

2024 Mid-Market Report

Business Outlooks Rise Above Ongoing Disruption



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WELCOME TO OUR 2024 MID-MARKET REPORT

In an ever-evolving business landscape, 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 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 inaugural Mid-Market Report, with survey results from business leaders across industries and markets. This report is designed to be a valued tool for owners and CEOs of businesses with \$50 million–\$500 million 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 hope it will guide 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.

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, manufacturing, and construction.

200 RESPONSES RECEIVED

76%

28-44 YEARS OLD

27%

WOMEN



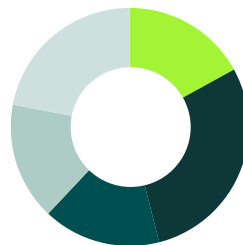
Respondents represent an **equal spread** across the United States.

IDENTIFIED GENDER



73% ● Male
27% ● Female
0% ● Other

REGION



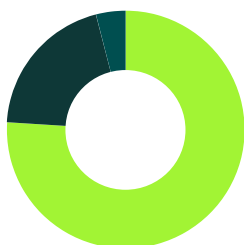
17% ● Northeast
29% ● Southeast
16% ● Southwest
16% ● Midwest
22% ● West

BUSINESS REVENUE (Annual)



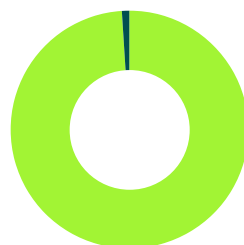
46% ● \$50 million-\$100 million
54% ● \$100 million-\$500 million

AGE



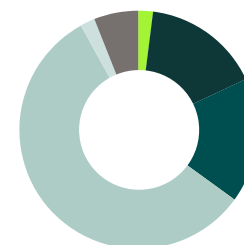
76% ● Millennials (1981-1996)
20% ● Generation X (1965-1980)
4% ● Baby Boomers (1946-1964)

EMPLOYMENT STATUS



99% ● Employed full-time
0% ● Employed part-time
1% ● Self employed

INDUSTRY



2% ● Food & Beverage
16% ● Construction
17% ● Manufacturing
57% ● Technology
2% ● Energy
6% ● Health Care



CONFIDENCE DESPITE UNCERTAINTY

Survey results uncover an interesting juxtaposition between what respondents anticipate from the economy and how they feel about their ability to meet potential challenges.

Heading into 2025, the two largest concerns that respondents feel they face are worsening inflation (28%), interest rates (24%), and tax and regulatory changes (24%).

Almost all business leaders surveyed are preparing for a recession within the coming months (94%), and of these respondents, 64% believe a recession is imminent. The remaining 6% don't think a recession will affect their business.

Sentiments regarding inflation don't come as a surprise following the economic standing of recent years, however, it's notable that worsening inflation continues to be top of mind given the Federal Reserve's recent move to lower interest rates.

Typically, a pessimistic economic outlook correlates to uncertainty and apprehension about maintaining business viability and health during these economic storms. Our survey results, however, reveal a different viewpoint and approach among business leaders.

Nearly all respondents feel assured of their company's standing to navigate a recession and worsening inflation (97%). Nine in 10 respondents are confident in their company's ability to navigate an era of uncertainty (93%).

This optimistic outlook points to a young but experienced leadership pool that isn't necessarily hesitant to act when pressures emerge. These business leaders persisted through previous challenges—like the COVID-19 pandemic, the 2008 recession, and historic inflation—and thrived; they understand how to usher their businesses through hard times.

This optimism also reflects these leaders' confidence in their balance sheets, liquidity, and ability to borrow; they're positioned to continue business-as-usual regardless of uncertainties.

The respondents' we-got-this attitude is heartening. It points to a resilient, agile marketplace that can move the US economy forward.

94%

of business leaders
are preparing
FOR A RECESSION

93%

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



CHALLENGES TO WATCH: TAX CHANGES, OPERATIONS, AND OTHER KEY FOCUS AREAS

Although the data shows a potential recession and ongoing inflation as leaders' primary concerns, respondents are focused on additional key concerns.

TAXES

Taxes are an ongoing interest for business owners and leaders and can have a major impact on financial stability.

Respondents indicated their top regulatory tax concern is increased corporate taxes (55%). Similarly, 51% worry about the expiration of the [Tax Cuts and Jobs Act](#) provisions (51%) that will come at the end of 2025 should they not be renewed.

Given 2024 is a presidential election year, concerns about potential tax changes are to be expected. Expiring provisions under the Tax Cuts and Jobs Act such as bonus depreciation, qualified business income (QBI) deduction, and changes to individual income tax rates may result in higher tax bills. As such, uncertainty will likely remain top of mind until the new administration is sworn in and established.

SUPPLY CHAIN ISSUES

Easily impacted by geopolitical and climate events, supply chain functions are an area of concern that continues to rank high for leadership.

Although supply chain issues eased since 2020, the top concern continues to be materials availability. Many respondents are monitoring extensions of project schedules or profit erosion related to material availability (40%). Another 31% are contemplating higher freight rates or fuel and energy costs.

These fuel and energy issues are closely tied to inflation and will hopefully recede as the Fed takes steps to lower inflation.

PROFIT MARGINS

Managing profit margins has been challenging in an economy with erratic inflation, record high interest rates, and geopolitical unrest.

Four in five business owners surveyed noticed their profit margins impacted by economic or sector pressures (83%). Of those experiencing this impact, 56% say they faced difficulty meeting margin goals, while 52% see the impact in failure to meet margin expectations.

As a bellwether of business health, meeting profit margin targets is an ongoing and expected concern. That it's being elevated in the survey results may indicate leaders' proactive approach to potential economic disruptions. Business leaders want their business on firm ground before potential economic disruptions arrive and are therefore addressing profit margin issues now.

51%

worry about the
expiration of the
**TAX CUTS AND
JOBS ACT**

**Business leaders
want their business
on firm ground
before potential
economic
disruptions arrive,
and are therefore
addressing profit
margin issues now.**

INDUSTRY DISRUPTIONS

Although most respondents are preparing for major economic shifts, like a recession and ongoing inflation, many leaders are also alert for disturbances from new areas.

Three-quarters of business owners surveyed believe that new industry disruptors or new entrants pose a risk to their company (77%). Given that half the respondents are in the technology industry, this correlates with how quickly technology evolves and the fast-paced nature of its landscape.

However, this may also reflect concern about disruptors, such as interest rate changes, materials availability, supply chain challenges, and other unknowns resulting from the incoming presidential administration.

PREPARING WITH EXPANSIVE SOLUTIONS

Given the respondents' prevailing belief that a recession and other economic challenges are imminent, it could be expected that leaders would pursue strategies that contract their business.

The data instead shows how the prevailing optimistic outlook inform a very different approach to preparedness.

CHOOSING TO INVEST

The data reveals a correlation between respondents' sense of confidence and their preparation approach. Most are investing in tactics—like scenario planning, product development, technology implementation, and talent development—to strengthen their business as opposed to simply raising prices and cutting costs.

For example, leaders preparing for a recession are investing in technology (53%) and improving customer relationships and experiences (51%). Others are focused on creating new revenue streams (46%) and maintaining cash reserves (41%).

Many respondents indicate they're adopting and implementing different technology (57%), focusing on employee training and retention (46%), and increasing investment in sales and marketing (45%).

TAKING PROACTIVE MEASURES

Leaders who feel they face increased inflation are taking proactive measures, like increasing the prices of their products (53%) and cutting operational costs in the business (51%). Nearly half have found cheaper alternatives throughout their supply chain (48%) or dipped into their cash reserves (46%).

Those who cut operational costs have done so by allowing more flexible or hybrid work-from-home policies (65%), downsized their office spaces (45%), implemented hiring freezes (41%), or removed certain in-office perks (44%).

Combined with the activity around investing in their companies, 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.

53%

preparing for a recession
are investing in
TECHNOLOGY

51%

ARE IMPROVING
customer relationships
and experiences

FOSTERING TALENT

When assessing talent, respondents are more focused on bolstering their staff and company environment, not simply turning to layoffs to bolster their cash flow. This again reflects the respondents' optimistic approach to preparing for economic challenges.

They're most concerned about providing development and upskilling opportunities (51%). Other major HR concerns are developing unified company culture (44%), fostering their talent pipeline (35%), and increasing employee retention (31%).

Of the 25% using layoffs to reduce costs, 23% laid off 41–50 people in the last year with 19% laying off more than 100 employees in the same time frame.

Despite this support for current workforces, looking to 2025, 63% are still considering layoffs with 16% undecided.

The minimal concern for employee retention suggests that a labor shortage is no longer a primary concern. The focus is on fostering experienced talent. Respondents seem to believe that, if needed, sourcing new talent won't be difficult.

Respondents are more focused on bolstering their staff and company environment, not simply turning to layoffs to bolster their cash flow.

PULL YOUR FINANCIAL LEVERS

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.

MAINTAIN GOOD FINANCIAL HYGIENE

Companies that stay on top of their budgeting, [financial reporting](#), [internal controls](#), tax compliance, and foundational financial processes are better positioned to successfully respond to change and adversity.

Reviewing your financial infrastructure, including its [technology components](#), on a regular basis can strengthen your business' financial health by helping identify opportunities, address anomalies, and side-step potential issues.

CLAIM TAX CREDITS AND INCENTIVES

Applicable tax credits and incentives can change as a business evolves and as federal and state regulations permutate. Establishing your [tax structure](#) and reviewing it regularly can help leaders manage costs and maintain compliance requirements.

Monitoring [tax credit and incentive](#) opportunities—such as R&D credits or state and local credits specific to subsidies for expanding operations into certain markets—can help increase cash flow. This can help allow leaders to reinvest in their businesses or weather uncertainty.

DEVELOP STRATEGIC CONNECTIONS

Creating and exercising strategic connections and professional networks can help broaden business capabilities and expand knowledge of the evolving business landscape - whether it's consolidating services, pursuing a [merger or acquisition](#), or tapping into your financial advisor's resources.

Fully realizing the benefits of significant business [transactions](#) can expand your business' reach, uncover new opportunities, and provide stabilization that can increase its ability to withstand economic uncertainty.

TAKE A LONG VIEW

Current business decisions can have far-reaching repercussions. Leaders who invest time and resources into exploring long-term outcomes can create a stronger foundational infrastructure for their business.

Confidently navigate change and disruption by identifying areas of [strategic and operational](#) opportunity and improvement that can help you leverage your resources and create an agile, responsive environment.

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 risk preparedness revolves around multidimensional solutions.

Working with professional advisors who can help you identify interconnected trends, external factors, and business dynamics and explore multifaceted solutions, including technology, operations, transactions, and [risk management](#), can help you determine a customized response to change.



READY FOR WHAT'S NEXT?

While you can anticipate and may feel confident in your ability to prepare for disruption, you can't be certain of its impact on your business—and the degree to which you may need to shift focus and resources once it emerges.

Consistent collaboration with a trusted advisor who understands the nuances and critical operational elements of your business and industry is key to leveraging support and maintaining a strategic partnership.

Experienced professionals can help illuminate, assess, and respond to options effectively with minimal downtime or loss of forward momentum. This way you're prepared to embrace and stay ahead of change—and are positioned to transform and shape your future for the better.

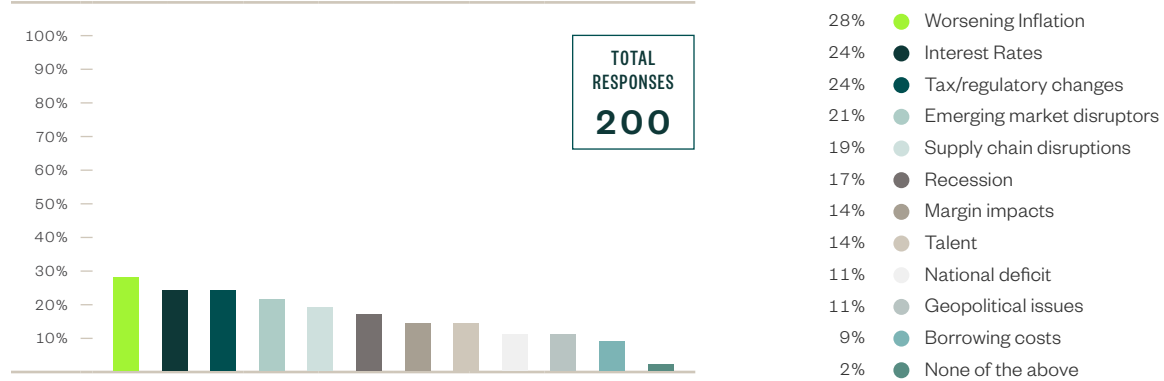
WE'RE HERE TO HELP

At Moss Adams, we believe in the power of possible. A business and personal advisory firm with more than 100 years of experience and 4,750 professionals across 30+ markets, we work with clients to rise above challenges and seize emerging opportunities. Discover how we can help you go where you want to be next. Upward.

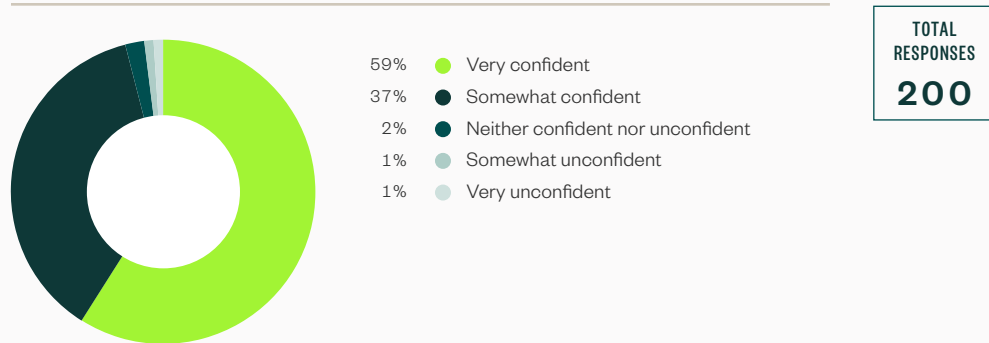
SURVEY RESULTS BY QUESTION

► Participants were asked 18 questions and permitted to provide multiple responses to certain questions.

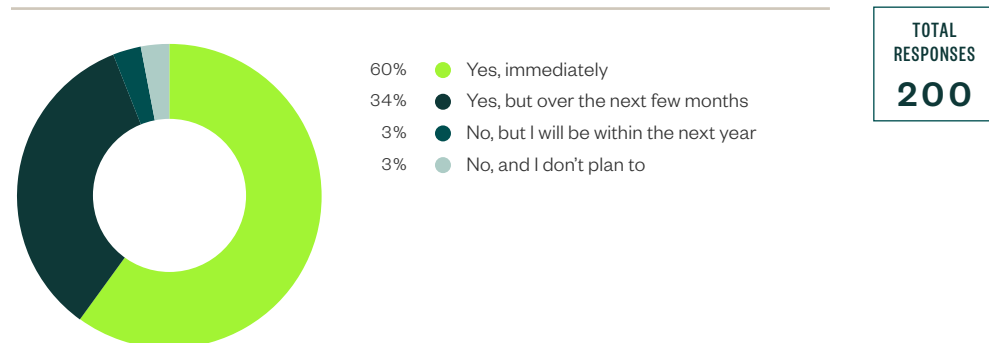
QUESTION 1: What are your two biggest concerns facing your business heading into 2025?



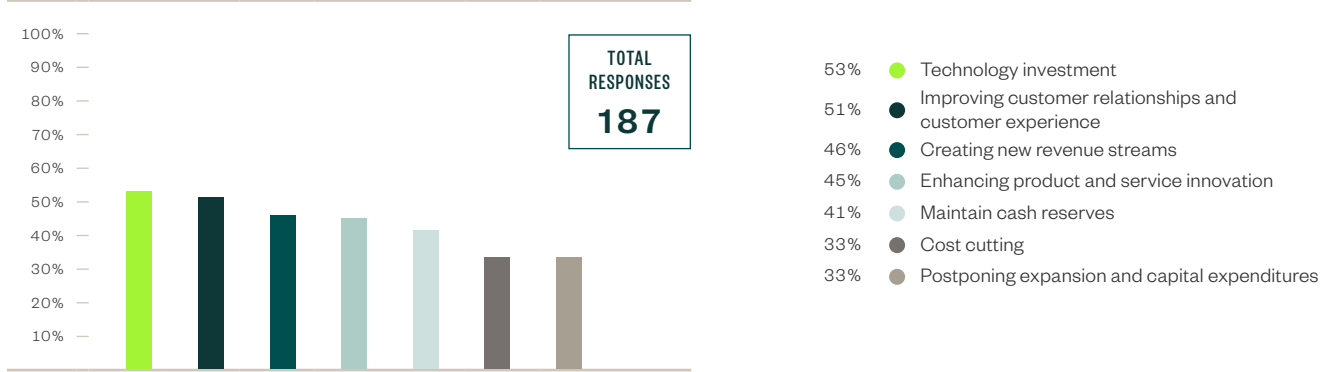
QUESTION 2: How confident or unconfident are you in your company's ability to navigate a recession and worsening inflation?



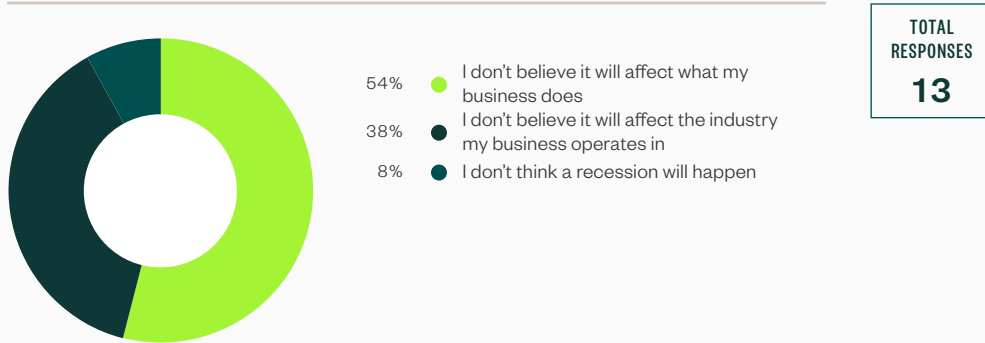
QUESTION 3: Are you preparing for a recession?



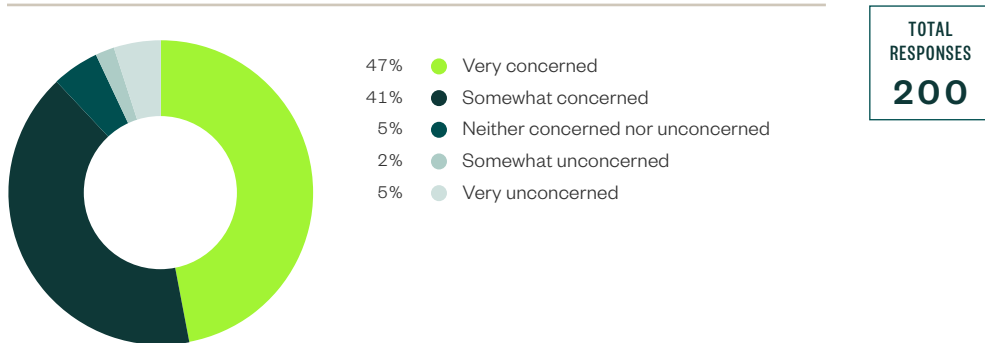
QUESTION 4: In what ways are you preparing for a recession?



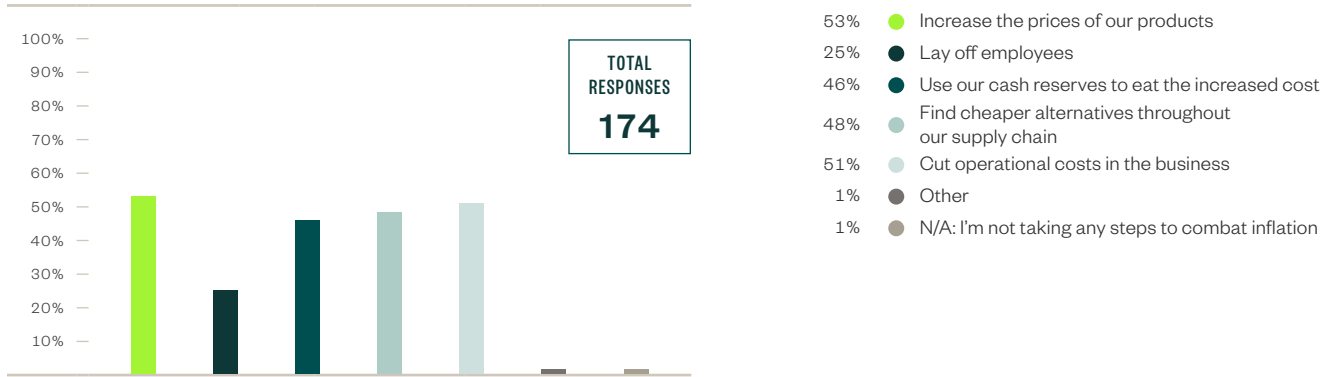
QUESTION 5: Why are you not currently planning on/preparing for a recession?



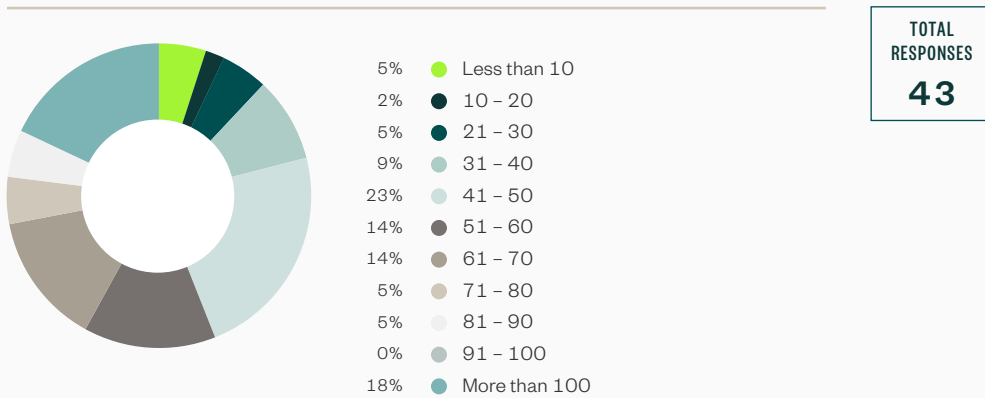
QUESTION 6: How concerned or unconcerned are you about your company facing inflation?



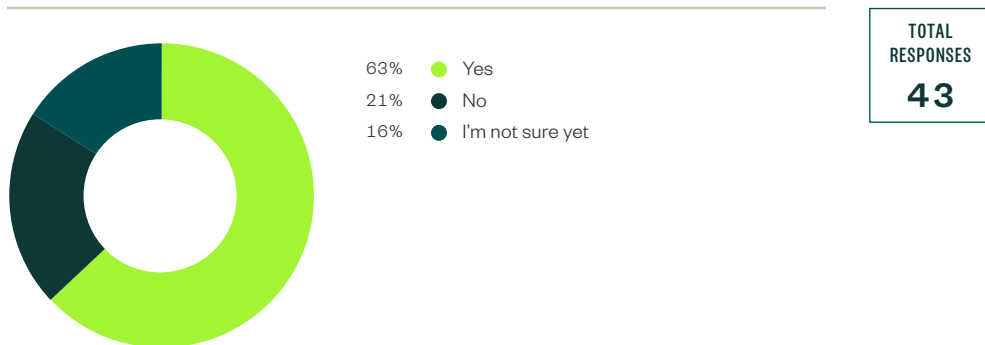
QUESTION 7: What steps is your company/organization taking to combat inflation?



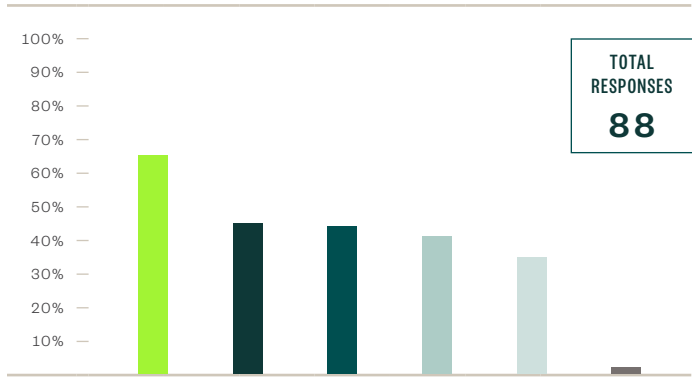
QUESTION 8: How many employees have you had to lay off within the past year?



QUESTION 9: Are you considering laying off employees in 2025?

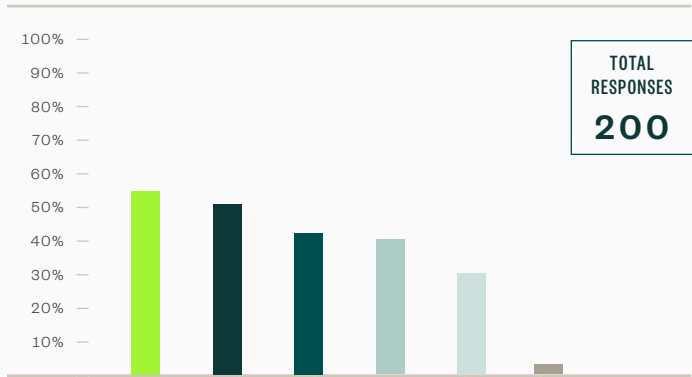


QUESTION 10: What have you done to cut operational costs?



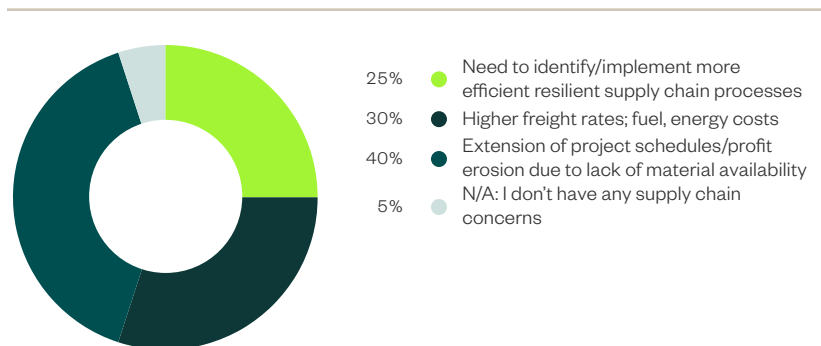
- 65% ● Allow more flexible hybrid/WFH policies
- 45% ● Downsize office spaces
- 44% ● Remove certain in-office perks
- 41% ● Freeze hiring processes
- 35% ● Drop real estate/eliminate satellite offices
- 2% ● Other

QUESTION 11: What are your top regulatory/tax concerns?



- 55% ● Corporate tax increases
- 51% ● Expiration of the Tax Cuts and Jobs Act provisions
- 42% ● Uncertainty: Constantly shifting regulatory environment
- 40% ● Failure to maintain competitive business and investment tax code
- 30% ● Patchwork of state policies
- 3% ● N/A: I don't have any regulatory/tax concerns

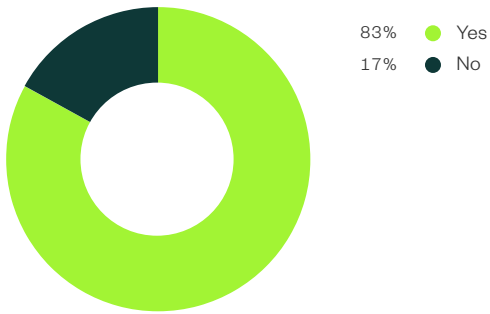
QUESTION 12: What is your top supply chain concern?



TOTAL RESPONSES
200

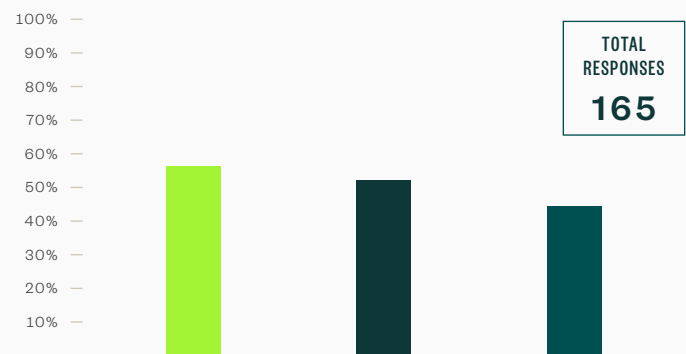
- 25% ● Need to identify/implement more efficient resilient supply chain processes
- 30% ● Higher freight rates; fuel, energy costs
- 40% ● Extension of project schedules/profit erosion due to lack of material availability
- 5% ● N/A: I don't have any supply chain concerns

QUESTION 13: Have you noticed economic and/or sector pressures affecting the profit margins of your company?



TOTAL RESPONSES
200

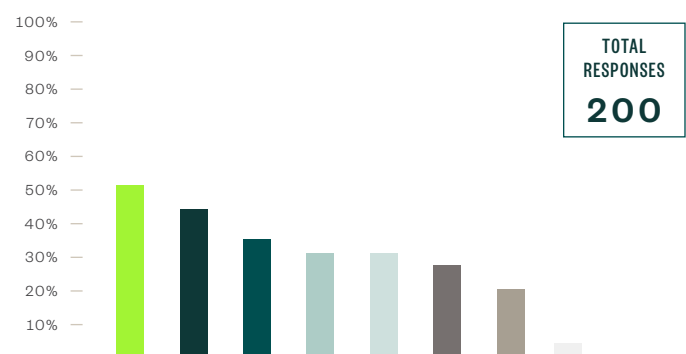
QUESTION 14: How are economic and sector pressures affecting margins?



TOTAL RESPONSES
165

- 56% Meeting margin goals
- 52% Failing to meet margin expectations
- 44% Implementing new margin improvement strategies

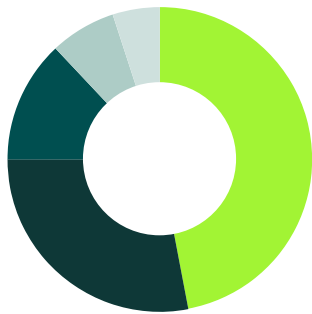
QUESTION 15: What are your top talent concerns?



TOTAL RESPONSES
200

- 51% Workforce development/upskilling
- 44% Developing unified company culture
- 35% Talent pipeline
- 31% Retention
- 31% Labor shortages
- 27% Burnout
- 20% DEI
- 4% N/A: I don't have any talent concerns

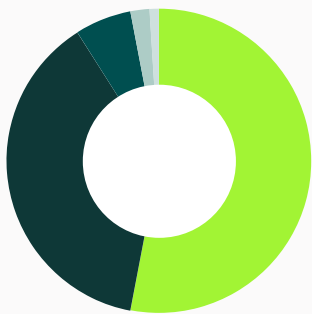
QUESTION 16: To what extent do you agree or disagree with the following statement?
"I believe new industry disruptors/new entrants pose a risk to my company."



- 47% ● Strongly agree
- 28% ● Somewhat agree
- 13% ● Neither agree nor disagree
- 7% ● Somewhat disagree
- 5% ● Strongly disagree

TOTAL
RESPONSES
200

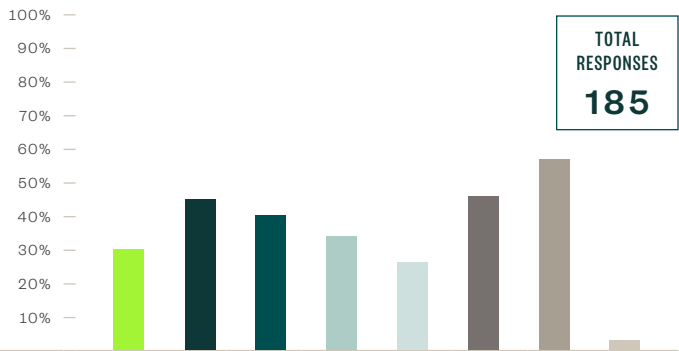
QUESTION 17: How confident or unconfident are you in your company's ability to navigate an era of uncertainty?



- 53% ● Very confident
- 38% ● Somewhat confident
- 6% ● Neither confident nor unconfident
- 2% ● Somewhat unconfident
- 1% ● Very unconfident

TOTAL
RESPONSES
200

QUESTION 18: What strategies are you implementing to address these challenges?



TOTAL
RESPONSES
185

- 30% ● Giving teams ability/permission to move quickly or move without roadblocks
- 45% ● Increased investment in sales and marketing
- 40% ● Product development
- 34% ● Scenario planning
- 26% ● Resilience/redundancy
- 46% ● Employee training/retention
- 57% ● Technology adoption/implementation
- 3% ● None of the above

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