The latest quarterly survey from the National Center for the Middle Market again revealed continued growth and an optimistic outlook. More than 1,000 C-level executives and financial decision makers were surveyed in early September. Respondents—who represent private and public organizations with annual revenue between $10 million and $1 billion—discussed short- and long-term outlooks and challenges for their businesses and the economy.

Performance remains strong across the middle market, with more than two-thirds of those surveyed saying performance has improved in the last year. Just five percent report deteriorating performance, well below the five-year average. Spurring this performance are revenue and employment measures, which continue to trend higher. Revenue growth improved to seven percent during the third quarter, and was strongest among core middle-market firms, which saw growth of 9.2 percent. Employment growth, on the other hand, is strongest among large middle-market firms, at 8.4 percent. Across the board, growth remains well above average.

Revenue growth was strongest in the business services, financial services and health care sectors, while employment growth was exceptional among retail trade, health care and business services companies. On the flip side, revenue growth slowed significantly across the retail trade sector, while employment growth was the weakest in the manufacturing industry.

Confidence in the economy at local, national and global levels remains near record highs. Confidence in the global economy increased to 74 percent from 70 percent last quarter, the second-highest reading on record. Confidence in the U.S. economy is at 83 percent, down one percentage point from the second quarter but well above the average reading of 68 percent. Finally, confidence in local economies is at 88 percent, the second-highest reading since the survey began.

In the face of continued revenue growth and an optimistic economic outlook, however, challenges remain. Talent management is at the top of the list, as the labor market continues to tighten. In response to this challenge, employees are focused on how to attract and retain the best talent. Benefits beyond those historically offered are slowly becoming the rule rather than the exception. Depending on company size, age and priorities, business leaders have different approaches to benefits packages. While some are satisfied meeting current market expectations, others offer enhanced benefits as a way of standing out from the competition and attracting talent.

As for challenges outside of respondents’ direct control, core business issues such as changing market conditions and capital management are most prominent. Business leaders also face challenges from government regulations, increasing competition and rising costs.

For more comprehensive insights on the challenges and opportunities facing today’s middle market,
please download the full Middle Market Indicator Report and check out our industry and geo-focused podcasts for expert insights on what the latest findings mean for the retail and restaurant industry, and for the Greater Washington D.C. metro area.

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