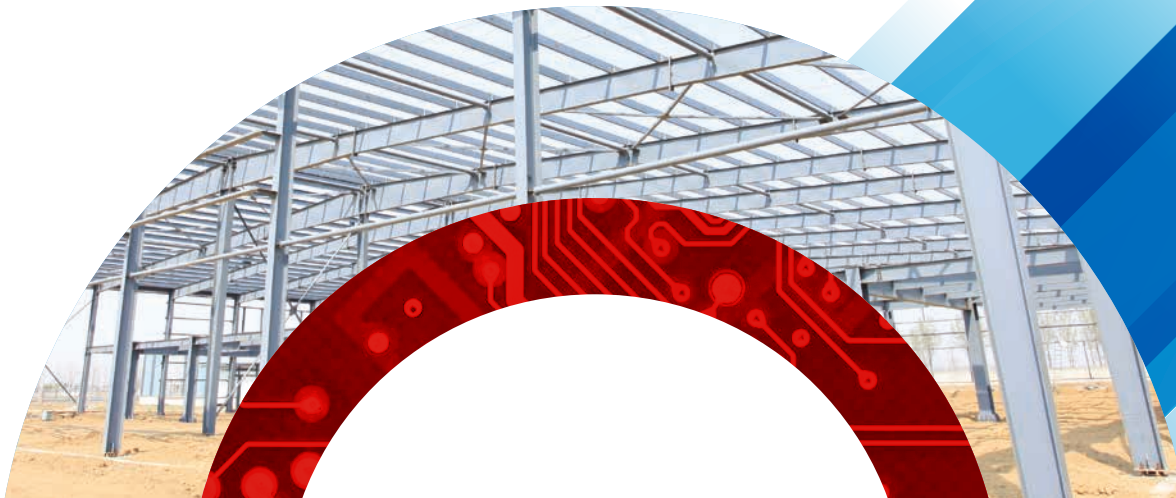




NATIONAL CENTER FOR  
THE MIDDLE MARKET



# THE MIDDLE OF EVERYTHING

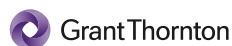
2017 ANNUAL REPORT



IN COLLABORATION WITH



THE OHIO STATE UNIVERSITY  
FISHER COLLEGE OF BUSINESS





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**DEAR FRIENDS,**

One of the distinct hallmarks of The Ohio State University Max M. Fisher College of Business is the recognition that business theory and practice are inextricably intertwined—that without one, the full potential of the other cannot be realized.

This belief is the foundation on which the National Center for the Middle Market (NCMM) was built at Fisher six years ago. In the time since, the NCMM has distinguished itself as a leader in middle market research, engagement, and education. Thanks to the generous support of SunTrust Banks, Inc., Grant Thornton LLP, and Cisco Systems, this past year was no exception.

In 2017, the NCMM commissioned studies on a number of topics impacting middle market businesses. These research projects included deep dives into working capital, supply chain management, talent, and digital customer experience. The projects provided valuable opportunities for the NCMM to expand key partnerships, as the center conducted joint research with leading organizations, including the Council of Supply Chain Management Professionals and the Brookings Institution.

As a driver of outreach and engagement in the middle market space, the NCMM continued its mission as it collected and shared insights with more than 5,500 middle market stakeholders and leaders throughout the U.S. in 2017. The center expanded its content delivery platform to include “The Market That Moves America,” a bi-weekly podcast that engages CEOs and other subject-matter experts on a range of topics of interest to middle market leaders.

Professionals and students alike continue to benefit from the NCMM’s dedication to education. In collaboration with the Small Business Investors Alliance, the center re-launched executive education offerings for middle market leaders with two cohorts of training at Fisher. The Fisher Invitational Case Competition presented MBA students with the opportunity to solve a challenge facing a middle market company; and at the undergraduate level, the Middle Market Industry Immersion Program provided nearly 50 students with fundamental middle market education and hands-on project work with middle market companies.

These are just a few of the many NCMM highlights from the past year—all of which are made possible by our sponsors. The NCMM and Fisher communities are thankful for their industry insight and continued guidance as we move forward helping businesses across our country lead from the middle.

Sincerely,

**ANIL K. MAKHIYA**

*Dean and John W. Berry, Sr. Chair in Business*

*The Ohio State University Max M. Fisher College of Business*

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## A MESSAGE FROM OUR SPONSORS:

When our companies signed on as flagship sponsors of the National Center for the Middle Market (NCMM), we did so with a shared vision and purpose to explore, understand, and develop the middle market — a key driver of the U.S. economy. One year later, we are pleased to share with you a snapshot of the NCMM's impact.

The following pages provide a glimpse of the incredible potential made possible by partnerships between industry-leading businesses and a world-class research and educational institution such as The Ohio State University Max M. Fisher College of Business. This collaboration continues to shape the educational experiences of the next generation of business leaders while providing middle market firms and companies with the data, research, and insights that are so vital to their growth.

We look forward to building on this solid foundation and advancing the NCMM as a critical resource for the market that continues to move our economy forward.

Sincerely,




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### MATTHEW GELBER

*Managing Director and  
Head of Corporate  
Banking Group  
SunTrust Robinson  
Humphrey*




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### JIM BRADY


*Chief Operating Officer  
Grant Thornton LLP*




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### JEFF SHARRITTS

*Senior VP of U.S.  
Commercial Sales  
Cisco Systems*

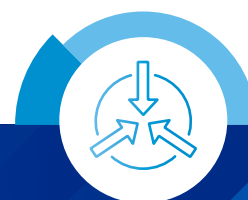
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# The Middle of Everything

The U.S. middle market is made up of companies with annual revenues ranging from \$10 million to \$1 billion. They aren't mega corporations. They aren't small businesses. They are very much in the middle of everything—representing all industry segments and ownership types and doing business in every geographic region. But they are not in the middle when it comes to performance. U.S. middle market companies consistently outperform both their smaller and larger peers and exhibit the growth that supports local economies and pulls the national economy forward.

While the middle market represents just 3% of all U.S. businesses, it is responsible for one-third of private sector GDP and employment. In other words, these are the organizations that are doing the heavy lifting in their communities and across the country. As 2017 has shown, the middle market is growing faster than ever.

Middle market performance has consistently trended up in revenue growth, employment, and other key metrics for the past six years, setting several records in 2017. Still, these businesses face very real challenges, many of which are unique to their size. They struggle to find the best talent to fill jobs. They face hurdles when it comes to digitization and globalization. They contend with headwinds in the form of policy and regulations, and they are not always in the best position to take advantage of resources that may exist to help.



## U.S. MIDDLE MARKET DEFINED

**200K**

businesses in all industry  
segments and geographies

Representing

**3.0%**

of all U.S. companies

Annual revenues from

**\$10M - \$1B**

**33%**

of private sector GDP

**1/3**

of U.S. jobs



## How the National Center for the Middle Market Helps

For six years, the National Center for the Middle Market has made it our mission to pave the way for continued middle market growth by addressing those challenges in several key ways. Like the organizations we exist to serve, the Center, too, has positioned itself in the middle of everything. We have developed and deepened relationships with executives, with top academic research institutions and business students, with economic development organizations and policymakers, and with media and thought leaders. Through those relationships, we have produced new research and practical recommendations, established supportive networks for middle market leaders, and launched valuable programs that middle market companies can leverage in their quest for growth.

As middle market leaders continue to do their work to provide jobs and bolster economies everywhere they operate, we at the Center will remain steadfast in our efforts to actively facilitate that growth. We will stay firmly in the middle of everything that matters to this vital market segment. We will produce and fund practical, groundbreaking research that analyzes the opportunities and challenges middle market companies face, and presents practical approaches to addressing them. We will continue to expand the audience for these insights among middle market leaders, policymakers at all levels of government, scholars and students, and the media. We will work with our sponsors and partners to develop and activate networks and mobilize communities in key cities and nationally. In these ways, we will create new resources and opportunities for middle market firms to realize their full potential in the years to come.

## Center's Vision

We ensure the vitality and robustness of middle market companies are fully realized as fundamental to our nation's economic outlook and prosperity.

## Center's Mission

We help middle market companies grow by developing—through a broad network of partnerships—extraordinary content, vital support networks and communities, and valuable programs that improve their competitiveness and performance.



## CENTER RELATIONSHIPS

### Middle Market Companies

Fostering growth, increasing competitiveness, developing leaders, and fueling job creation

### Economic Development Organizations

Offering insights to grow middle market companies through research and events

### Academic Researchers

Offering opportunities to undertake meaningful, journal-quality research relevant to middle market companies

### Students

Providing information and access to stable, rewarding career destinations in the middle market

### Policymakers

Supplying data, perspective, and critical insights on middle market issues that shape policy and regulation

### Media and Thought Leaders

Serving as a trusted source of middle market research, data, and thought leadership





## 2017 CENTER ACCOMPLISHMENTS

**\$231,000 in newly approved**  
academic research grants

**4 research projects**  
on key middle market issues

**4 new editions**  
of the Middle Market Indicator

**45 middle market events**  
reaching 5,750 attendees

**1 city added**  
to our list of metropolitan areas engaged  
in middle market community development  
by launching Philadelphia

**85 business students engaged**

**2 briefings for members of Congress**  
and their staffs including the first briefing for  
Senate staffers

**21 podcasts**  
with 3,980 total downloads

### 2017 IN REVIEW

#### January

- + Released the 20th edition of the Middle Market Indicator
- + Attended the Philadelphia Chamber kickoff event

#### March

- + Launched “The Market That Moves America” podcast series

#### April

- + Presented new research on talent at the Vistage Executive Summits in Austin and San Antonio
- + Participated in the ACG InterGrowth Conference

#### May

- + Presented at The Wall Street Journal Middle Market Network Summit
- + Conducted a roundtable exchange with the Chicago Forum on Global Cities
- + Participated in the Greater Cleveland Middle Market Forum

#### June

- + Led a briefing for the Congressional Caucus on Middle Market Growth

#### July

- + Attended the First International Conference on Middle-Standing Enterprises in Seoul, Korea
- + Launched the Fisher Summer Series for business leaders

#### September

- + Conducted the first briefing for Senate staffers
- + Presented research findings on workforce challenges to The United States Conference of Mayors Workforce Development Council

#### October

- + Co-hosted the 2017 Global Summit on Developing the Workforce of Tomorrow

#### November

- + CSCMP Roundtable – Columbus

## The Middle Market in the News

The national and local media increasingly rely on the National Center for the Middle Market as the go-to source of information and updates on the powerful U.S. middle market economy. Nearly 100 different broadcasters, publications, and digital-media outlets have come to the Center to keep them informed about the performance, sentiment, and challenges of the middle market. In turn, the organizations in our network help disseminate the latest insights to drive awareness of and appreciation for the middle market's impact on the economy.

### KEY MEDIA














### 2017 IMPACT

**30 tier-one**  
publications

**1,131,377,410**  
media impressions

**386,062**  
website page views

**7,208**  
downloads



## THE WALL STREET JOURNAL MIDDLE MARKET NETWORK SUMMIT

May 2, 2017

Middle Market Network Summit is The Wall Street Journal's annual day-long event that brings together leading figures in business, finance, and government to discuss the opportunities and risks shaping the future of America's middle market. The editors led dynamic discussions with experts on the business issues that matter most to the sector and explored—with Washington insiders—how the legislative, regulatory, and trade policies of a new administration and Congress will affect midsize companies.

A highlight of the event, NCMM Executive Director Thomas A. Stewart spoke with The Wall Street Journal assistant managing editor John Bussey about issues that are top of mind for middle market executives and where they see opportunity and risks. Stewart's talk, which was covered in a half-page story in the Journal on May 10, 2017, focused on the extraordinary growth record of the U.S. middle market, then highlighted challenges that might slow or derail it—notably the fact that nearly four out of 10 middle market leaders say that a lack of talent is constraining their growth.

### FOR A VIDEO OF THE FULL SPEECH

visit <https://www.wsj.com/articles/tom-stewart-on-the-pulse-of-the-middle-market-1464833040>



## Key Findings, Takeaways, and Tools for Driving Growth

The National Center for the Middle Market is the leading source of innovative research for and about U.S. middle market companies. Every year, the Center funds academic research and partners with practitioners to fully explore the issues that are critical to continued growth and success of middle market companies. In 2017, the Center worked to more closely align our research with executive priorities and to maximize the value of our research by leveraging our partners—as sources of expertise and as channels to help disseminate reports and tools. We published four new white papers and approved funding for eight new academic research projects this year.

Each research effort is designed to explore challenges that are especially salient for middle market companies or that affect them in unique ways. We uncover specific obstacles companies face and study what the most successful and fastest-growing businesses do differently than their peers to surmount those issues. The resulting reports deliver more than insights; they package together practical recommendations and useful tools companies can adopt to improve performance in key areas and move the needle on their own growth.

## New partners and projects pave the way to valuable learnings

The Center partners with scholars at The Ohio State University and other world-class institutions to fund studies that lead to journal-quality findings. In 2017, the Center selected and funded eight new academic research projects, awarding a total of \$231,000 in grants. In addition, we partnered with eight additional renowned research institutions this year, putting the middle market segment and its unique issues on the agenda of more of the world's leading researchers.

### RESEARCH FOCUS

**Strategy & Growth**

**Talent & Leadership**

**Governance & Finance**

**Innovation & Digitization**

**Globalization**

**Operational Excellence**



## FUNDED ACADEMIC RESEARCH PROJECTS FOR 2017



### MIDDLE MARKET BUYING AND CUSTOMER ENGAGEMENT IN SOCIAL MEDIA AND DIGITAL ENVIRONMENTS

**Focus Area:** Innovation & Digitization

**Researchers:**

- + **Sundar Bharadwaj**, University of Georgia
- + **Ashish Sharma**, University of Georgia

**Abstract:**

Researchers will examine the buying cycle and customer engagement strategies across middle market B2B firms.

### THE SCOPE AND SCALE OF DIGITAL TRANSFORMATION IN MIDDLE MARKET COMPANIES

**Focus Area:** Innovation & Digitization

**Researcher:**

- + **Anandhi Bharadwaj**, Emory University

**Abstract:**

This research will seek to understand and measure how digital technologies are transforming innovation and customer engagement processes.

### GLOBAL SUPPLY CHAINS AND THE IMPACT OF ECONOMIC DOWNTURNS ON FIRMS

**Focus Area:** Globalization

**Researchers:**

- + **Isil Erel**, The Ohio State University
- + **Serdar Dinc**, Rutgers University

**Abstract:**

The study will explore the resiliency of U.S. middle market firms that operate domestic supply chains versus those firms that maintain global supply chains.

### ACCESS TO CAPITAL, HEDGING, AND DISTRESS: THE ROLE OF PURCHASE OBLIGATIONS FOR MIDDLE MARKET FIRMS

**Focus Area:** Governance & Finance

**Researchers:**

- + **Heitor Almeida**, University of Illinois
- + **Kristine Watson Hankins**, University of Kentucky
- + **Ryan Williams**, University of Arizona

**Abstract:**

Researchers will examine how purchase obligations allow middle market firms to manage risk in times of distress or during cash flow shocks, and whether that affects future investments.

### THE GOVERNANCE OF MIDDLE MARKET FIRMS

**Focus Area:** Governance & Finance

**Researchers:**

- + **Matthew Josefy**, Indiana University
- + **Ryan Krause**, Texas Christian University
- + **Michael Withers**, Texas A&M University
- + **Damir Cavar**, Indiana University

**Abstract:**

The study will explore whether or not the human and social capital of directors and executives affects the performance of middle market firms more so than it does in larger companies.

### LEADING SUCCESSFUL LEAN TRANSFORMATIONS IN MIDDLE MARKET FIRMS

**Focus Area:** Operational Excellence

**Researchers:**

- + **Diego Campagnolo**, University of Padova
- + **Arnaldo Camuffo**, Bocconi University

**Abstract:**

This project will study how lean transformations contribute to sustainable growth for middle market businesses.

### SUPPLY MANAGEMENT AND SUPPLY RISK

**Focus Area:** Strategy & Growth

**Researchers:**

- + **John V. Gray**, The Ohio State University
- + **Gokce Esenduran**, The Ohio State University

**Abstract:**

This study will investigate whether, when, and how having larger customers affects the likelihood of bankruptcy for middle market suppliers.

### PIPES AS A SOURCE OF CAPITAL FOR MIDDLE MARKET FIRMS

**Focus Area:** Governance & Finance

**Researchers:**

- + **Michael Schwert**, The Ohio State University
- + **Michael S. Weisbach**, The Ohio State University

**Abstract:**

The research will look at how middle market firms raise PIPE (Private investments in Public Equities) financing, the cost they pay for it, and the circumstances under which it is provided.



## RESEARCH IMPACT SINCE 2012

# 28

top research institutions

# 44

academic research projects

# \$2.3 million

in funding

# 75

academic researchers

# 10

in-depth topical research  
studies published

## ACADEMIC RESEARCH PARTNERS



# Knowledge that Drives Performance

In 2017, the Center worked with its sponsors and several research partners to survey middle market executives and publish four new white papers addressing the following issues: operational excellence, talent acquisition and development, digitization of the customer experience, and mergers and acquisitions. Middle market executives benefited from key takeaways along with a supply chain scorecard, a grid for knowing when and why to bring in external advisors to the table to support M&A activity, and several checklists and to-do lists for implementing best practices and improving company performance across several key areas including acquiring and developing talent and leveraging technology to improve the customer experience.

## PRACTITIONER RESEARCH PARTNERS



# 2017 Practitioner Research Projects

## OPERATIONAL EXCELLENCE



### THE PERFECT LINK: HOW MIDDLE MARKET COMPANIES OPERATE WITHIN SUPPLY CHAINS

#### Academic Research Advisors and Subject Matter Experts:

- + **Gary Moore**, Executive-in-Residence, The Ohio State University Fisher College of Business
- + **Dr. Thomas Goldsby**, Mangurian Foundation Professor in Business, Chair, Department of Marketing and Logistics, The Ohio State University Fisher College of Business
- + **Taylor Howerton**, Senior Vice President, Ports and Logistics Industry Manager, SunTrust Banks
- + **Ward Melhuish**, Partner and Advisory Principal, Public Sector, Grant Thornton LLP
- + **John O'Connor**, Vice President, Supply Chain Transformation, Cisco Systems

#### Practitioner Research Partner:

- + Council of Supply Chain Management Professionals (CSCMP)

### OVERVIEW

Middle market companies often serve as links in the supply chains of larger manufacturers and distributors. This study explored what makes a middle market company the ideal link and identified ways in which the most successful middle market suppliers meet their customers' needs while simultaneously growing their own businesses.

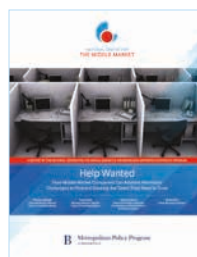
### GOAL

To gain a better understanding of supply chain dynamics from the perspective of a middle market firm, which must manage relationships with its upstream suppliers while working to meet the needs of downstream customers. By emulating the best practices of the most successful middle market supply chain firms, other middle market manufacturers and distributors can more effectively manage supply relationships and risk and ultimately fuel their own growth.

### KEY FINDING

The most successful middle market suppliers focus on fewer rather than more accounts. They develop deep, collaborative relationships with customers, often integrating their business systems with their customers' systems. While they feel some pressure from these key accounts, they work to develop mutually dependent relationships and make themselves as invaluable to their customers as their customers are to them.

## TALENT & LEADERSHIP



### HELP WANTED: HOW MIDDLE MARKET COMPANIES CAN ADDRESS WORKFORCE CHALLENGES TO FIND AND DEVELOP THE TALENT THEY NEED TO GROW

#### Academic Research Advisor:

- + **Benjamin Campbell**, Associate Professor of Management & Human Resources, The Ohio State University Fisher College of Business

#### Practitioner Research Partner:

- + **Marek Gootman**, Fellow and Director of Strategic Partnerships and Global Initiatives, The Brookings Institution
- + **Martha Ross**, Fellow, The Brookings Institution

### OVERVIEW

Middle market firms hire more workers and generate more new jobs than any other economic segment. Yet, they have trouble competing for and acquiring people, training and developing their resources, and retaining top talent. This study explored the specific workforce challenges middle market executives and hiring managers face in finding the right workers for the job, as well as the factors—both internal and external—contributing to those challenges.

### GOAL

Provide executives, policymakers, and other stakeholders with strategies and emerging solutions that can help the middle market find and keep the right talent for its jobs.

### KEY FINDING

Closing the gap between the demand for talent in the middle market and the available supply of it will require action on the part of companies as well as industry, educational, and public sector groups. Companies can benefit from investing in talent management activities and partnering with resources, such as local universities, while organizations that provide workforce services should be better aligned with the middle market businesses' workforce needs.



## INNOVATION & DIGITIZATION



### DIGITIZING THE CUSTOMER EXPERIENCE: ARE WE THERE YET?

#### Academic Research Advisor:

- + **Dr. Shashi Matta**, The Ohio State University Fisher College of Business

#### Practitioner Research Partner:

- + The American Marketing Association

### OVERVIEW

Technology is reshaping the customer experience at touchpoints all along the customer journey, and nearly 75% of middle market leaders agree that digitization is essential to growing their businesses. Yet, many middle market firms have been slow to integrate digital solutions into the customer experience. This research aimed to understand how middle market companies view the customer experience, uncover what actions they are taking to digitize that experience, evaluate the impact of digitization, and understand the obstacles to customer experience digitization.

### GOAL

Provide companies with guidance for strategically integrating customer experience digitization so they can do a better job of competing with larger firms for customers and market share.

### KEY FINDING

Companies that strategically invest in customer experience digitization do better at achieving their customer experience goals. Digitization is contributing to notable improvements across all areas of these businesses, and these firms grow at a much faster rate than less-digital businesses.

## STRATEGY & GROWTH



### MIDDLE MARKET M&A: WHAT EXECUTIVES AND ADVISORS NEED TO KNOW TO MAKE THE MOST OF MERGERS & ACQUISITIONS

#### Academic Research Advisor:

- + **Professor Steven Davidoff Solomon**, Professor of Law, University of California, Berkeley

#### Practitioner Research Partner:

- + **George Calfo**, Managing Director, Investment Banking, SunTrust Banks
- + **Ed Kleinguetl**, Partner, Transaction Advisory Services, Grant Thornton LLP

### OVERVIEW

The middle market shows a strong rhythm of merger and acquisition (M&A) activity with roughly 20% of middle market businesses acquiring a company and about 5% of businesses selling or divesting all or part of their organizations every year. Companies that participate in M&A view it as critical to their growth strategies; yet many businesses lack extensive experience at the deal-making table. This study evaluated the importance of acquisitions and sales to middle market companies, identified drivers of M&A activity, and focused on the challenges involved in deal-making pre-, during, and post-transaction.

### GOAL

Provide middle market executives and the professionals who advise them with insights and action items that can help middle market companies become deal-ready and develop the capabilities needed for facilitating more successful deals in the future.

### KEY FINDING

While M&A is prevalent in the middle market and today's deals are more competitive than ever, many middle market companies are often surprised by the complexity and challenges associated with execution and post-deal integration. A lack of experience can impede the success of deals; but developing the capabilities to become deal-ready can help companies better leverage M&A as a growth strategy.

## RESEARCH SPOTLIGHT

## Help Wanted: How Middle Market Companies Can Address Workforce Challenges to Find and Develop the Talent They Need to Grow

## RELEASE DATE

August 25, 2017

## RESEARCH FOCUS AREA

Talent &amp; Leadership

## RESEARCH PARTNER



*The Brookings Institution is a nonprofit organization devoted to independent research and policy solutions. Its mission is to conduct high-quality, independent research and, based on that research, to provide innovative, practical recommendations for policymakers and the public. The mission of the Brookings Institution's Metropolitan Policy Program is to deliver research and solutions that help metropolitan leaders build an advanced economy that works for all.*

## THE CRITICAL ISSUE

Despite the fact that middle market firms hire more workers and generate more new jobs than any other economic segment—or perhaps because of that fact—middle market executives regularly cite talent management issues, including competing for and acquiring people, training and development, and retention, as a top challenge affecting company performance and long-term growth and vitality. Specifically, 37% of middle market executives say that a lack of talent constrains their company's ability to grow. A larger number—44%—say that a lack of candidates with the right skills makes it difficult to recruit. Clearly, middle market companies struggle to find, hire, develop, and retain people with the right technical and soft skills needed for the jobs they have available, especially managerial, technical and professional, and sales positions.

Part of the problem can be attributed to factors that are unique to the size, scope, and internal capabilities of middle market companies. Because they tend to be less well known than larger businesses, middle market companies typically attract a smaller pool of candidates to start with. They also tend to have less developed HR infrastructures than their larger peers, which means their talent forecasting, recruiting, and training capabilities are less robust. These issues are compounded by the ecosystem of education, training, and job placement organizations surrounding middle market companies. These workforce development resources may not pay enough attention to middle market companies' workforce needs. Their services can also be difficult to navigate and access for leanly staffed middle market companies, making it hard for mid-sized businesses to take full advantage of resources that exist to help.

In partnership with The Brookings Institution, the Center surveyed 1,000 CEOs, CFOs, and other C-suite executives of America's middle market companies to learn about the human resources and workforce partnership practices of these firms and to identify both the cyclical and structural challenges they face in the so-called war for talent. Additionally, the Center and The Brookings Institution conducted focus groups with middle market executives in Atlanta and Philadelphia to gain additional insights into the unique challenges middle market companies face when it comes to finding the talent they need to grow. Brookings also interviewed local workforce investment boards, other intermediaries, and firms.

The research provides recommendations and actions that middle market companies and other stakeholders (industry, educational, and public sector groups) can take to close the talent gap and better match skilled workers with available jobs. Leveraging these opportunities promises to benefit companies, workers, and communities alike.





## KEY RESEARCH REPORT TAKEAWAYS

- + The middle market experiences workforce challenges to a greater degree given its strong growth and ongoing need for more skilled workers
- + Size can be both a weakness and a strength for middle market employers
- + A lack of strategic HR capabilities contributes to middle market firms' talent challenges
- + Education, training, and job placement resources do not always connect well to the middle market
- + Middle market companies can look both internally and externally to improve their ability to find, train, and retain qualified workers
- + Industry, educational, and public sector groups can adjust their services and programs to be more responsive to middle market needs

*The result is market failure: the middle market has high demand for various kinds of skilled talent, and the labor market can't satisfy that demand for a variety of reasons, at least some of which appear to be structural. Closing the gap between supply and demand should be an urgent task for executives as well as other stakeholders at the local, state, and national levels.*

## RESEARCH PRESENTATIONS

- + Fisher Summer Session
- + U.S. Senate staff briefing
- + United States Conference of Mayors Workforce Development Council

**Download the full report at**

<http://www.middlemarketcenter.org/research-reports>

## BECOME A RESEARCH PARTNER:

If you are an organization or business interested in critical middle market issues key to your members or customers, contact the Center to learn more about research opportunities. Email [middlemarketcenter@fisher.osu.edu](mailto:middlemarketcenter@fisher.osu.edu).

# Engaging Policymakers at Every Level

The National Center for the Middle Market is the leading source of knowledge about the middle market and an objective observer of the concerns of middle market companies. We therefore work to get in front of policymakers at the federal, state, and local levels to ensure the vital importance of the middle market is well understood and that its unique needs and issues are considered when policies are developed.

## THE CENTER'S POLICY GOALS

- + Increase awareness of the middle market among officials at all levels of government and in business development groups
- + Serve as a resource for data and insight about the middle market
- + Conduct briefings about key issues, such as cybersecurity and workforce development
- + Ensure middle market needs are presented to legislators and regulators to help them do their work better

## CONGRESSIONAL CAUCUS FOR MIDDLE MARKET GROWTH

The Center helped form the Congressional Caucus for Middle Market Growth in 2014 in collaboration with the Association for Corporate Growth (ACG). Now in its fourth year, this bipartisan Congressional Member Organization (CMO) includes 17 representatives from 14 states. The Caucus educates congress members and the public on the middle market's significant economic impact.

## 2017 CAUCUS MEMBERS

### Co-Chairs:

- + Rep. Steve Stivers (R-OH)
- + Rep. Jared Polis (D-CO)
- + Rep. Tom Rice (R-SC)
- + Rep. Kyrsten Sinema (D-AZ)

### 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)

## 2017 POLICY METRICS

**17 members**

of the Congressional Caucus for Middle Market Growth

**8 visits**

to House and Senate offices

**2 Capitol Hill**  
briefings

**1st presentation**

to The United States Conference of Mayors Workforce Development Council





## MID-MARKET CHICAGO ROUNDTABLE SERIES

June 8, 2017, Chicago, IL

The Center, in partnership with the Chicagoland Chamber of Commerce, Grant Thornton, and the Chicago Forum on Global Cities, participated in a roundtable exchange of ideas between policymakers and the private sector to discuss what global cities need to do in terms of policy to support and unlock the potential of their middle market sector—a city's greatest potential for growth and sustainability. Among the highlights:

- + **Theresa Mintle**, President and CEO of the Chicagoland Chamber of Commerce, discussed examples of how global cities can tailor workforce development initiatives and policies to better serve the needs of the middle market
- + **Steve Koch**, Deputy Mayor of Chicago, described the city's strengths as a global magnet for business and talent and an incubator of middle market company growth while addressing the business climate, infrastructure, and other challenges the city faces
- + **Thomas A. Stewart**, Executive Director of the National Center for the Middle Market, discussed the inextricable link between cities and trade and how middle market businesses can look to cities as a resource for trade support
- + **Jim Brady**, COO at Grant Thornton, described the unique profile of the middle market when it comes to digitization and explored how global cities can support digitization or innovation efforts to help middle market companies grow

Stewart then moderated a discussion that focused on the impact of the middle market on global cities and what “buttons” cities can press to spark and support middle market growth, including:

- + **Talent**: How to make the city a talent magnet
- + **Trade**: How to create infrastructure and regulations to help middle market companies cultivate export opportunities and find new markets
- + **Technology**: How resources such as incubators, public technology, and the creation of clusters can support the growth of middle market businesses

## THE UNITED STATES CONFERENCE OF MAYORS WORKFORCE DEVELOPMENT COUNCIL (WDC) BOARD MEETING

September 25, 2017, Washington, DC

**Who is out-of-work and who is looking for workers? Aligning supply and demand.**

The Center's Executive Director Thomas A. Stewart and Martha Ross, Fellow for the Metropolitan Policy Program at the Brookings Institution, presented findings from their joint study, *Help Wanted: How Middle Market Companies Can Address Workforce Challenges to Find and Develop the Talent They Need to Grow*, to workforce development leaders from more than two dozen cities across the country. The United States Conference of Mayors Workforce Development Council (WDC) works to ensure that workforce development activities are a key focus of cities, shares best practices, and influences Congress, the U.S. Department of Labor, and other policy makers in directing employment and training funds throughout the country.

### Presentation Highlights:

- + **Supply**: Local profiles of jobless adults
- + **Demand**: Hiring challenges for middle market companies
- + **Alignment**: Solutions for greater coordination between available labor and available jobs

*In 2017, the Center participated in several events and presentations to engage and inform policymakers in Washington and elsewhere.*

## A Local Approach to Middle Market Activity

Middle market businesses may not be as well known as multinational giants. But they most definitely make an impact at both the state and the metropolitan level, where they are cornerstones of the business community, providing jobs and contributing to the economic vitality of the communities in which they operate.

The National Center for the Middle Market actively engages with governors, mayors, legislators, chambers, and economic development organizations in key states and cities to promote greater understanding of the middle market's contributions and to advocate for middle market-friendly policies. At the same time, the Center works to connect middle market businesses within these communities, foster relationships with local media and business schools, and align all organizations with a stake in the middle market's success.

In 2017, the Center focused its metropolitan outreach efforts in Ohio, Chicago, Philadelphia, Atlanta, and Dallas. In addition, the Center expanded and deepened its relationship with the Brookings Institution's Metropolitan Policy Program with the publication of *Help Wanted: How Middle Market Companies Can Address Workforce Challenges to Find and Develop the Talent They Need to Grow*—the second major study to come out of the Center/Brookings partnership. The Metropolitan Policy Program is committed to delivering research and solutions that help metropolitan leaders build an advanced economy that works for all.

### KEY METRO AREA EVENTS

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#### GREATER CLEVELAND MIDDLE MARKET FORUM

*May 11, 2017*

More than 200 Northeast Ohio middle-market executives and decision makers joined the Greater Cleveland Partnership for its sixth annual forum. Leaders discussed topics including redefining customers' experience, managing and leveraging a dynamic leadership team, attracting talent, and cyber-threat challenges. The Center's Executive Director Thomas A. Stewart presented the latest findings from the Middle Market Indicator.

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#### CRAIN'S CLEVELAND BUSINESS 2ND ANNUAL MIDMARKET PERSPECTIVE EVENT

*August 23, 2017*

##### *Panel Discussion:*

##### **Strategic Planning—Finding your purpose and vision, and figuring out how to get there**

The Center's Executive Director Thomas A. Stewart led a discussion about the importance of strategic planning for middle market firms. Middle market companies often reach the point of an identity crisis. Panelists explored how middle market businesses can use the strategic planning process to refocus the organization and reestablish short- and long-term measures of success so they can develop the capabilities to seize opportunities and overcome complex challenges.

##### *Panelists:*

- + **Sam Falletta**, CEO, Incept
- + **Holly Hacker**, Director, Direct Sales and Customer Experience, Vitamix
- + **Maia Hansen**, Senior Partner, McKinsey & Company



## EVENT SPOTLIGHT

### **Growth Matters:** Activating Greater Philadelphia's Middle Market

January 31, 2017

Philadelphia's middle market enjoyed an exciting 2017. The Chamber of Commerce for Greater Philadelphia kicked the year off by launching a Middle Market Action Team and releasing the findings of a first-of-its-kind study of the region's middle market businesses. During a special event in January, business and community leaders gathered to discuss the study's findings and explore how the business community can collaborate to better support its vibrant middle market sector.

#### SPEAKERS

- + **Thomas A. Stewart**, Executive Director, National Center for the Middle Market
- + **Mike Kerlin**, Partner, McKinsey & Company
- + **Jonathan Brassington**, Partner and CEO, LiquidHub Inc.
- + **Randy McCullough**, Chief Human Resources Officer, Rhoads Industries
- + **Keith Mock**, Principal, Ballinger



#### PHILADELPHIA MIDDLE MARKET COMPANIES

**1%**

of regional establishments

**27%**

of the region's  
private-sector employment

**24%**

of total revenue produced  
in Greater Philadelphia

# Documenting Six Years of Growth

In 2017, the National Center for the Middle Market released four new issues of the quarterly Middle Market Indicator (MMI), bringing the total to 24 reports over the past six years. The MMI remains the only comprehensive economic barometer of the health of the U.S. middle market. Based on a survey of 1,000 C-suite middle market executives, the report features the latest data on year-over-year revenue and employment growth among middle market organizations, short- and long-term outlooks held by middle market executives, economic confidence levels, plans for investment, and key challenges. The MMI informs the business and academic communities, the media, and policymakers alike.

In mid 2017, the Center expanded its quarterly report by adding a new Short-Term Index that reveals what middle market executives know about the immediate outlook for their businesses. Every quarter, the MMI queries respondents on pressing topics related to challenges and growth. The answers inform future research projects, and a snapshot of this data is now included in each MMI.

## 2017 MMI SPECIAL TOPICS

- + **1Q**—Capital Expenditures
- + **2Q**—Mergers and Acquisitions
- + **3Q**—Employee Value Proposition
- + **4Q**—Impact of Business Disruptions



## QUARTERLY MMI RELEASES FROM THE CENTER

### Full MMI report

### MMI summary video

### MMI perspectives from the Center

### Year-over-year trend data

on middle market revenue, employment, investment, confidence, and productivity

### 6 state-specific reports

profiling middle market performance and economic outlook in California, Florida, Illinois, Ohio, New York, and Texas

### 7 industry-specific reports

detailing performance in the business services, construction, financial services, healthcare, manufacturing, retail trade, and wholesale trade industries

### 6 years worth of data

archived and made available on the Center's website for economists, analysts, students, and others





## IN THE NEWS: MIDDLE MARKET INDICATOR HEADLINES

Media attention for the MMI continues to be strong, with 21 media placements resulting in over 20 million verified impressions. Notable headlines in 2017 included:

### ***7 Things To Know Today and Middle Market Companies Poised for Growth***

May 1, 2017 | [Orlando Business Journal](#)

### ***Good News from the Middle Market***

May 9, 2017 | [The Wall Street Journal](#)

### ***The National Center for the Middle Market's 2Q 2017 Middle Market Indicator Reports Strong Employment Growth***

July 26, 2017 | [American Marketing Association](#)

### ***Despite Cybercrime's Pervasiveness, Many Businesses Ignore Risks***

July 29, 2017 | [Crain's Cleveland Business Journal](#)

### ***5 Keys to Supply Chain Management Success***

August 4, 2017 | [CIO.com](#)

### ***For Manufacturing, the Middle is the Sweet Spot***

August 30, 2017 | [Industry Week](#)

### ***Mid-Market Firms Hit Hard by Talent Shortages***

August 31, 2017 | [HR Dive](#)

### ***Apprenticeships Could Narrow the U.S. Skills Gap***

October 24, 2017 | [Bloomberg News](#)





## 2017 MIDDLE MARKET TRENDS IDENTIFIED BY THE MIDDLE MARKET INDICATOR

### 1Q 2017

**70% of middle market leaders**  
reported improved company performance  
compared to one year ago

**7.5% employment growth**  
over the past 12 months

**42% of companies**  
expected to increase employment  
in the next 12 months

### 2Q 2017

**5.7% employment growth**  
over the past 12 months

**87% of middle market leaders**  
reported confidence in the local economy

**72% of companies**  
reported positive revenue growth

### 3Q 2017

**72% of middle market companies**  
reported positive revenue growth  
over the past 12 months

**70% of companies,**  
a record high, said they would invest an extra  
dollar of revenue rather than hold it as cash

**57% contend**  
with staffing challenges

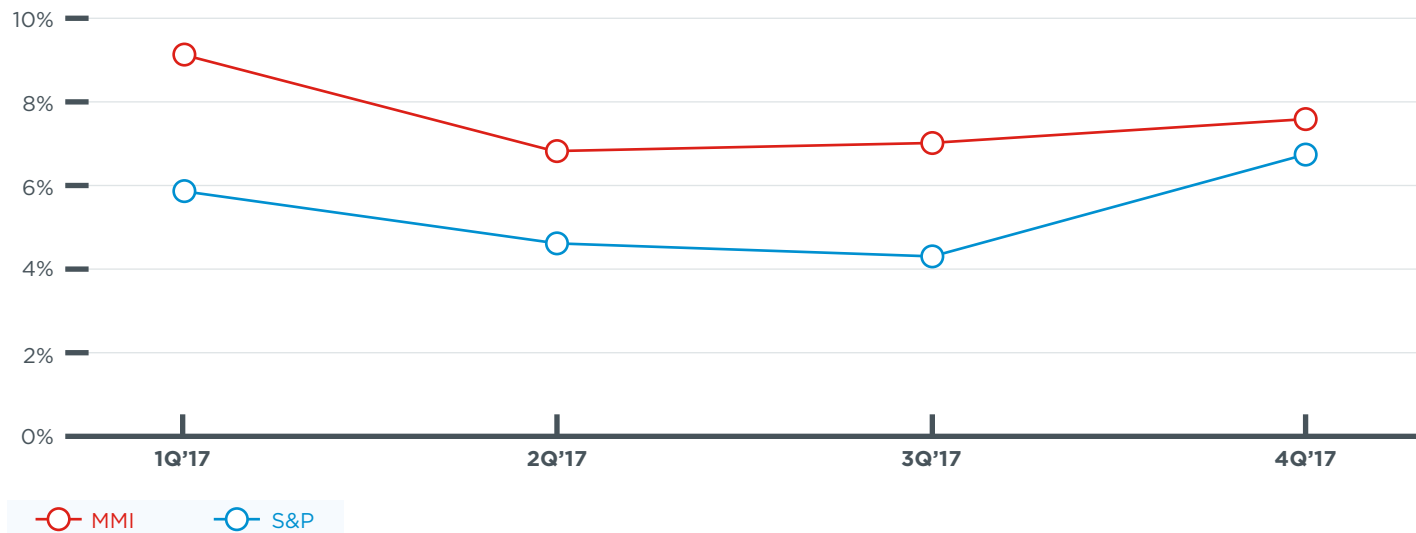
### 4Q 2017

**7.6% average revenue growth**  
for the year, led by the largest companies,  
whose growth averages 8.0%

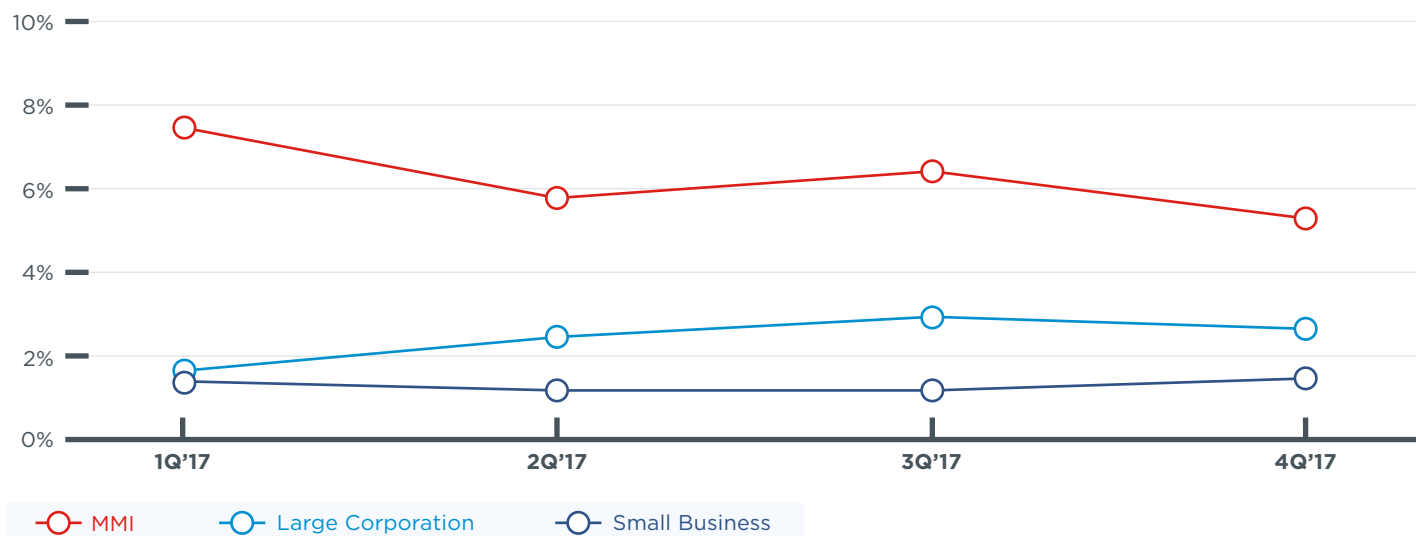
**30% predict**  
a more favorable business climate in Q1 2018

**52% of companies**  
added workers in 2017

## ACTUAL REVENUE GROWTH



## ACTUAL EMPLOYMENT GROWTH



### GET THE 2018 DATA

Get the Middle Market Indicator hot off the presses and stay on top of the growth of this critical economic segment in 2018. Visit [middlemarketcenter.org](http://middlemarketcenter.org) to subscribe for quarterly releases and to download the latest MMI.

# Developing the Leaders of Today and Tomorrow

The National Center for the Middle Market supports students at every level—undergraduates, MBAs, and those who are already in the workforce and looking to sharpen their skills. Through unique programs tailored to each type of student's needs, the Center helps the middle market address one of its most pressing challenges: the need for skilled talent. Our programs for college students introduce up-and-coming business leaders to the advantages of working in the middle market, while programs for executives help today's leaders develop critical capabilities and address key issues with tools and frameworks that are right for mid-sized companies. Students in all programs benefit from real-world learning experiences and the opportunity to affect the success of middle market businesses.

## UNDERGRADUATE PROGRAM: MIDDLE MARKET INDUSTRY IMMERSION

Undergraduate students of The Ohio State University Fisher College of Business can benefit from an MBA-like experience in their junior year. The Middle Market Industry Immersion Program is a yearlong course that introduces students to middle market companies and their unique challenges and gives them the opportunity to work on a four-month-long project for a real middle market company during spring semester.

Corporate participants benefit from creative solutions to their business challenges delivered by highly motivated students with a fresh perspective. Companies also have an opportunity to form relationships with the leaders of tomorrow and to build awareness of their organizations among business students who will soon be entering the labor market.

*In spring 2017, the Center completed its third full year of the program and welcomed a new group of students in the fall semester to begin the fourth year.*

## 2016-2017 MIDDLE MARKET INDUSTRY IMMERSION PROGRAM CORPORATE PARTICIPANTS



**HOMAGE**



**CEPOWER**



**zumiez**







## INDUSTRY IMMERSION PROGRAM PROJECT SPOTLIGHT:

### Raising Cane's Ohio

#### BUSINESS CHALLENGE

*Identify the best locations for expansion into Northeastern Ohio*

#### STUDENT TEAM

- + **Nick Stamatis**, Finance, Ohio
- + **Rafael Kapell**, Marketing, Texas
- + **Paul Girard**, Marketing, Michigan
- + **Nicolette Faragalli**, Marketing, New Jersey

#### CORPORATE BENEFIT

*"We get to work with brilliant people who help us make sure we are always sharpening our toolkit and looking at issues through the right lens—and there is incredible benefit from that new perspective across all areas of our business. At the same time, we get to give back to the university and support the students who have supported our growth and success as their go-to spot for quality chicken finger meals. Definitely a win-win."*

**Eric Ongaro**, President,  
Fry Cook & Cashier, RCO Limited

#### OVERVIEW

In 2004, Raising Cane's Ohio (RCO) formed and became the first franchisee for the popular Baton Rouge-based chicken-finger meals restaurant. The very first RCO location in the state opened on 15th Avenue and High Street on The Ohio State University campus. Today, there are more than 24 restaurants operating successfully in the Columbus, Dayton, and Cincinnati areas, and the chain is turning its attention north to the Cleveland area.

During the 2016/17 academic year, RCO asked its Industry Immersion Program student team to help it determine what makes for a great restaurant location and to help evaluate the merits of possible northeast Ohio sites. The team responded by first talking with RCO leaders to better understand the challenges faced by sites in a new market. The students consolidated and analyzed data from the chain's existing sites including demographics on the cities. The students then identified the attributes of the most successful locations, and developed a model or algorithm to score and rank potential new sites.

With some minor tweaks, the students' software solution is one RCO uses today as part of its new restaurant recommendation package. The solution gives RCO a good idea of how a site they are considering is likely to perform. RCO has plans to continue evolving the program and adapt it into a tool that can more accurately evaluate and compare potential sites in the future.

*RCO is participating in the Industry Immersion Program for the third time during the 2017/18 school year.*

#### STUDENT BENEFIT

*"The opportunity to work on a consulting project for four months with a real company and to make recommendations that will not only generate a grade, but that could influence future business decisions worth millions of dollars, is not something most college juniors get to experience. From what I've seen, the middle market offers an unmatched opportunity to take on more responsibility earlier in your career and to make a bigger impact on a growing company."*

**Nick Stamatis**, Finance Major,  
The Ohio State University  
Fisher College of Business



# MBA Program: 2017 Fisher Invitational Case Competition

The Center has sponsored the Fisher Invitational Case Competition since 2012. Designed for first-year MBA students from leading business schools across the nation, the experience is intense, fast-paced, and career-shaping. Teams of four MBA students compete against their peers to solve a live business case for a growing middle market company in just 24 hours. The event culminates with students presenting their solution and recommendations to a panel of business executives and company judges. The case company selects the winner and benefits from a variety of ideas generated by some of the most promising business leaders of the future.

## PARTICIPATING BUSINESS SCHOOLS

- + Broad College of Business, Michigan State University
- + Fisher College of Business, The Ohio State University
- + Illinois College of Business, University of Illinois
- + Krannert School of Management, Purdue University
- + Lincoln Business School, University of Nebraska
- + Olin Business School, Washington University
- + Robert H. Smith School of Business, University of Maryland
- + Smeal College of Business, Pennsylvania State University
- + Tippie College of Business, University of Iowa
- + Wisconsin School of Business, University of Wisconsin-Madison



## CASE COMPETITION HIGHLIGHTS

**25th annual**  
case competition

**10 top**  
business schools

**40 first-year**  
MBA students

**24 hours**  
to analyze and develop solutions  
for a live business case

**1st place team:**  
Krannert School of  
Management, Purdue University

**2nd place team:**  
Robert H. Smith School of  
Business, University of Maryland

**3rd place team:**  
Illinois College of Business,  
University of Illinois





## THE 2017 BUSINESS CASE: INSTALLED BUILDING PRODUCTS

In the early '90s when Jeff Edwards took over a small insulation installation business owned by his father's company, he had a vision for growth. A few decades and some 150 acquisitions later, Installed Building Products, Inc. (IBP) is now one of the nation's largest insulation installers for the residential new construction market. IBP also installs complementary building products, including garage doors, rain gutters, shower doors, closet shelving, and mirrors. The company experienced a record year in 2016. But Edwards wasn't fully satisfied. He wanted to challenge himself and his executive team to explore multiple options for continued growth. Among his ideas: diversification through commercial contracting, servicing existing homes, and/or continued expansion of product lines, along with a focus on improving existing HR practices to engage employees and reduce turnover.

Edwards asked his executive team to evaluate the different strategies. The team, in turn, looked to some of the brightest emerging business leaders in the country to weigh in and offer fresh perspective. "After a cursory overview of our business, the students came back with some really thoughtful growth strategies and solutions to our HR challenges," says Michael Miller, Executive Vice President and Chief Financial Officer at IBP. "We were very impressed with the quality of the presentations, how seriously these students approached this effort, and the energy and enthusiasm they brought to the table."

After receiving the case, each student team engaged in a 15-minute Q&A with executives of IBP. They also had the opportunity to tour a site and talk with managers as well as employees to get a sense of the corporate culture and what it means to work for the business. "The live component of the case made it feel like a true consulting engagement and really brought the competition to life," says Christine Rasquinha, a member of the winning team from Purdue University.

After just 24 hours, teams presented ideas ranging from expanding into solar panel installation, which, like insulation, improves energy efficiency, to implementing a commercial strategy on the west coast where IBP has room to grow, to expanding benefits to improve employee retention.

*"The students' suggestions really helped solidify our thought processes on what we want this company to look like five or 10 years from now and what we can do to connect with our employees and deliver more of what they want and value," Miller says. "It was a way to validate and expand some of our own ideas, and it's also spurred us to be more diligent about implementing key initiatives, such as a financial wellness program for employees and restricted stock options."*

For the students, the competition was more than a way to get hands-on experience solving business problems; it was an opportunity to learn about what the middle market has to offer. "I like that there are fewer restrictions in middle market companies. There's more interaction across the areas of the organization so everyone's opinion can be heard. You can make a real impact on helping a company progress," Rasquinha says.

### MAKE YOUR CASE

Are you interested in serving as the business case for a future Invitational or being a part of one of the Center's student education initiatives? Contact the Center at [middlemarketcenter@fisher.osu.edu](mailto:middlemarketcenter@fisher.osu.edu) to discuss opportunities and see how your organization can connect with the brightest talent entering the market.



## Executive Education: Small Business Investor Alliance Next Level Program

The Small Business Investor Alliance (SBIA) is the premier organization of lower middle market private equity funds and investors. SBIA works on behalf of its members as a tireless advocate for policies that promote competitive markets and robust domestic investment for growing small businesses.

In 2017, SBIA, the National Center for the Middle Market, and the Fisher College of Business worked together to establish the Next Level Executive Education program designed to benefit SBIA member portfolio companies recently receiving private equity or mezzanine investments.

C-suite leaders charged with leading their companies to the next level participate in the intensive, hands-on program to learn key strategies and practices that can be deployed immediately to drive profitability and growth. The program supports the relationship between the portfolio company and investor and trains leaders to manage the challenges as their organizations evolve from smaller companies to larger, more competitive middle market businesses. Attendees also benefit from building a network of other executives who are facing the same challenges, providing a platform for ongoing knowledge sharing and collaboration.

The first two Next Level sessions were held in May and November of 2017 at The Ohio State University, and two new sessions are scheduled for June and November of 2018. The training is delivered by a team of distinguished educators and business professionals.



### NEXT LEVEL EXECUTIVE EDUCATION HIGHLIGHTS

**2 three-day sessions**

**43 companies**

**54 executives**

**13 presenters**

*"The Next Level program provides middle market companies with an opportunity to tap into high quality training typically reserved for the largest businesses or those in places like Silicon Valley, Boston, and the New York corridor. It's an innovative approach to leveraging Fisher's considerable resources in a way that benefits executives and the community. We are looking forward to continuing to offer this opportunity and believe it can be a model for other business schools across the country."*

**Brett Palmer**  
President, SBIA

#### PROGRAM PRESENTATIONS

- + **The Strategy of Scaling Up**, Chuck Bamford, Ph.D., Managing Partner, Bamford Associates, LLC
- + **Developing the Team**, Larry Inks, Ph.D., Clinical Associate Professor of Management and Human Resources, The Ohio State University Fisher College of Business
- + **Managing in a Leveraged Environment**, Karen Wruck, Ph.D., Professor of Finance, Dean's Distinguished Chair in Finance, The Ohio State University Fisher College of Business
- + **Optimizing Your Partnership with Institutional Investors**, Jeff Rodek, Senior Lecturer, The Ohio State University Fisher College of Business

*"Attending Next Level's executive training is an absolute must for mid-market executives. The content is relevant for businesses of all types, and they provide the framework for you to utilize the strategies that are presented as soon as you return to the office. In addition, you have the opportunity to network with peer level executives to brainstorm and problem solve any issues you may face within your company. The entire experience is invaluable as a means to grow and strengthen your business."*

**Jay Felton**  
President/CEO, Winter Services

## Advancing Our Mission Together

The National Center for the Middle Market is the nation's first and foremost expert on the middle market. But we are not alone in our focus on mid-sized business and our understanding of their acute importance to the U.S. economy. Since the Center's inception, we have worked diligently to find and connect with organizations that share our devotion to the middle market and that are equally committed to supporting these businesses however and wherever possible.

Our efforts have been rewarded in the form of a variety of both budding and well-established, evolving relationships with national, regional, and local businesses and organizations. We have found that many different organizations—either on purpose or by default—cater to the needs of middle market businesses and share our passion for better understanding their needs, challenges, and decision-making processes. By joining forces with these like-minded entities, the Center has been able to produce richer research, be involved in more events in more locations, and, ultimately, reach more middle market stakeholders all across the nation.

For their part, our partners, too, have reaped the rewards of our combined efforts. Partners tap into the Center's knowledge base and resources and leverage the Center's expertise to compound the value of the services, information, and support they provide for their members and clients.



### 2017 PARTNERSHIP HIGHLIGHTS

**12 partners**

**21 markets visited**

**45 events and  
presentations**

**5,750 stakeholders  
reached**





## CENTER PARTNERS



## PARTNER SPOTLIGHT

## Vistage

Helping business leaders make better decisions and realize better results so they can grow faster. That sounds a lot like what the Center does. Turns out, these also happen to be some of the key benefits of membership in Vistage—the world’s leading business advisory and executive coaching organization designed exclusively for CEOs, business owners, and key executives of small and mid-sized businesses.

Sixty years ago, Vistage came to be when a Milwaukee-area businessman, Bob Nourse, had an idea to bring together a group of executives to share knowledge and best practices to help each other grow. His idea worked so well that today Vistage is an international company serving more than 21,000 business leaders across 20 countries. True to its roots, Vistage continues to operate through exclusive, confidential peer advisory boards for senior executives facilitated by trained Vistage Chairs. And members continue to get results—Vistage companies grow 2.2x faster than their peers.

*“The Center brings an undivided focus on the middle market and a unique understanding of the dynamics, influences, and factors that drive performance in this space, along with one of the few truly authentic and objective approaches to research—two great reasons to continue our partnership.”*

**Joe Galvin**  
Vistage Chief Research Officer

## A SHARED COMMITMENT TO QUALITY RESEARCH

In mid-2016, Vistage launched its research arm to conduct autonomous, independent research focused on business optimization and leadership enhancement topics that are most important to its member companies. Around the same time, Vistage began talking with the Center, and the two organizations quickly realized they shared similar ideas related to developing objective, authentic research:

- 1.) Efforts should be focused on topics that are most important to the businesses being served
- 2.) Research should be non-biased and based on the independent perspectives of industry leaders and experts
- 3.) Research results should be shared with the open market to help promote the growth and success of all businesses

“We’re ultimately focused on helping businesses make better decisions,” explains Joe Galvin, Vistage Chief Research Officer. “We can do that by presenting perspectives that help people think differently, confirm what they already think, or explore issues they haven’t thought about before they jump into a decision. We realized the alignment between our approach and the Center’s, and saw that there were definitely opportunities to work together.”

## EXPLORING TALENT PLANNING

The first opportunity came in the form of a talent planning research collaboration between Vistage and the Center in the fall of 2016. Together, the Center and Vistage surveyed 400 C-level middle market executives who are actively engaged in attracting and retaining talent for their organizations. The resulting research report, *Mastering Talent Planning: A Framework for Success*, presents findings on the importance and prevalence of various talent planning activities among middle market businesses, including the fastest growing and best performing businesses. The report features the ABLE (Align, Build, Lead, Engage) Framework that companies can use to advance their talent planning efforts. The Center's Executive Director Thomas A. Stewart presented findings from the report at several Vistage events as part of the 2017 Vistage Executive Summit Series.

Vistage, with input from the Center and other industry experts, went on to create an eBook, *Guide to Talent Planning for the Middle Market CEO*, which provides a deeper dive into some of the report's key findings. The guide became part of a research program that includes a 30-minute webinar, a discussion guide for Vistage peer advisory group chairs, and a simple assessment tool companies can use to determine where they stand on the talent planning continuum.

"The response from our members to this content was really strong in terms of downloads of the report," says Galvin. "But even more important, the resources we created with the Center really helped people think about their talent management solutions in a different way based on data and expert perspectives. Business leaders have to ultimately decide what's right for their businesses. But we help them optimize these decisions by providing solid research, good data, and the perspectives of people who have solved similar challenges."

## ON TO THE NEXT TOPIC . . . AND THE NEXT

On the heels of the talent planning initiative, Vistage and the Center have found another shared topic of interest: the state of cybersecurity in the middle market. The organizations, together with Cisco, a worldwide leader in IT and networking and one of the Center's sponsors, completed a survey of 1,350 business leaders in late 2017. The partners are currently working to analyze the results. Initial findings reveal that while most mid-size business leaders are sensitive to the issue, few have a strategy in place to address it. The partners will produce new content that will advise mid-sized business leaders on what to do before, during, and after a cyber attack, including a framework for developing a cyber strategy to better protect their organizations.

Beyond the cybersecurity initiative, Galvin says the future of Vistage's partnership with the Center looks bright. "The academic firepower of Fisher and the expertise of the Center, combined with Vistage's ability to tap into our network of high-performing business leaders with real-world perspective creates a powerful research platform for driving valuable content that can help leaders make better decisions. We look forward to continuing to deliver value that can benefit all our stakeholders."

# VISTAGE

## LET'S WORK TOGETHER

Does your business or organization serve or support the middle market? The Center would love to learn more about what you do and how we can help. To explore partnership opportunities, contact the Center at [middlemarketcenter@fisher.osu.edu](mailto:middlemarketcenter@fisher.osu.edu). Or visit [middlemarketcenter.org](http://middlemarketcenter.org) to learn more about our current partners.

## Bringing Stakeholders Together

Events that bring middle market executives, students, academics, policymakers, and the media together provide dynamic forums for dialogue, debate, planning, and, ultimately, action that supports the middle market's continued growth. The National Center for the Middle Market maintains a diverse events calendar that creates unique opportunities for all middle market stakeholders to make connections, gain new knowledge, and contribute to the conversation in meaningful ways.

Throughout 2017, the Center and its sponsors hosted and participated in 45 events including summits, conferences, forums, tradeshow, executive education sessions, webinars, and podcasts. Cumulatively, the Center reached more than 5,750 middle market stakeholders in cities from Boston to San Diego.



### 2017 EVENT HIGHLIGHTS

**45 events**

**5,750 attendees**

**21 key middle market cities**



## FEATURED EVENT

### Fisher Summer Series

In summer 2017, the Center partnered with three other centers from The Ohio State University Fisher College of Business—Center for Operational Excellence, Center for Innovation and Entrepreneurship, and The Risk Institute—to host a pair of educational sessions designed to help business leaders navigate two pressing challenges: talent and data and digital transformation. More than 250 business leaders attended the sessions and came away with a sharper perspective as well as actionable insights for addressing these critical issues.

#### SUMMER SESSION 1

##### ***Winning the Talent War***

*July 18, 2017*

Participants explored major issues impacting the U.S. workforce including the influx of millennials, baby boomer retirement, and the impact of constant technological leaps on required skill sets.

#### ***Session Highlights:***

- + **The Big Picture:** Brookings Institution Fellow Marek Gootman unveiled results of the just-released study conducted in conjunction with the Center, *Help Wanted: How Middle Market Companies Can Address Workforce Challenges to Find and Develop the Talent They Need to Grow*
- + **The Ground War:** A panel of four talent acquisition and management leaders from major Ohio-based companies discussed how their organizations are responding to workforce trends
- + **The Pipeline:** Jamie Mathews-Mead, Senior Director of Graduate Career Management at Fisher, presented the college's plans for preparing students to best meet companies' rapidly evolving needs and how organizations can best partner with the college to build and grow their workforces

#### SUMMER SESSION 2

##### ***Data and Digital Transformation***

*August 16, 2017*

Attendees explored how the explosion of data and disruptive digital technologies are transforming businesses in a variety of industries.

#### ***Featured Speakers:***

- + **Jeremy Aston**, Senior Director, Cisco Systems
- + **Dennis Hirsch**, Professor of Law and Director of the Program on Data and Governance, The Ohio State University Moritz College of Law
- + **Mark Kvamme**, Founder and Partner, Drive Capital
- + **Bruce Millard**, VP Digital and Customer Innovation, Safelite





## FEATURED EVENT

### 2017 Global Summit: Developing the Workforce of Tomorrow

October 27, 2017

The Center, The Ohio State University Center for International Business Education, the Ohio SBDC Network, and Columbus 2020 presented the 2017 Global Summit in October to engage business leaders and experts in an in-depth discussion and analysis of the talent challenges facing businesses of all sizes. Key topics included workforce skills, talent planning, recruiting and retention, and specific requirements needed to grow or maintain effective operations and relationships abroad.

## SUMMIT HIGHLIGHTS

- + **Workforce GAP Discussion:** Thomas A. Stewart, Executive Director of the National Center for the Middle Market, and Marek Gootman, Director of Strategic Partnerships & Global Engagements at Brookings, presented findings on the unique challenges faced by mid-sized businesses in the U.S. along with insights into how public and private systems can help companies better address challenges and ensure they have the talent needed to succeed.
- + **Companies Panel—Discovering and Developing Talent for Growth:** A panel of HR and talent planning experts shared best practices on how to attract and develop with the critical skills necessary to compete in the global marketplace.
- + **Resources to Help—Public Sector Programs and Services:** Jeff Rice, Executive Director, Office of Career Management at Fisher College of Business, shared information about the workforce development resources and partnerships available in the Columbus region.
- + **Keynote—The Future of Making Things:** Stephen Hooper, Senior Director of Business Strategy & Marketing for Design & Manufacturing at Autodesk.com, spoke about how industries are converging and innovating more quickly and how this radical change impacts the way things are designed, made, and used. He explored how this trend is disrupting every industry and changing the workforce as a result.

#### Panelists:

- + Bill Hutter, CEO, Sequent
- + DeeAnne Marlow, SVP & CHRO, Greif
- + Leah Simoes, Principal, Davenport Aviation

## GET INVOLVED

Visit [middlemarketcenter.org](http://middlemarketcenter.org) to view and register for upcoming events or to see highlights from past events.

# Listening to the Voice of the Middle Market

In March 2017, the National Center for the Middle Market launched The Market That Moves America podcast series. The biweekly episodes cover middle market trends, challenges, and opportunities. Each segment features the Center's Executive Director Thomas A. Stewart or Managing Director Doug Farren, who present conversations with experts and middle market leaders, along with findings from the Center's research and best practices to help middle market leaders grow their businesses.



## 2017 PODCAST HIGHLIGHTS

21 episodes

3,980 downloads

### SUBSCRIBE ON YOUR PREFERRED PLATFORM:

Visit [middlemarketcenter.org](http://middlemarketcenter.org) to subscribe to The Market That Moves America podcast series; or subscribe via iTunes, Google Play, Stitcher, or YouTube.

## FEATURED PODCASTS

### Episode 2: 4/13/17

#### **Growth Champions**

A discussion of the fastest-growing middle market companies and what they do differently than their peers.

### Episode 4: 5/11/17

#### **Cybersecurity: Understanding Your Risk**

A debate about cybersecurity management best practices with guests from Cisco, SunTrust Banks, and Grant Thornton.

### Episode 6: 6/8/17

#### **The Perfect Link**

An exploration of the link between middle market suppliers and their customers with Thomas Goldsby, Professor of Logistics, The Ohio State University Fisher College of Business.

### Episode 7: 6/22/17

#### **Growth and Disruption**

A Q&A with Chieh Huang, founder and CEO of Boxed.com, live from the 2017 Greater Cleveland Partnership Middle Market Forum.

### Episode 10: 8/3/17

#### **Help Wanted: The Middle Market's Talent Gap**

A discussion of the importance of strong talent management with Marek Gootman, senior fellow, The Brookings Institution.

### Episode 12: 8/31/17

#### **Digitization in the Middle Market**

A conversation on digitization in the middle market, with Jeremy Aston, Senior Director at Cisco.

### Episode 13: 9/14/17

#### **Leveraging Diversity and Inclusion Is Good Business**

A discussion with Stephanie Sandberg, Managing Director of Out Leadership, about the many benefits of diversity in the workplace.

### Episode 17: 10/26/17

#### **Innovation in an Old-Line Industry**

Perspectives on innovation and its impact on business from Lodge Cast Iron PR and Ad Manager, Mark Kelly.

### Episode 19: 11/30/17

#### **Digitizing the Customer Experience: Are We There Yet?**

Thoughts on using digital tools to engage customers from Jeff Sharritts, Senior Vice President of Cisco's U.S. Commercial Sales.

# Looking to the Future

In 2018, we will focus on expanding our sphere of influence through partnerships, events and community-building initiatives, developing new, quality content, and providing opportunities for middle market leaders of today and tomorrow to gain new knowledge and learn best practices.



## 2018 GOALS

**Partnerships provide the Center with critical support, as well as the ability to reach new and broader audiences of executives and others committed to the middle market.** In 2018, we will undertake a systematic review of these relationships to identify the best ways to increase value for both parties and to determine what additional partnerships would most effectively advance the Center's mission.

**Networks and communities provide vital opportunities for middle market companies to learn from each other and to connect with the Center, its partners, and other stakeholders.** In 2018, we will launch a series of events and community-building initiatives in key middle market cities. We will also increase our engagement with the executive communities that surround our partners, including chambers of commerce, CEO groups, and functional executive associations; and we will work with the Association for Corporate Growth and our sponsors to encourage the expansion of the Congressional Caucus on Middle Market Growth.

**Content is the core work of the Center, and we will continue our efforts to produce a body of knowledge that helps middle market companies grow and profit and their executives become better leaders.** In addition to the quarterly Middle Market Indicator, new flagship projects, and funding for academic research, we will produce special reports on topics of immediate relevance. We will extend our work in bringing content to new platforms, such as our successful podcast "The Market That Moves America," exploit and leverage social media platforms such as LinkedIn, and produce summaries of academic research that call out implications for executives. We will also establish a process to gauge which topics executives consider most important.

**Programs are a way to deliver not just knowledge but learning—the sustained exposure to new ideas and best practices that help an executive or a company ascend to a higher level of capability and accomplishment.** In 2018, the Center will expand its programs via a partnership with the Organization Design Forum, while continuing its executive education collaboration with the college and the Small Business Investors Alliance. At Fisher College of Business, the Center will continue to sponsor the Fisher Invitational Case Competition for MBAs while also expanding the Middle Market Immersion course for undergraduates. We will also explore the development of a middle market certification program for managers.



## Providing Guidance and Direction

Representing a partnership between business and academia, the National Center for the Middle Market is led by a veteran staff that receives oversight, guidance, and expertise from experienced business leaders working side by side with top business professors from some of the country's most esteemed business schools.

### 2017 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 Officer, 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
- + **Jeff Sharritts**, Senior Vice President of U.S. Commercial Sales, Cisco Systems
- + **Thomas A. Stewart**, Executive Director, National Center for the Middle Market

### 2017 ACADEMIC BOARD MEMBERS

- + **Oded Shenkar**, Academic Director, Ford Motor Company Chair in Global Business Management, Professor of Management and Human Resources, Fisher College of Business, The Ohio State University
- + **Thomas Goldsby**, Professor of Logistics, Fisher College of Business, The Ohio State University
- + **Johnny Rungtusanatham**, Professor of Management Sciences, Fisher College of Business, The Ohio State University
- + **Steven Davidoff Solomon**, Professor of Law, Berkeley School of Law, University of California
- + **Michael S. Weisbach**, Professor and Ralph W. Kurtz Chair in Finance, Fisher College of Business, The Ohio State University
- + **Peter Williamson**, Honorary Professor of International Management Fellow Commoner and Director of Studies in Management at Jesus College, Judge Business School, University of Cambridge
- + **Tzachi Zach**, Assistant Professor of Accounting & MIS, Fisher College of Business, The Ohio State University

### CENTER STAFF

- + **Thomas A. Stewart**, Executive Director
- + **Douglas L. Farren**, Managing Director
- + **Heidi Hubmann**, Associate Director
- + **Jenna Lee**, Administrative Assistant



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 to the Center by contacting [middlemarketcenter@fisher.osu.edu](mailto:middlemarketcenter@fisher.osu.edu).*

**[middlemarketcenter.org](http://middlemarketcenter.org)**