



# 2026 Mid-Market Report

BUSINESS OUTLOOK REMAINS  
CONFIDENT DESPITE UNCERTAINTIES

# Contents

<b>Welcome to Our 2026 Mid-Market Report</b>	02
<b>Survey Participants Overview</b>	03
<b>Tackling Uncertainty Head On</b>	04
<b>Key Challenges on the Horizon: Supply Chains, Interest Rates, and Other Factors</b>	05
▪ Supply Chain Disruption	
▪ Interest Rates	
▪ Inflation	
▪ Industry Disruptions	
<b>Responding Holistically</b>	07
▪ Embrace Technology	
▪ Activate Operational Efficiencies	
▪ Keep an Eye on Talent	
▪ Plan for What's Next	
<b>Strategic Solutions to Navigate Uncertainty</b>	10
▪ Dial in Technology	
▪ Leverage Scenario Planning	
▪ Maintain Good Financial Hygiene	
▪ Manage Cash Flow	
▪ Develop Strategic Connections	
▪ Apply a Holistic Approach	
▪ One Firm. Expanding Possibilities.	
<b>Survey Results by Question</b>	13



# Welcome to Our 2026 Mid-Market Report

Planning for the future is becoming even more complex for business owners and executive leadership. Fortunately, surfacing and evaluating data on key trends matched with proactive preparation can help.

Recognizing opportunities and obstacles your business faces, as well as how industry peers and other organizations are reacting, can provide insights to your own standing and where you may need to bridge gaps. It can also help you establish benchmarks that allow you to achieve your goals more efficiently.

Understanding how impactful access to market data can be, we're pleased to present our second annual Mid-Market Report, which compiles survey results from business leaders across industries and markets. This report is designed to be a valued tool for owners and CEOs, featuring insights from businesses with \$200 million to \$2 billion yearly revenue.

The data and metrics within this report provide relevant information to help you better evaluate the current mid-market business landscape, gain awareness of emerging operational trends, and define a benchmark that can inform your strategies and foster your continued success.

We greatly appreciate the respondents' feedback and believe the report will provide useful insights to our clients and other business leaders.

# Survey Participants Overview

Survey participants were sourced using dynamic, online sampling protocols to facilitate meaningful and practical data that business leaders can use to inform their decision-making. We received 500 responses, which is a 250% increase from our 2025 report.

Respondents include leaders across a wide range of industry sectors, providing an overview of activity and economic sentiment across the mid-market. Top industry sectors represented in the survey include technology, banking and financial services, and construction.

500 RESPONSES RECEIVED

79%

29-44 YEARS OLD

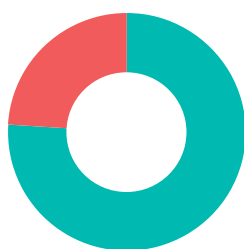
24%

FEMALE



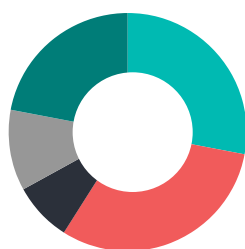
Respondents represent an **equal spread** across the United States with the majority in the Southeast.

## IDENTIFIED GENDER



76% Male  
24% Female  
0% Other

## REGION



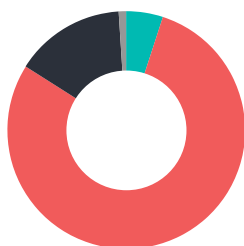
28% Northeast  
31% Southeast  
8% Southwest  
11% Midwest  
22% West

## BUSINESS REVENUE (Annual)



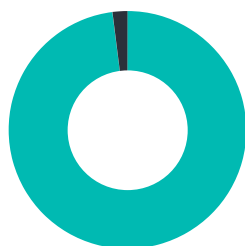
30% \$200M-\$500M  
19% \$500M-\$750M  
33% \$750M-\$1B  
18% \$1B-\$2B

## AGE



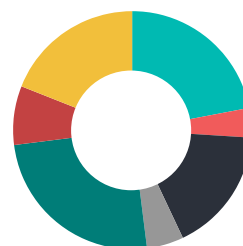
5% Generation Z (1997-2007)  
79% Millennials (1981-1996)  
15% Generation X (1965-1980)  
1% Baby Boomers (1946-1964)

## EMPLOYMENT STATUS



98% Employed full-time  
0% Employed part-time  
2% Self employed

## INDUSTRY



22% Banking/Financial  
4% Computer Software  
17% Construction  
5% Health Care  
25% Information Technology  
8% Manufacturing  
19% Other





# Tackling Uncertainty Head On

In the last year, the economic landscape experienced unforeseen changes and challenges, presenting new obstacles for business leaders to navigate. The combination of shifting policy and new regulations on top of an already evolving business environment created a dynamic economic climate organizations are adapting to on a daily basis.

Survey results show a consistent juxtaposition between what respondents anticipate from the economy and how they feel about their ability to meet potential challenges.

Heading into 2026, the three largest concerns that respondents feel they face are technology adoption (37%), tariffs (35%), and tax and regulatory changes (34%).

As for potential overall business risks, those surveyed are worried about facing the economic environment (55%) above all. Other fears include cyber-threats (52%), regulatory or legislative changes (49%), and talent shortages (43%).

Concern about technology adoption points to leaders' knowledge that incorporating advanced tools like AI is necessary to business success and their ability to be competitive. Identifying the best use case and establishing governance around its use is a common hurdle. That cyber-threats also featured as a key concern shows leaders are aware this uncertainty can have serious consequences.

Sentiments regarding tariffs and tax and regulatory uncertainties aren't surprising given 2025's geopolitical and economic activity. Subsequent concerns are closely connected to these two areas.

---

# 55%

of business leaders  
are worried about  
facing the

**ECONOMIC  
ENVIRONMENT**

Tariffs and regulatory uncertainties present a significant challenge for leaders as these are costs that are beyond their control. Responding effectively to the uncertainty in this area requires leaders to pull other levers to maintain business viability and an upward trajectory.

Typically, uncertainty in the economy correlates to apprehension about maintaining business health during these economic changes. Our survey results reveal a more optimistic viewpoint and approach among business leaders, which is consistent with last year's findings.

Nearly all respondents feel assured of their company's standing to navigate the current economic climate (97%), and 482 respondents are confident in their company's ability to navigate an era of uncertainty (96%).

This optimistic outlook points to a young but experienced leadership pool that isn't hesitant to act when pressures emerge; they understand how to usher their businesses through uncertainty.

This is heartening as it points to a responsive, agile marketplace that can retain its relevance and effectiveness in an economic landscape riddled with unknowns.

---

# 96%

**ARE CONFIDENT**  
in their company's  
ability to navigate an  
era of uncertainty

## Key Challenges on the Horizon: Supply Chains, Interest Rates, and Other Factors

Although the data reflects short-term economic concerns, respondents are also focused on other long-term uncertainties.

### SUPPLY CHAIN DISRUPTION

Directly impacted by tariffs and regulatory changes, supply chain disruption is an area of concern that currently ranks high for leadership (28%).

Although supply chain concerns centered around a potential recession last year, this year 80% of leaders have made or considered making changes to their supply chain because of tariffs or increased regulatory pressure.

Key considerations for potential supply chain changes are:

- Supply chain resilience and risk mitigation (41%)
- Cost considerations (39%)
- Response speed and flexibility (38%)

## INTEREST RATES

Mid-market CEOs and business owners last year flagged interest rates as their second biggest concern. While it appears this year leaders are not as concerned with interest rates, ranking that issue fifth among biggest concerns, 92% of leaders are still managing or preparing for increased costs due to rising interest rates. This is despite rates recently trending down. Most leaders are concerned rates may lead to increased supplier costs (57%) and higher borrowing costs (56%).

Key concerns also include:

- Reduction of cash flow due to higher interest payments (52%)
- Limited ability to make investments, expansions, equipment purchases, R&D (50%)
- Reduced consumer demand as discretionary spending ebbs (42%)

When asked about their top regulatory or tax concerns, a majority of business owners expressed worries over corporate tax increases (68%); uncertainty due to a constantly shifting regulatory environment (59%) followed.

As with tariffs and tax and regulatory changes, interest rates are another change area beyond leaders' control. It's an uncertain cost causing them to evaluate and adjust other costs as a means of weathering the rapidly fluctuating economic landscape.

## INFLATION

According to the [US Department of the Treasury](#), as of September 2025 inflation was 3.0% on a twelve-month basis as measured by the headline consumer price index. This is above the target of 2%. Not surprisingly, rising inflation continues to be a key concern for 97% of respondents, up from 23% last year.

This significant shift may reflect a general combining of all factors contributing to increased costs, like tariffs and tax and regulatory changes. Leaders see how these elements are interconnected and how they contribute to increasing inflation overall.

## INDUSTRY DISRUPTIONS

Although most respondents are focused on navigating the uncertain economic landscape, many leaders (42%) are also alert for disturbances from new areas.

Most of the leaders thinking about this topic are concerned that their competitors have a better product or service (58%). This is a change from last year when business owners were more concerned with new industry disruptors or new entrants.

These leaders also see business interference (53%) and being undercut on pricing (52%) as key components of this issue.

Given how tariffs and tax and regulatory changes are impacting the economy, these concerns reflect respondents' close watch on all factors of their business landscape for signs that they need to pivot.

# 92%

**ARE PREPARING**

for increased costs due to rising interest rates

# 57%

**ARE CONCERNED**

rates may lead to increased supplier costs



# Responding Holistically

Given the respondents' concerns around tariffs and tax and regulatory changes, operational trends indicating leaders are implementing holistic tactics and strategies to prepare for potential uncertainties.

The data shows how, although they're optimistic, leaders are leveraging a multipronged approach to navigating the current environment.

## EMBRACE TECHNOLOGY

The data reveals that technology adoption, particularly AI, is not only a prime concern for leaders, but also a major tactic for combating increasing overhead costs; 59% of respondents indicate technology is key to their current business strategy.

The data shows leaders who are investing in AI are going all in. Spending in this area ranged from \$500,000 (17%) to \$1 million (18%). The average investment was over \$600,000.

Most of these businesses are using AI to improve efficiencies and incorporate automation (76%), reduce rising overhead costs (60%), and analyze data for better insights (57%).

Results also show leaders recognize the need for AI to attract qualified talent (62%) and stay competitive (50%).

70% of these investments are going toward educating employees on the external AI tools within internal guidelines, and 55% are investing in consultants to help determine their AI usage.

This correlation between AI and attracting and retaining talent points to leaders' understanding that AI is a powerful tool that can enhance human effort, not replace it. It's also an indication these younger leaders understand the upcoming workforce expects access to cutting edge technology from their employers.

These results align with ongoing marketplace trends that show leaders understand and accept AI is a must-have business tool and they're exploring how to leverage it effectively.

**Leaders are leveraging a multipronged approach to navigating the current environment.**



## ACTIVATE OPERATIONAL EFFICIENCIES

Many leaders are preparing for increased operational costs due to interest rates (63%), tariffs (61%), and additional regulations (48%). The data shows a wide range of operational efficiencies are being put into play to counterbalance these economic factors that are out of leaders' control.

As well as increasing technology investments (59%), leaders are also focusing on improving customer relationships and experience (55%), increasing internal productivity and efficiency (55%), and enhancing products or services (49%).

To directly combat tariffs, leaders are implementing proactive measures, like securing domestic suppliers (61%), increasing product prices (55%), and finding cheaper alternatives throughout their supply chain (53%). 42% have dipped into their cash reserves, which is a 4% decrease from last year.

Those who cut operational costs have done so by:

- Allowing flexible or hybrid work-from-home policies (79%)
- Eliminating real estate (51%)
- Downsizing office spaces (51%)
- Implementing hiring freezes (41%)
- Removing certain in-office perks (39%)

Combined with the activity around investing in technology, these proactive measures illustrate how mid-market leaders are implementing multifaceted tactics to strengthen and streamline their operations. They're using a holistic approach that allows them to enhance efficiencies and improve operational effectiveness.

## KEEP AN EYE ON TALENT

This year's results uncover how leaders view talent; 43% report talent shortages as a potential business risk. Results also show a continued focus on investment in upskilling and retaining staff.

For those focused on their current talent, the data shows a continued commitment to providing development and upskilling opportunities (55%)—a 3% increase from last year. Other major HR concerns are increasing employee retention (43%)—a 12% increase—and strengthening company culture (36%). Fostering the talent pipeline dropped from 35% in 2025 to 33% this year.

Despite this recognition of the importance of talent development and retention, 20% of respondents are considering layoffs. Labor costs often are either a corporation's first or second largest cost. With costs increasing, unless revenue follows suit, layoffs almost become inevitable.

The emerging concern about labor shortages may reflect difficulty in sourcing qualified talent or workers with specialty skills, like those needed in the construction and technology sectors. The focus is on fostering experienced talent.

The commitment to fostering current talent again speaks to leaders' multifaceted approach to the current economic landscape. They're not simply turning to layoffs to bolster cash flow. They're taking a long view and minimizing talent loss.

**Leaders aren't simply turning to layoffs to bolster cash flow. They're taking a long view and minimizing talent loss.**

## PLAN FOR WHAT'S NEXT

According to the survey, 76% of mid-market leaders report they're considering restructuring or a business transition plan to address current market conditions.

Of those looking at business transitions, 62% are creating succession plans, 49% are considering private equity investments, and 42% are creating exit strategies.

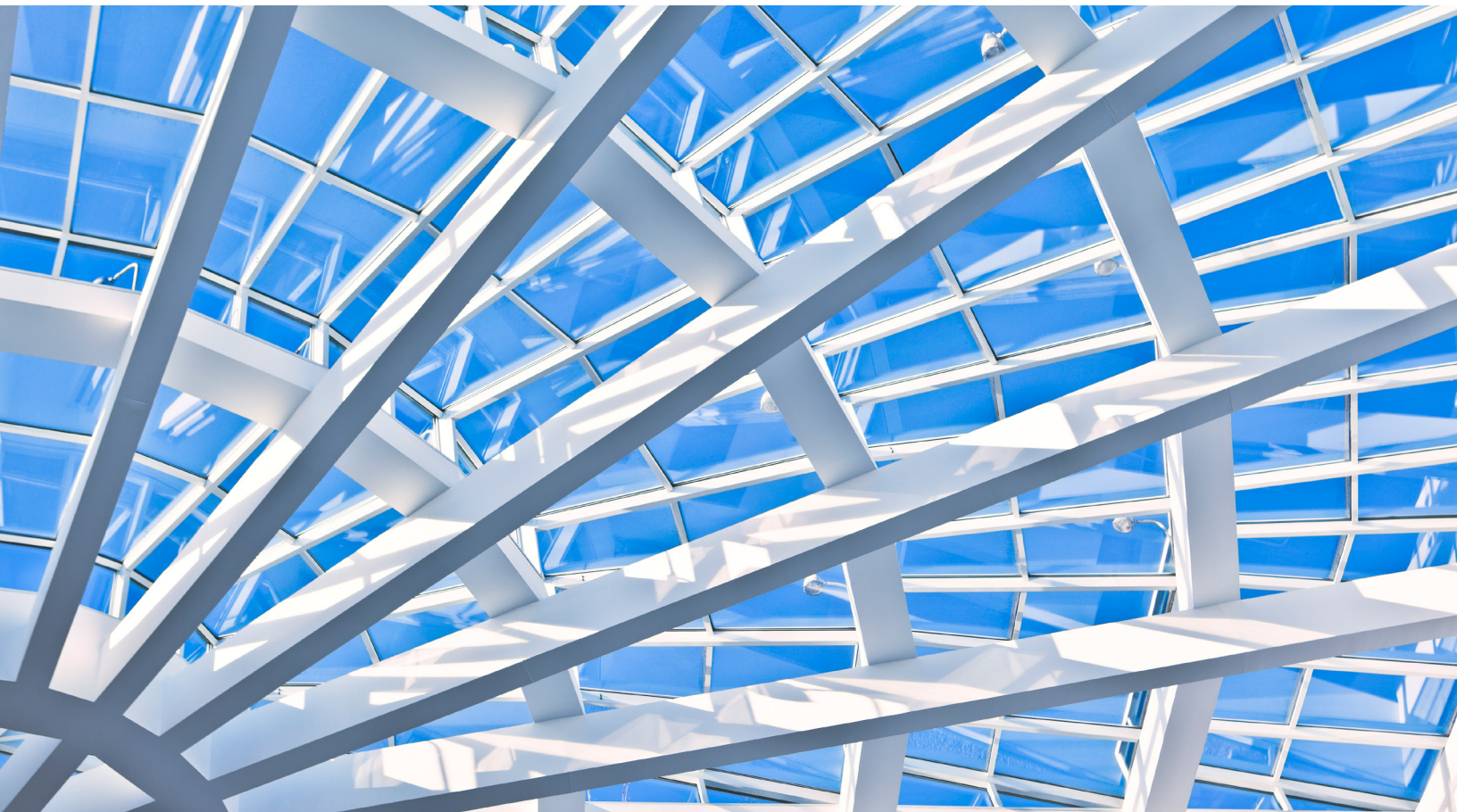
Interest in private equity reflects not only private equity's increasing profile across all industries but also that leaders view it as a viable source of working capital in this uncertain economic landscape.

Leaders considering private equity divulged some reservations, including the possibility the private equity firm might:

- Prioritize cost cutting (60%)
- Change corporate culture (40%)
- Lose the organization's mission or view (35%)
- Hinder growth goals (33%)

That succession planning is the primary transition consideration may speak to where the respondents are in their careers. As a young population, these are professionals who may not be looking to retire but rather are looking to start a new venture. Establishing a succession plan allows them to separate from their current position and prepare them for their next endeavor.

**The increased interest in private equity reflects not only private equity's increasing profile across all industries but also that leaders view it as a viable source of working capital.**



# Strategic Solutions to Navigate Uncertainty

Based on the data, current mid-market leaders will continue to look for opportunities to capitalize on a strained economy. Their solutions will be multidimensional with a focus on activities that can expand their business. Here are tactics we see in this landscape that can bring significant impact.

## DIAL IN TECHNOLOGY

As technology continues to be a key concern for leaders, gaining clarity around current technology use and upcoming needs is essential to maintaining business viability, mitigating risk, and successfully weathering uncertainty. Implementing technology customizations that align its use to specific business strategies and goals takes technology to the next level. This is becoming a critical next step for companies striving to stay relevant and competitive.

Leveraging **technology strategy services and scenario planning** can help identify opportunities for new advancements, like AI and machine learning. Evaluate your current infrastructure's readiness for future growth and ability to respond to unexpected change.

Developing a holistic technology ecosystem that delivers **automation**, **business intelligence and data analytics**, and effective **enterprise systems** empowers leaders with accurate, timely data that facilitates effective decision-making and agile responsiveness.

Safeguarding business environments with **customized cybersecurity** protocols mitigates risk, protects against data loss and costly disruptions, and brings peace of mind.

## LEVERAGE SCENARIO PLANNING

Weathering uncertainty successfully means being as prepared as possible. Leaders who invest time and resources into exploring various long-term outcomes can create a stronger foundational infrastructure for their business—and have an actionable plan for unexpected developments.

Scenario planning allows leaders to explore potential options in a wide range of business areas, including workforce projections and forecasting, technology use cases, and supply chain logistics. These options can contribute to mitigating risk, uncovering opportunities, identifying stronger, long-term solutions, and informing future needs associated with growth and goals.

Confidently navigate change and disruption by identifying areas **strategic and operational** opportunity and improvement that can help leverage resources and create an agile, responsive environment.

**Their solutions will be multi-dimensional with a focus on activities that can expand their business.**

## MAINTAIN GOOD FINANCIAL HYGIENE

Companies and leadership teams that stay on top of their budgeting, financial statements, internal controls, tax compliance, and foundational financial processes are better positioned to successfully respond to change and uncertainty. Timely and relevant financial information allows leaders to adjust in real-time to a shifting economic landscape.

Reviewing financial infrastructure, including its technology components, on a regular basis can help identify opportunities, address anomalies, and side-step potential issues that can strengthen organizational financial health.

## MANAGE CASH FLOW

As leaders grapple with the increasing cost of doing business, managing cash flow is becoming more and more critical. Businesses that leverage tax credits and incentives wisely can realize significant savings.

Monitoring tax credit and incentive opportunities can help increase cash flow which can help ease the financial strain associated with tariffs and regulatory changes, giving leaders options for weathering uncertainty.

With tax and regulatory policies undergoing rapid and drastic changes in the current economy, establishing a tax structure and reviewing it regularly can help leaders manage costs, uncover savings, and maintain compliance requirements.

## DEVELOP STRATEGIC CONNECTIONS

Whether it's consolidating services, pursuing a merger or acquisition, exploring private equity, or tapping into your financial advisor's resources, creating and exercising strategic connections and professional networks can help broaden business capabilities and expand knowledge of the evolving business and economic landscape.

Fully realizing the benefits of significant business transactions can expand a business's reach, uncover new opportunities, and provide stabilization that can increase its ability to withstand economy uncertainty.

## APPLY A HOLISTIC APPROACH

Mid-market leaders aren't relying on any one tactic as they prepare for economic uncertainty, as demonstrated in the survey results. Effective problem-solving and resiliency first revolve around identifying interconnected trends, external factors, and business dynamics; and secondly, implementing a customized, multifaceted set of solutions consisting of the right technology, strategy, transactions, and risk management to successfully address an evolving landscape.

Teams that stay on top of their budgeting, financial statements, internal controls, tax compliance, and foundational financial processes are better positioned to successfully respond to change.





## ONE FIRM. EXPANDING POSSIBILITIES.

Moss Adams and Baker Tilly have joined forces, unlocking new opportunities for mid-market businesses. Now, our dedicated professionals are backed by even more specialized industry resources to help you plan for what's next.

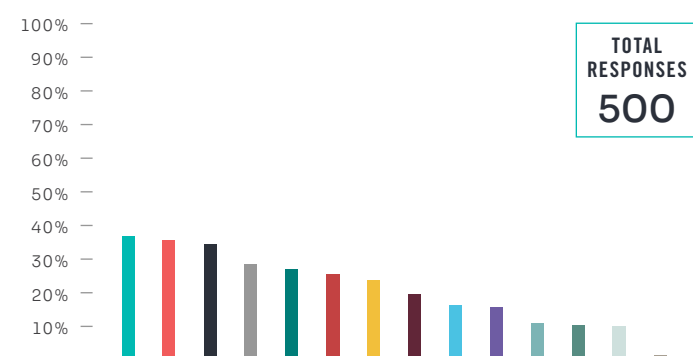
With more than 11,000 professionals in 100-plus locations worldwide, our reach and resources fuel our ability to bring deep industry insights, bold thinking, and holistic solutions that serve our clients' unique needs.

At Baker Tilly, we unlock the power of possibility for businesses ready to move forward. Discover more on our [website](#).

# Survey Results by Question

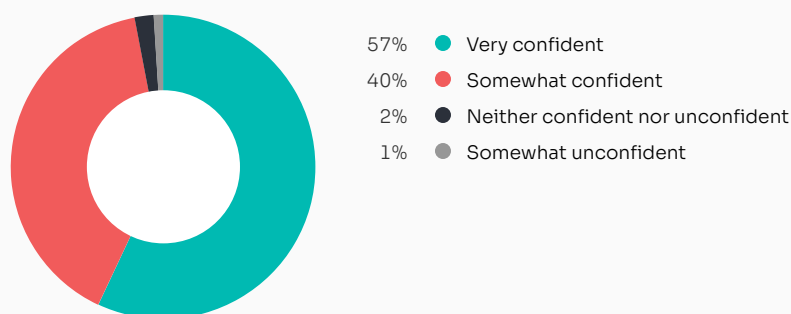
► Participants were asked 23 questions and permitted to provide multiple responses to certain questions.

## QUESTION 1: Which of the following are your three biggest concerns facing your business heading into 2026?



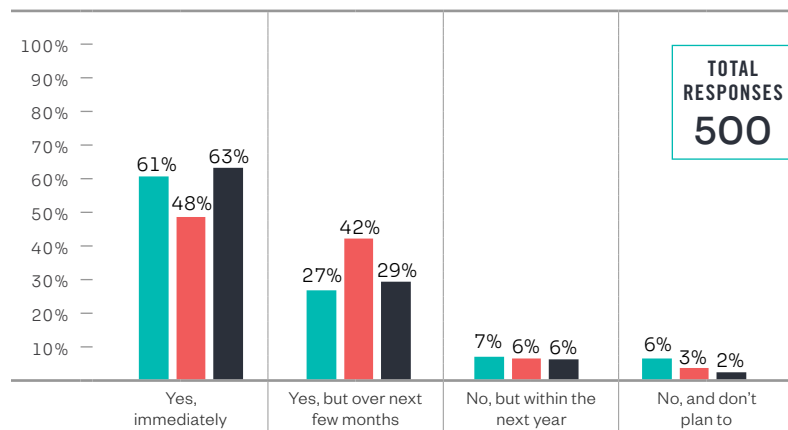
- 37% Technology adoption
- 35% Tariffs
- 34% Tax/regulatory changes
- 28% Supply chain disruptions
- 27% Interest rates
- 25% Worsening inflation
- 23% Competition/emerging market disruptors
- 19% Talent
- 16% Geopolitical issues
- 15% Recession
- 11% Margin impacts
- 10% National deficit
- 10% Borrowing costs
- 1% None of the above

## QUESTION 2: How confident are you in your company's ability to navigate the current economic climate?



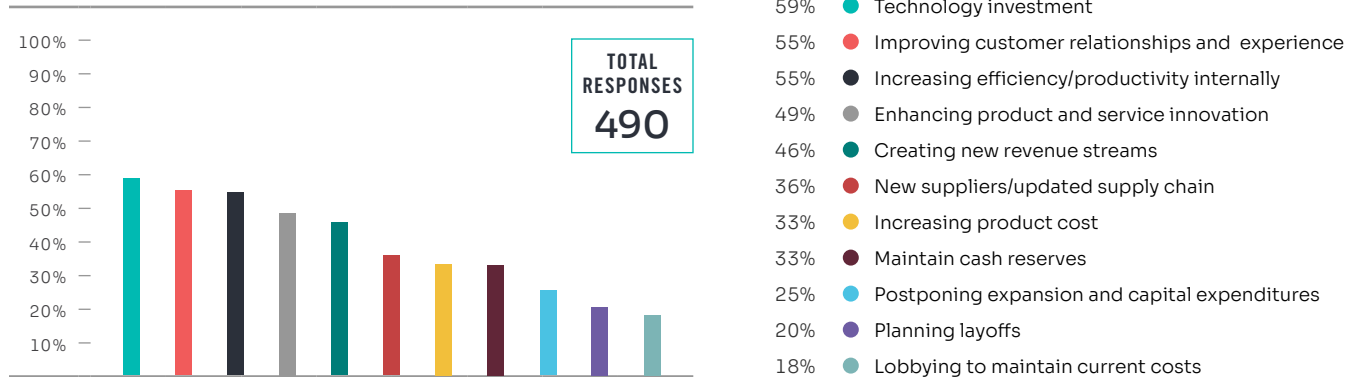
TOTAL  
RESPONSES  
500

## QUESTION 3: Is your business preparing for increased overhead costs due to any of the following?

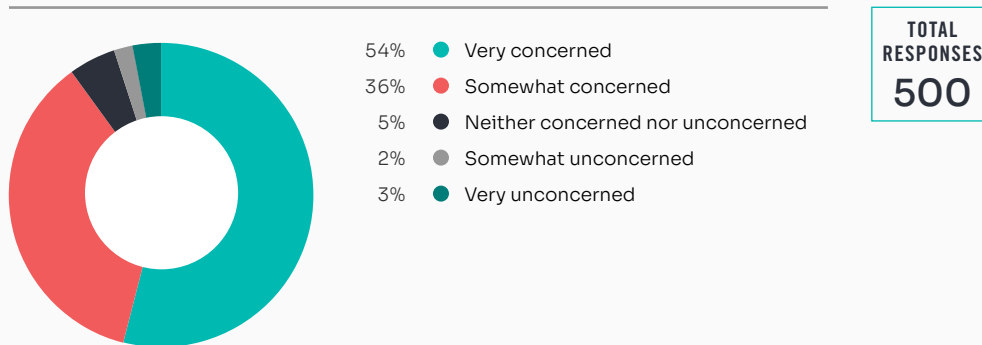


- Tariffs
- Additional regulation
- Interest rates

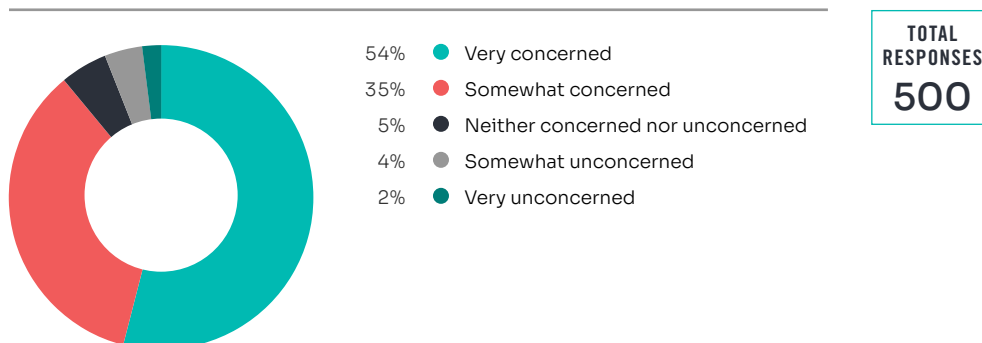
**QUESTION 4: In what ways are you combating increased overhead costs?**



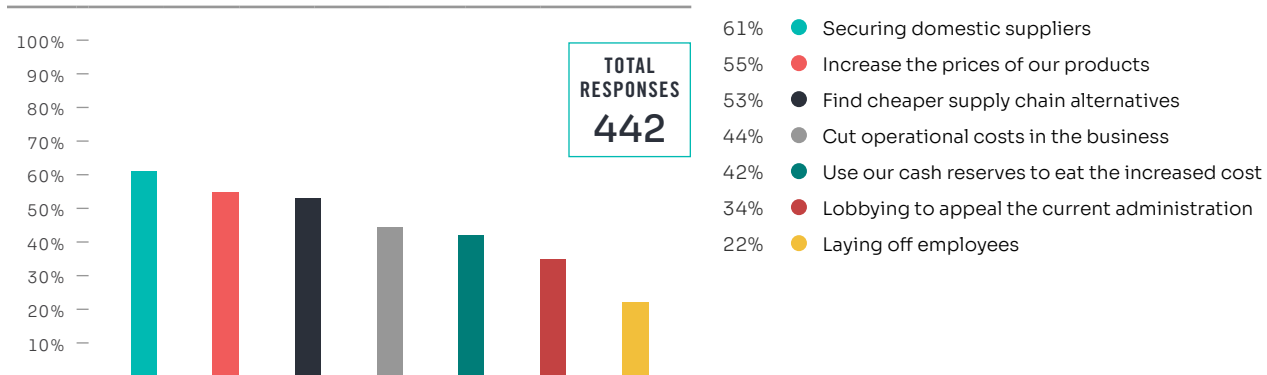
**QUESTION 5: How concerned is your company about inflation?**



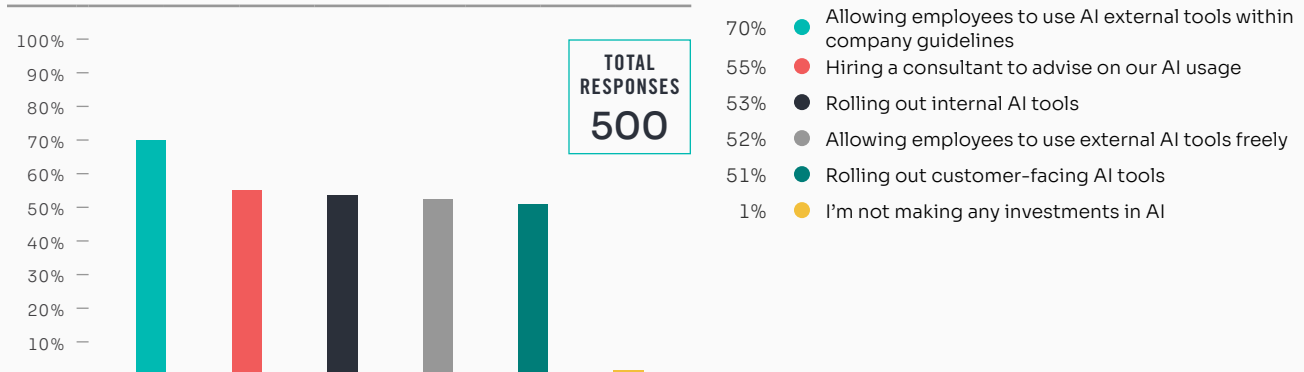
**QUESTION 6: How concerned is your company about tariffs?**



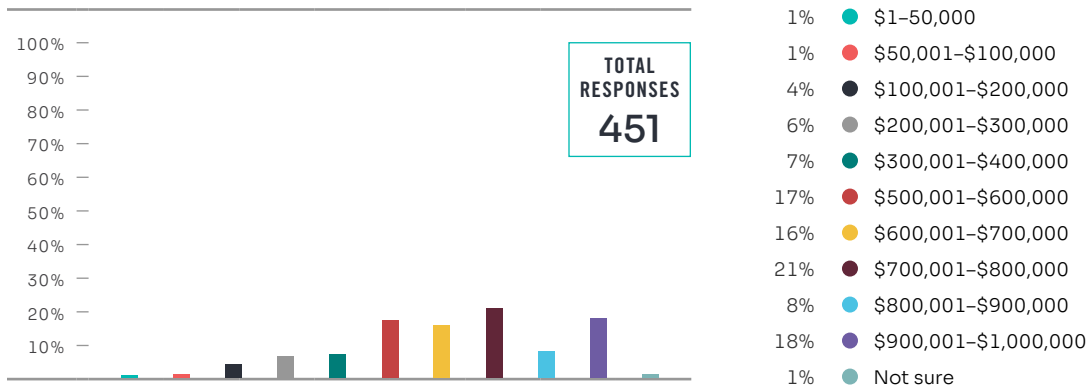
**QUESTION 7: What steps is your company/organization taking to combat tariffs?**



**QUESTION 8: What, if any, investments are you making in AI for your company/organization?**

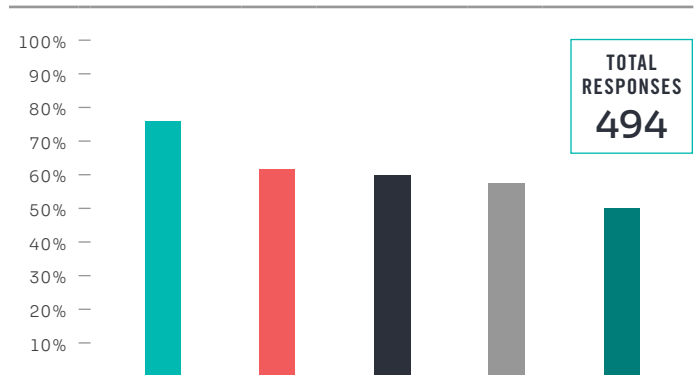


**QUESTION 9: How much money are you investing in AI this fiscal year?**



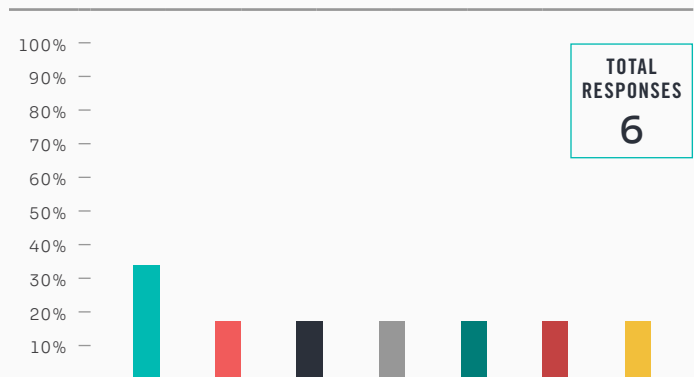


**QUESTION 10: Why are you making investments in AI for your company/organization?**



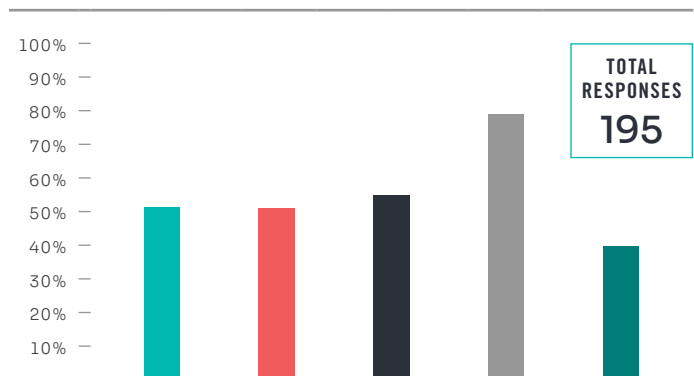
- 76% ● Improve efficiency and automate work for employees/clients
- 62% ● Attracting talent with the latest technology
- 60% ● Will allow my business to cut down on increasing overhead costs
- 57% ● Analyze data silos for better insights
- 50% ● Need to invest to stay competitive

**QUESTION 11: What's preventing you from using AI?**



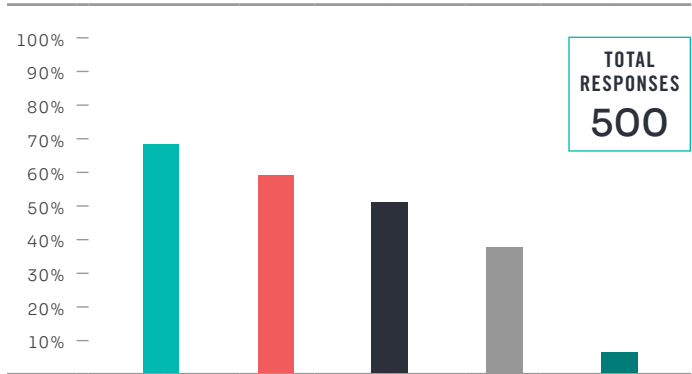
- 33% ● Not a priority
- 17% ● It's not necessary for any functions of my business
- 17% ● I don't trust AI technology
- 17% ● Concern over how reliant my employees will be on AI
- 17% ● Lack of internal experience
- 17% ● Other
- 17% ● Prefer not to answer

**QUESTION 12: What have you done to cut operational costs?**



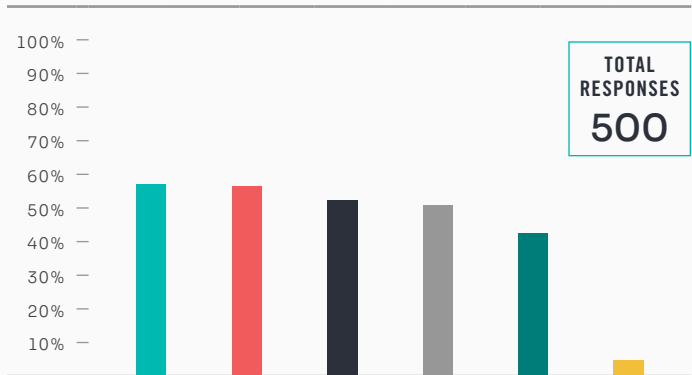
- 51% ● Drop real estate/eliminate satellite offices
- 51% ● Downsize office spaces
- 55% ● Freeze hiring processes
- 79% ● Allow more flexible hybrid/work-from-home policies
- 39% ● Remove certain in-office perks (i.e., free snacks, on-site amenities, etc.)

**QUESTION 13: What are your top regulatory/tax concerns?**



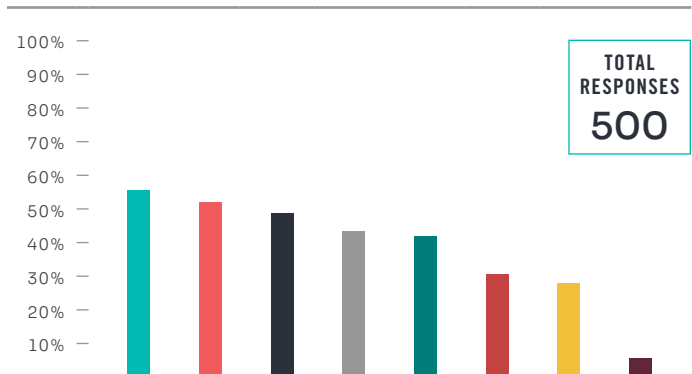
- 68% ● Corporate tax increases
- 59% ● Uncertainty: Constantly shifting regulatory environment
- 51% ● Failure to maintain competitive business and investment tax code
- 37% ● Patchwork of state policies
- 6% ● I don't have any concerns

**QUESTION 14: What concerns, if any, do you have about increased interest rates affecting your organization?**



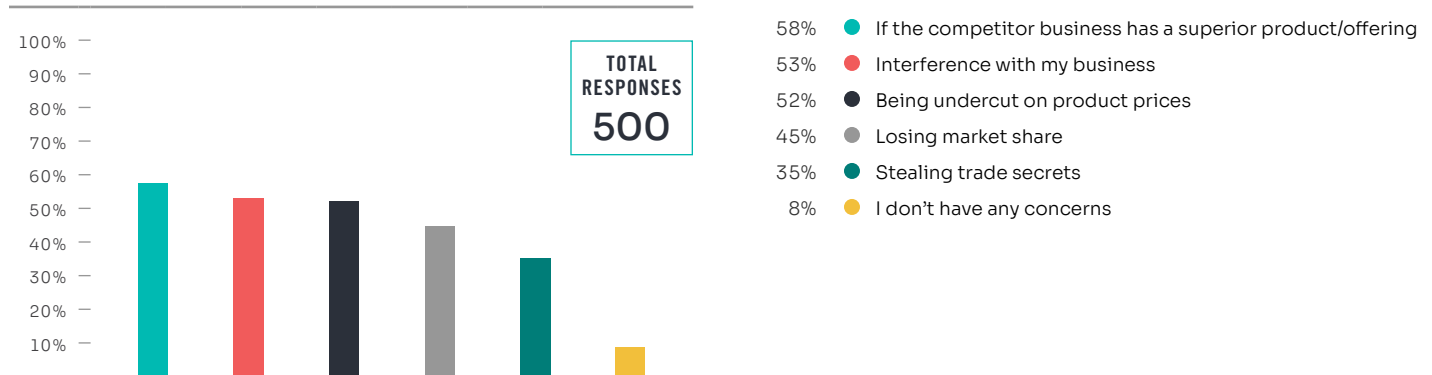
- 57% ● Increase supplier costs
- 56% ● Higher borrowing costs
- 52% ● Reduction of cash flow due higher interest payments
- 50% ● Limits investments in expansion, equipment, hiring, R&D, etc.
- 42% ● Reduced consumer demand as consumers look to cut discretionary spending
- 4% ● I don't have any concerns

**QUESTION 15: What concerns, if any, do you have about potential business risks your organization may face?**

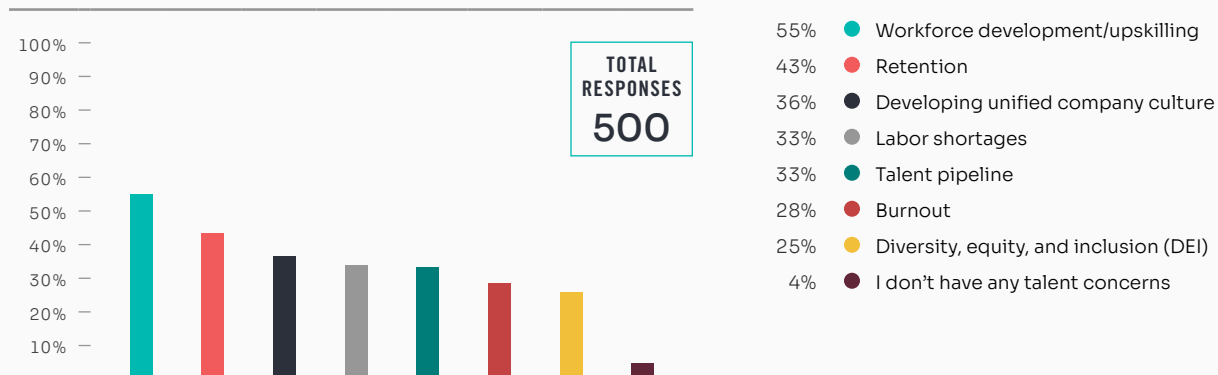


- 55% ● Economic environment
- 52% ● Cyber-threats
- 49% ● Regulatory/legislative changes
- 43% ● Talent shortages
- 42% ● Industry disrupters/new entrants
- 30% ● Running out of available cash
- 28% ● Negative customer perception
- 5% ● I don't have any concerns

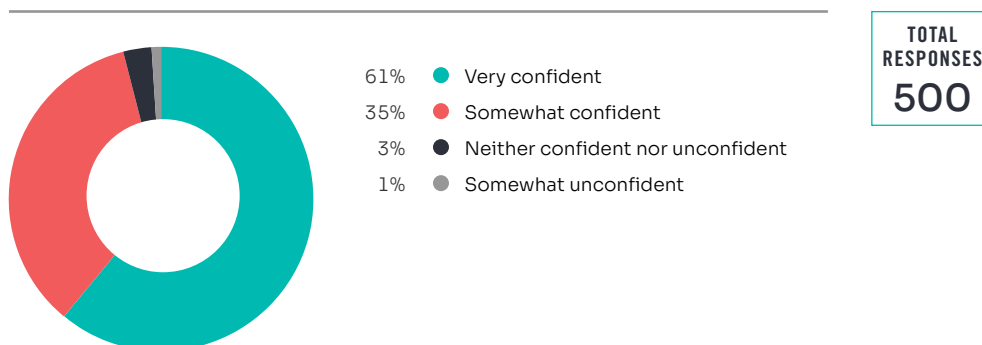
**QUESTION 16: What concerns, if any, do you have about competing businesses in your industry?**



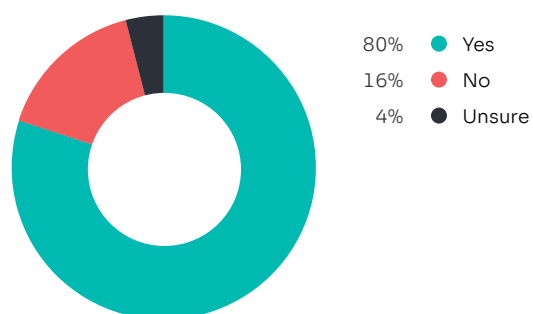
**QUESTION 17: What are your top talent concerns?**



**QUESTION 18: How confident or unconfident are you in your company's ability to navigate an era of uncertainty?**

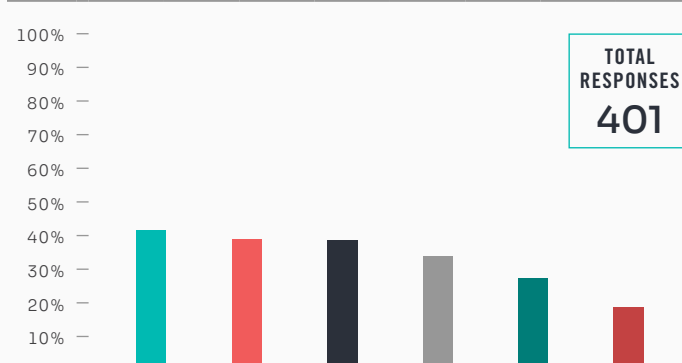


**QUESTION 19: Have you made or are you considering making changes to your supply chain as a result of tariffs or increased regulatory pressure?**



TOTAL  
RESPONSES  
**500**

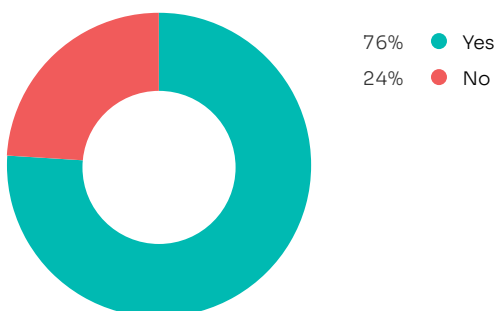
**QUESTION 20: Which of the following are the most significant factors you are weighing in making changes to your supply chain?**



- 41% ● Supply chain resilience and risk mitigation
- 39% ● Cost considerations
- 38% ● Speed and flexibility of response
- 33% ● Talent availability and skill sets
- 27% ● Regulatory and compliance issues
- 18% ● Cultural, communication, or time zone factors

TOTAL  
RESPONSES  
**401**

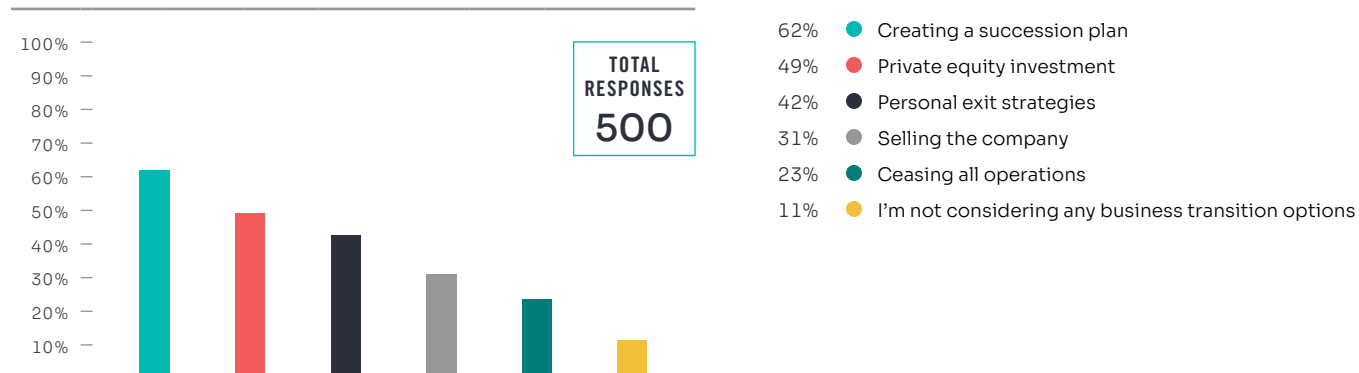
**QUESTION 21: Is your company considering a restructuring or business transition plan to address current market conditions?**



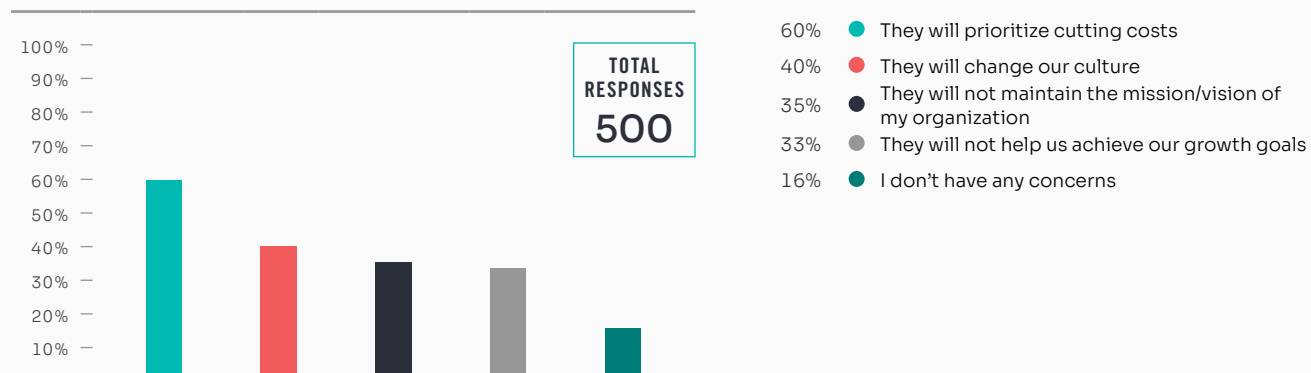
TOTAL  
RESPONSES  
**500**



**QUESTION 22: Which of the following have you considered for potential business transitions in your organization's future?**



**QUESTION 23: What concerns, if any, do you have about private equity?**





Baker Tilly is a leading advisory, tax and assurance firm, providing clients with a genuine coast-to-coast and global advantage in major regions of the U.S. and in many of the world's leading financial centers – New York, London, San Francisco, Seattle, Los Angeles, Chicago and Boston. Baker Tilly Advisory Group, LP and Baker Tilly US, LLP (Baker Tilly) provide professional services through an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable laws, regulations and professional standards. Baker Tilly US, LLP is a licensed independent CPA firm that provides attest services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and business advisory services to their clients. Baker Tilly Advisory Group, LP and its subsidiary entities are not licensed CPA firms.

Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, are independent members of Baker Tilly International, a worldwide network of independent accounting and business advisory firms in 143 territories, with more than 47,000 professionals and a combined worldwide revenue of more than \$6 billion. Visit [bakertilly.com](https://bakertilly.com) or join the conversation on LinkedIn, Facebook and Instagram.

**Let's connect**



Baker Tilly US



@bakertillyus



[bakertilly.com](https://bakertilly.com)

Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, operate under an alternative practice structure and are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms. The name Baker Tilly and its associated logo is used under license from Baker Tilly International limited. The information provided here is of a general nature and is not intended to address the specific circumstances of any individual or entity. In specific circumstances, the services of a professional should be sought. © 2025 Baker Tilly Advisory Group, LP