformation is Fueling Growth
- + **Middle Market Manufacturing:**
How to Thrive in a Transforming Environment
- + **The DNA of Middle Market Growth:**
The Three Types of Growth Champions and the Factors that Drive Their Success
- + **Strategic Planning for Growth:**
How Middle Market Companies Map Their Futures
- + **Chicagoland's Middle Market:**
Past Performance; Future Outlook

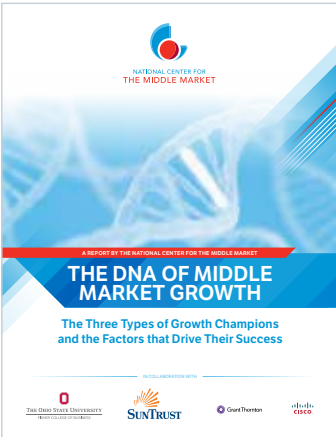
RESEARCH SPOTLIGHT

The DNA of Middle Market Growth

THE THREE TYPES OF GROWTH CHAMPIONS AND THE FACTORS THAT DRIVE THEIR SUCCESS

In this landmark study, the Center analyzed five years of Middle Market Indicator data to gain deeper insight into the most critical activities that drive the middle market’s impressive performance year after year. With the support of our partners at RTi Research and Jay Anand, Dean’s Distinguished Professor of Corporate & Global Strategy at the Fisher College of Business, we completed a Bayesian network analysis of 20,000 companies to identify growth factors within managements’ control, understand the importance or weight of those factors, and the critical relationships between them. We then identified how different types of middle market Growth Champions assemble and emphasize the factors in distinctive ways to create unique paths to rapid, sustainable growth.

See the strategy + business article featuring findings from the report at middlemarketcenter.org.



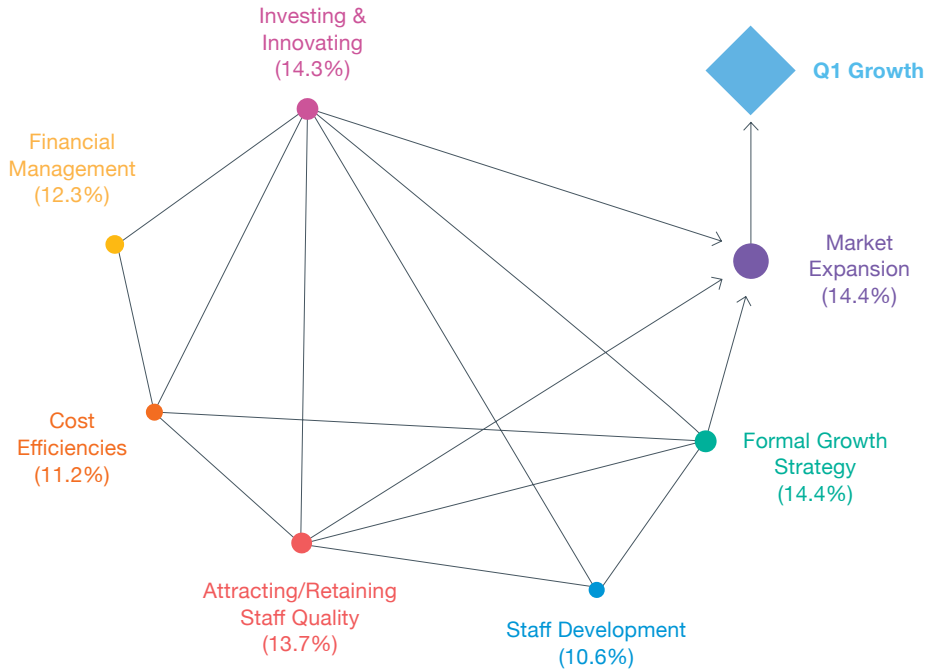
3 Distinctive Growth Champion Typologies

- + **Investors:** grow by seeking—always—what’s new and by bringing novel or improved products, services, and solutions to market year after year
- + **Innovators:** scalars that put capital to work across the entire spectrum of growth-producing activities
- + **Efficiency Experts:** focus on producing ever greater output from existing assets, including human as well as financial and physical capital

7 Growth Drivers within Company Control

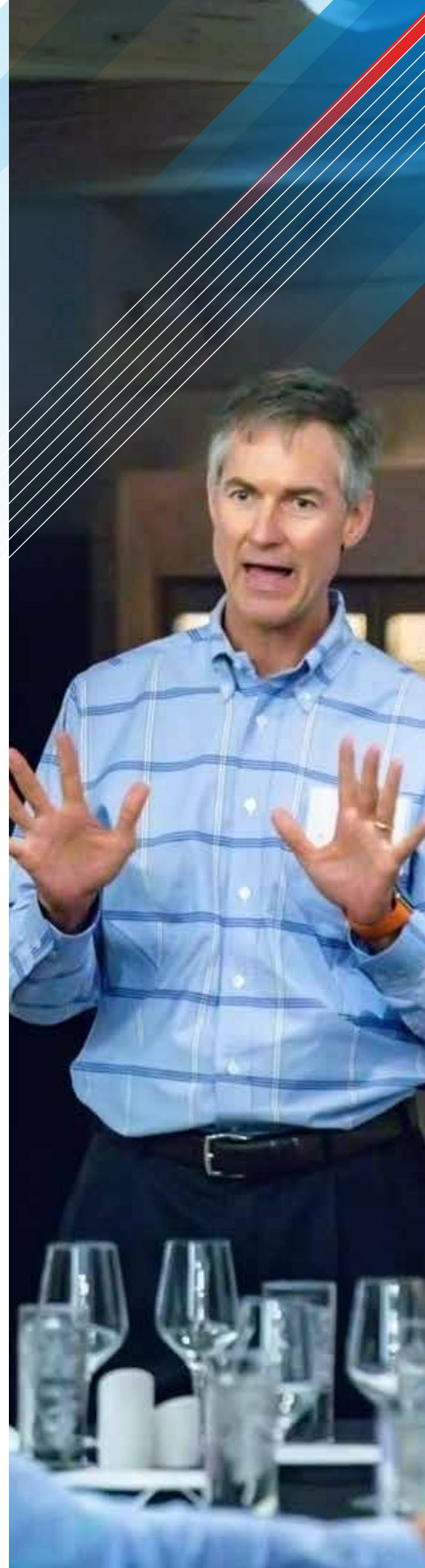
- + Market expansion
- + Formal growth strategy
- + Investing and innovating
- + Attracting/retaining staff quality
- + Financial management
- + Cost efficiencies
- + Staff development

Bayesian Network Analysis of Middle Market Growth Factors



IMPARTING NEW KNOWLEDGE & STRENGTHENING RELATIONSHIPS

The National Center for the Middle Market provides unique opportunities in key middle market states and cities for middle market leaders to connect with and learn from each other. Executives hear the latest research first hand, discuss key findings with peers, and test drive practical, data-driven insights for addressing critical challenges, bolstering their own companies' resilience and competitiveness, and accelerating growth.



2018 Executive Event Highlights

Greater Cleveland Middle Market 7th Annual Forum

CLEVELAND, OHIO | APRIL 25, 2018

The Center presented an update on the middle market to more than 200 middle market executives and decision makers from across Northeast Ohio. Attendees participated in breakout sessions on taxes, talent, and technology and heard the first major public address from the newly appointed Commissioner of the U. S. Securities and Exchange Commission.

Featured presenter:

- + **Robert J. Jackson Jr.**, Commissioner, U.S. Securities and Exchange Commission and NCMM Research Fellow

Smart Manufacturing Summit

COLUMBUS, OHIO | JUNE 6, 2018

Co-Hosted by Honda, this summit exposed 250 C-level manufacturing leaders to a presentation of the Center's latest findings on how to manage risk and accelerate growth in a transforming industry.

Featured presenter:

- + **Doug Farren**, Managing Director, NCMM

Executive Sessions for Growth

ATLANTA, GEORGIA | JUNE 20, 2018
DALLAS, TEXAS | SEPTEMBER 18, 2018

These sessions brought together a cross-section of senior leaders from middle market companies in various industries to discuss growth strategy and the elements that factor into it, including technology, innovation, and talent. Leaders shared learnings and forged partnerships designed to help unlock the full growth potential of their organizations.

Featured presenters:

- + **John Gregg**, President and CEO, SunTrust Robinson Humphrey
- + **Mike Plant**, President of Development, The Atlanta Braves
- + **Diane Swonk**, Chief Economist and Managing Director, Grant Thornton
- + **Mary Moore Hamrick**, National Managing Principal, Public Policy, Grant Thornton



REINFORCING THE MIDDLE MARKET'S IMPACT AND UNIQUE NEEDS

By increasing awareness of the middle market's economic impact among public officials at the federal, state, and local levels, the National Center for the Middle Market helps ensure that the middle market's unique needs and issues are considered when policies are developed. The Center's efforts include conducting briefings about important middle market issues and serving as a trusted source of data and insight about the middle market and its contributions to the economy.



2018 Policy Highlights

37th SEC Government-Business Forum on Small Business Capital Formation

COLUMBUS, OHIO | DECEMBER 12, 2018

Since 1982, the Securities and Exchange Commission has held an annual forum to discuss complex capital issues facing small and mid-sized business. In 2018, the Center and The Ohio State University Fisher College of Business partnered with the SEC to bring this critical event to the Midwest. The Center helped facilitate two panel discussions: the first on how capital formation options are working for small businesses, and the second on diversity in capital formation.

Congressional Caucus for Middle Market Growth Update

WASHINGTON, D.C. | JUNE 7, 2018

The Congressional Caucus for Middle Market Growth is a bipartisan Congressional Member Organization (CMO) that educates congress members and the public on the middle market's economic impact. In 2018, the Center, its sponsors, and ACG coordinated a Middle Market Caucus briefing to explore the specific challenges middle market companies face when raising capital. Discussions focused on the regulatory environment, hurdles related to reporting and high compliance costs, the issues banks face when lending to mid-sized companies, and the pros and cons of funding options available to middle market firms.

2018 CAUCUS MEMBERS

Co-Chairs

- + Rep. Steve Stivers (R-OH)
- + Former Rep. Jared Polis (D-CO),
Current Governor of Colorado
- + Rep. Tom Rice (R-SC)
- + Former Rep. Kyrsten Sinema (D-AZ),
Current U.S. Senator

Members

- + Rep. Susan Brooks (R-IN)
- + Rep. Steve Chabot (R-OH)
- + Rep. Mike Conaway (R-TX)
- + Rep. Jim Cooper (D-TN)
- + Rep. Suzan DelBene (D-WA)
- + Rep. Sean Duffy (R-WI)
- + Rep. Bill Huizenga (R-MI)
- + Rep. Randy Hultgren (R-IL)
- + Rep. Robert Hurt (R-VA)
- + Rep. Tom MacArthur (R-NJ)
- + Rep. Carolyn Maloney (D-NY)
- + Rep. Mike Quigley (D-IL)
- + Rep. Pat Tiberi (R-OH)

ENGAGING THE LEADERS OF TOMORROW

The need for skilled talent remains one of the middle market's most pressing challenges as companies aim to grow and increase their competitive edge. The National Center for the Middle Market works to raise awareness of the middle market among business students and provide unique, real-world learning opportunities for students to engage with middle market companies and collaborate with leaders on business solutions.

2018 Fisher Invitational Case Competition for MBAs

APRIL 5-7, 2018

26th Annual Case Competition featuring Bob Evans Restaurants and the organization's desire to grow off-premise dining.

9 Top Business Schools

- + Michigan State University
- + Penn State University
- + Purdue University
- + The Ohio State University
- + University of Illinois
- + University of Iowa
- + University of Maryland
- + University of Nebraska
- + University of Wisconsin

Corporate Participants





2017–2018 Middle Market Industry Immersion Program for Undergraduate Students

THE OHIO STATE UNIVERSITY FISHER COLLEGE OF BUSINESS

Autumn 2017 Semester

- + Classroom presentations from five corporate sponsors covering topics including marketing, operations, customer experience, HR, finance, and data analytics
- + On-site visits to participating corporate locations

Spring 2018 Semester

- + 4-month student-run projects designed to address specific, current business challenges
- + Ongoing engagement and support with corporate participants

Student Projects Included:

- + Creating a new promotional tagline
- + Evaluating an affinity marketing agreement
- + Developing an after-market parts business plan



Case Competition Highlights



36

FIRST-YEAR MBA STUDENTS
COMPETING AGAINST THEIR
PEERS IN TEAMS OF FOUR



24

HOURS TO ANALYZE THE
CASE, DEVELOP SOLUTIONS,
RECOMMENDATIONS, AND
PREPARE A PRESENTATION



1ST

PLACE TEAM:
PENN STATE UNIVERSITY

2ND

PLACE TEAM:
PURDUE UNIVERSITY

3RD

PLACE TEAM:
MICHIGAN STATE
UNIVERSITY

INCREASING NATIONAL AWARENESS

In 2018, unaided awareness of the National Center for the Middle Market rose from 11% to 16%. This jump was fueled in part by two radio media tours, 16 new episodes of *The Market that Moves America* podcast series, and increasing media attention to the Middle Market Indicator.

Key Media



Bloomberg

Bloomberg
Businessweek

The Washington Post

POLITICO

CRAI'S
BY FOR BUSINESS

THE WALL STREET JOURNAL

Inc.

The
Economist

YAHOO!
FINANCE

MEDIA HIGHLIGHTS

29

TIER-ONE
PUBLICATIONS

1.5
BILLION

TOTAL MEDIA
IMPRESSIONS


568k

WEBSITE PAGEVIEWS

7k+

RESEARCH REPORT
DOWNLOADS

MIDDLE MARKET INDICATOR

 **4**

NEW ISSUES OF THE QUARTERLY MIDDLE MARKET INDICATOR

574

MEDIA PLACEMENTS

659
MILLION

MEDIA IMPRESSIONS

1k

MIDDLE MARKET C-SUITE RESPONDENTS

5 KEY INDICATORS OF PAST & FUTURE PERFORMANCE

Revenue & Employment Growth, Confidence, Investment Appetites & Key Challenges

PODCAST

 **16**

NEW EPISODES OF *THE MARKET THAT MOVES AMERICA*

11k+

EPISODE DOWNLOADS

Featured Episodes

4/5/18

M&A SYNERGY

Featuring Ed Kleinguetl, partner at Grant Thornton

5/10/18

TRADE AND TARIFFS: AGRICULTURE AND THE MIDDLE MARKET

Featuring Dr. Ian Sheldon, The Ohio State University Professor and Andersons Chair of Agricultural Marketing, Trade and Policy

7/26/18

INVESTING IN PEOPLE THE KEY TO GROWTH?

Featuring Don Daseke, Chairman and CEO of Daseke Inc.

RADIO

 **55**

MILLION

LISTENERS REACHED VIA TWO RADIO MEDIA TOURS

4/12/18

RISK AND RESILIENCE MEDIA TOUR

Featuring Thomas A. Stewart, Executive Director, National Center for the Middle Market

+ 729 AIRINGS

+ 17,824,089 LISTENERS

10/30/18

CYBERSECURITY IN RETAIL MEDIA TOUR

Featuring Thomas A. Stewart, Executive Director, National Center for the Middle Market

+ 939 AIRINGS

+ 37,130,110 LISTENERS

COUNTLESS OPPORTUNITIES TO LEARN, INFORM & GROW

The National Center for the Middle Market will continue to advance its goal of fostering the competitiveness, resilience, and growth of the U.S. middle market. In 2019, the Center will focus heavily on digital transformation. The objective is to create a robust body of knowledge and tools in a variety of formats that leaders can leverage to shape their own transformation in our increasingly digital world.

2019 Objectives



EMPOWER

Middle market leaders can take advantage of new research, tools, and events to hone their competitiveness and further their growth goals.



EXPLORE

Academic researchers can find opportunities to undertake meaningful, journal-quality research relevant to middle market companies.



SUPPORT

Economic development organizations and policymakers can gain critical data, insights, and perspective to help shape programs, policies, and regulations.



BUILD

Business students can take advantage of experiential learning opportunities and explore career options within the growing middle market sector.



SHARE

Media and thought leaders can access a trusted source of the most comprehensive and current middle market data and research.

2018 OVERSIGHT COMMITTEE MEMBERS

- + **Joe Armes**
Chairman and CEO, CSW Industrials Inc.
- + **R. Doug Gawrych**
Florida Managing Partner, Grant Thornton LLP
- + **Matthew Gelber**
Managing Director and Head of Corporate Banking Group, SunTrust Robinson Humphrey
- + **Zvi Glasman**
Chief Financial Officer, Fox Factory Holding Corp.
- + **Sandra W. Harbrecht**
President and Chief Executive Office, Paul Werth Associates
- + **Anil K. Makhija**
Dean and John W. Berry, Sr. Chair in Business, The Ohio State University Fisher College of Business
- + **R. Lee McCrary, Jr.**
Executive Vice President, SunTrust Bank
- + **Timothy Coogan**
Area Vice President, Cisco Systems
- + **Thomas A. Stewart**
Executive Director, National Center for the Middle Market

Center Staff

- + **Thomas A. Stewart**, Executive Director
- + **Douglas L. Farren**, Managing Director
- + **Heidi Hubmann**, Associate Director
- + **Brooke Burch**, Office Associate

Help Shape the Agenda for 2019 and Beyond

The Center relies on its sponsors and partners to advance our mission and help direct the Center's research initiatives, programming, and events. To explore sponsorship and partnership opportunities, please contact the Center at middlemarketcenter@fisher.osu.edu. Or visit middlemarketcenter.org to learn more about our current sponsors and partners, including:

Sponsors



Partners





NATIONAL CENTER FOR THE MIDDLE MARKET

The National Center for the Middle Market is the leading source of knowledge, leadership, and innovative research focused on the U.S. middle market economy. The Center provides critical data, analysis, insights, and perspectives to help accelerate growth, increase competitiveness, and create jobs for companies, policymakers, and other key stakeholders in this sector. Stay connected by registering at middlemarketcenter.org. Or contact us by email at middlemarketcenter@fisher.osu.edu.

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