

Trendsetter barometer®

Private Company Services
Q2 2014

Business outlook chart pack
Full survey results

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Quarterly highlights

Chart 1.1 International marketers outpace domestic-only peers

	International marketers (n=101)	Domestic-only peers (n=104)
Business outlook, next 12 months		
Optimistic about US economy	65%	52%
Optimistic about world economy	42%	—
Revenue growth rate	9.0%	7.3%
International sales (% of total)	18%	—
Planning major capital investments	46%	27%
Planning expansion to new markets abroad	20%	2%
Plans to increase spending (net)	<u>71%</u>	<u>57%</u>
• New products/services	45%	16%
• Information technology	32%	22%
• Geographic expansion	27%	20%
• Business acquisitions	17%	11%
• Sales promotion	16%	14%
• R&D	18%	6%
Prior quarter's performance		
• Increased gross margins (net)	+17%	+3%
• Increased costs (net)	+11%	+16%
• Increased prices (net)	+17%	+21%

Note: International marketers have average revenue of \$461.7 million; their domestic-only peers have average revenue of \$251.3 million.

Key indicators for the business outlook

Chart 1.2 Key indicators for the business outlook

A quarter-over-quarter comparison of the key indicators shows how the 12-month outlook has changed. The change column indicates the movement of opinion from first-quarter 2014 to second-quarter 2014.

Business outlook, next 12 months	2013			2014		Change	Page
	2Q '13	3Q '13	4Q '13	1Q '14	2Q '14		
Optimistic about US economy	59%	55%	53%	60%	59%	=	7
Optimistic about world economy ¹	39%	35%	43%	39%	42%	↑	9
Expect positive revenue growth	80%	82%	83%	81%	85%	↑	21
Average growth rate expected	7.8%	9.0%	8.5%	8.5%	8.1%	↓	21
Planning major new investments	31%	31%	32%	33%	36%	↑	25
New investments as a % of sales	6.4%	10.1%	5.7%	6.6%	8.4%	↑	25
Planning to hire	57%	57%	57%	63%	56%	↓	23
New workers as a % of workforce (net)	+3.2%	+2.2%	+1.9%	+2.0%	+1.8%	=	23
Expected barriers to growth							
• Lack of demand	65%	63%	60%	53%	59%	↑	27
• Legislative/regulatory pressures	55%	52%	46%	44%	42%	=	27
• Lack of qualified workers	30%	27%	28%	29%	32%	↑	27
• Profitability/decreasing margins	31%	29%	26%	29%	26%	↓	27
• Increased taxation	37%	26%	27%	28%	22%	↓	27
• Oil/energy prices	19%	24%	14%	18%	22%	↑	27
• Pressure for increased wages	23%	19%	16%	13%	20%	↑	27
• Lack of capital for investment	15%	11%	16%	22%	13%	↓	27
• Higher interest rates	10%	11%	9%	8%	8%	=	27
• Strength of the US dollar	16%	11%	10%	7%	8%	=	27
• Competition from foreign markets	12%	12%	10%	8%	7%	=	27

1. Reflects responses from international marketers only.

Economic views

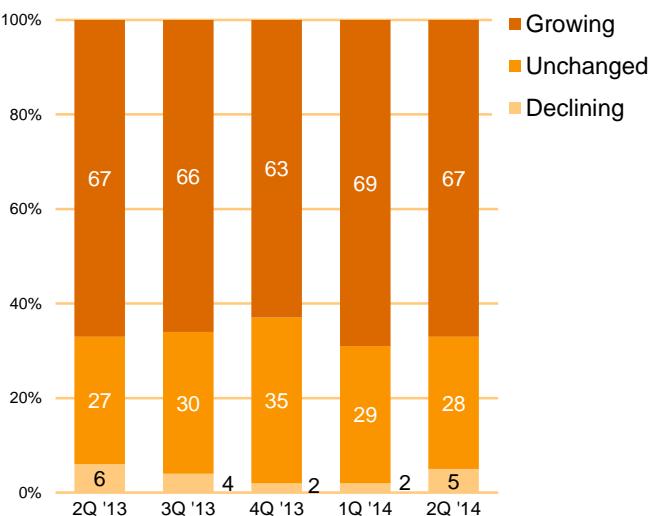
View of the US economy, this quarter

Which best describes your view of the US economy this quarter?

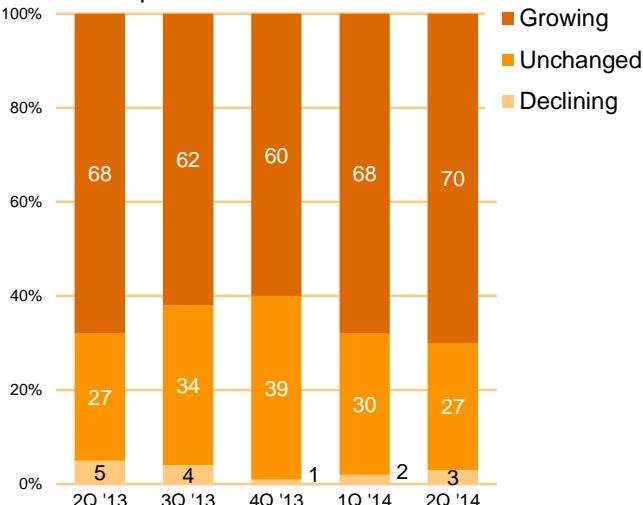
In second-quarter 2014, 67 percent of panelists said they believed the US economy was growing, similar to the first quarter's 69 percent and the same as a year ago (67 percent). Five percent said the US economy was declining (up 3 points), and 28 percent felt it was about the same.

Chart 2.1 View of the US economy, this quarter

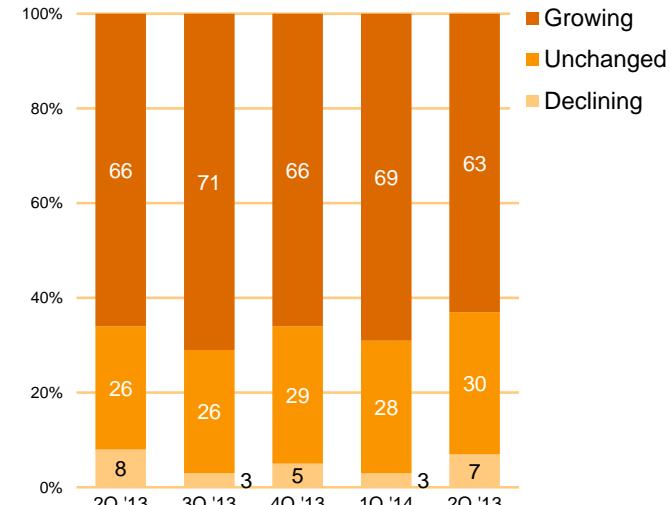
All respondents



Product companies



Service companies



Note: In 2Q 2014 All respondents, n=205, Product companies, n=118, Service companies, n=87

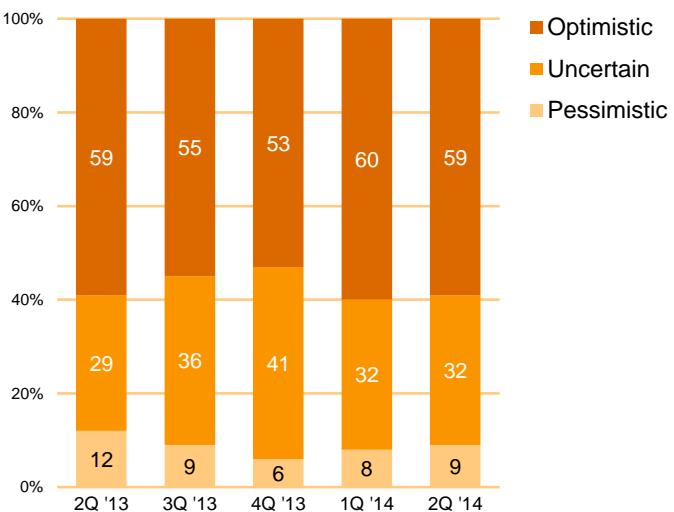
View of the US economy, next 12 months

Looking ahead at the next 12 months, how do you feel about the prospects for the US economy?

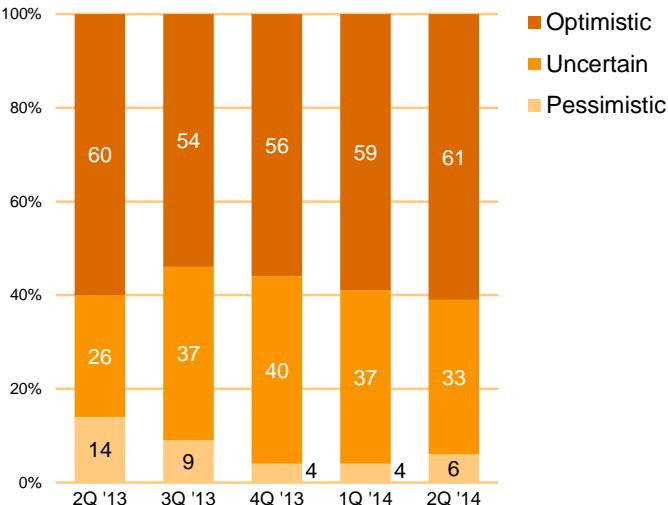
The percentage of panelists who are optimistic about the US economy over the next 12 months remained on pace: 59 percent, down 1 point from the first quarter's 60 percent, and the same as a year ago. Those expressing pessimism continued at 9 percent (up 1 point), and 32 percent said they were uncertain.

Chart 2.2 View of the US economy, next 12 months

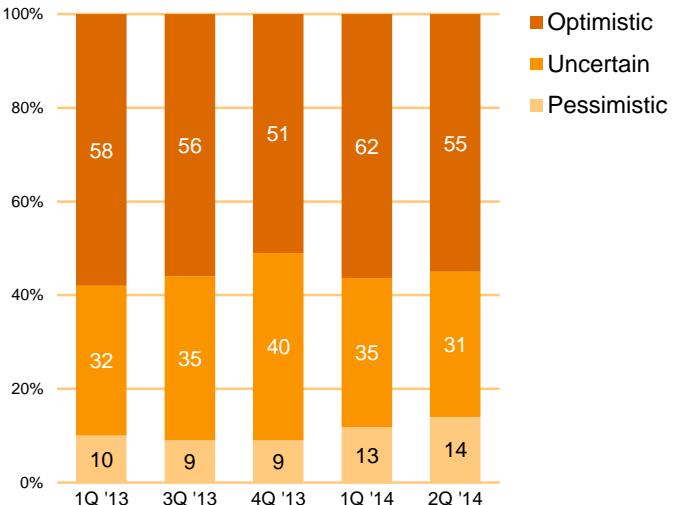
All respondents



Product companies



Service companies



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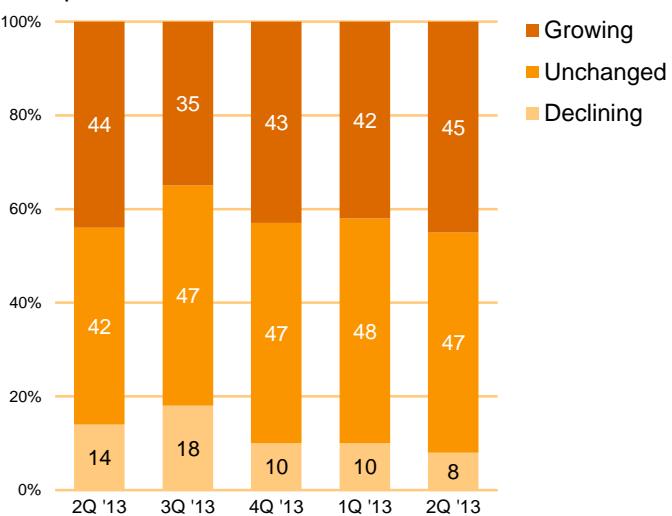
View of the world economy, this quarter

Which best describes your view of the world economy this quarter? (international marketers only)

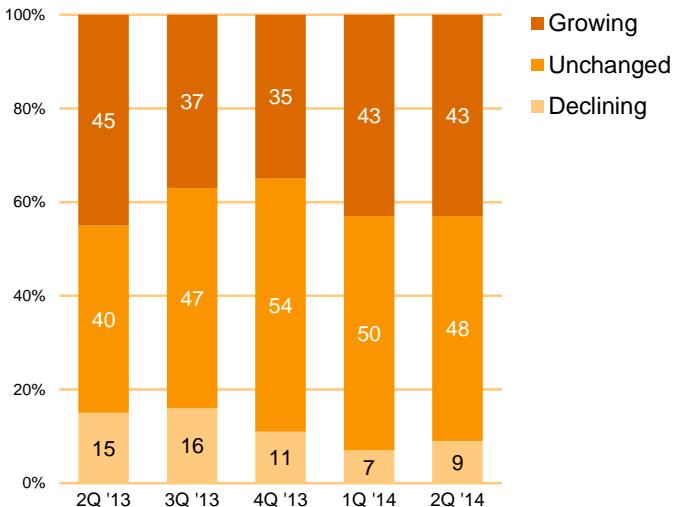
In second-quarter 2014, 45 percent of respondents who sell abroad viewed the world economy as growing (up 3 points from the percentage of panelists who said this in the first quarter). A year ago, 44 percent of panelists thought the world economy was growing, 1 point lower. Eight percent viewed the world economy as declining in the second quarter (compared with 14 percent a year ago), and 47 percent viewed it as unchanged.

Chart 2.3 View of the world economy, this quarter

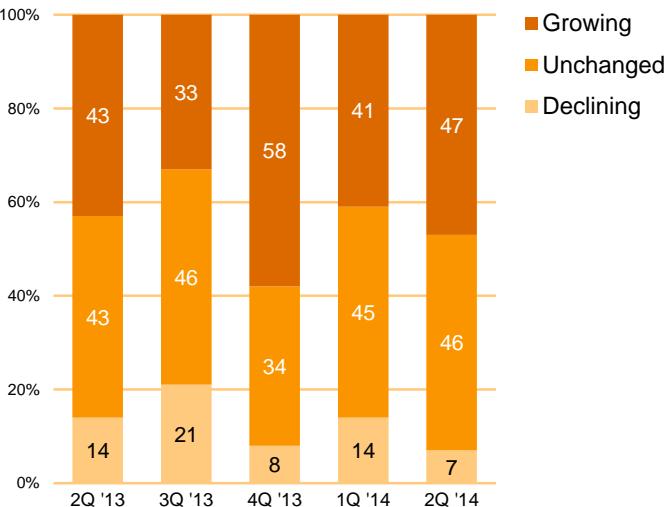
All respondents



Product companies



Service companies



Note: In 2Q 2014 All international marketers, n=101, Product companies, n=58, Service companies, n=43

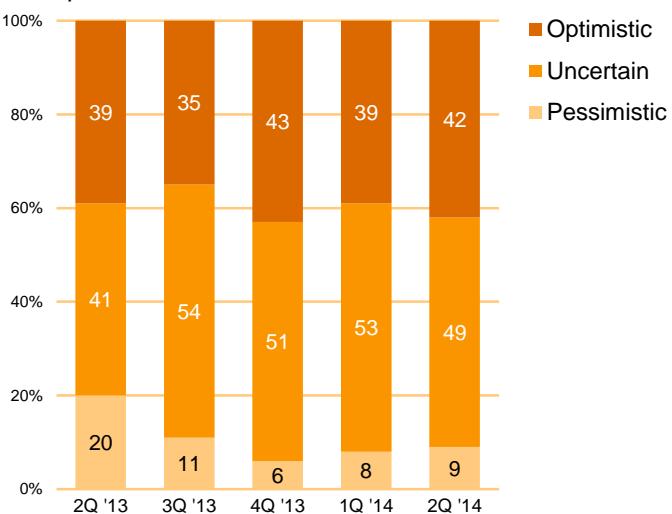
View of the world economy, next 12 months

Looking ahead at the next 12 months, how do you feel about the prospects for the world economy?
(international marketers only)

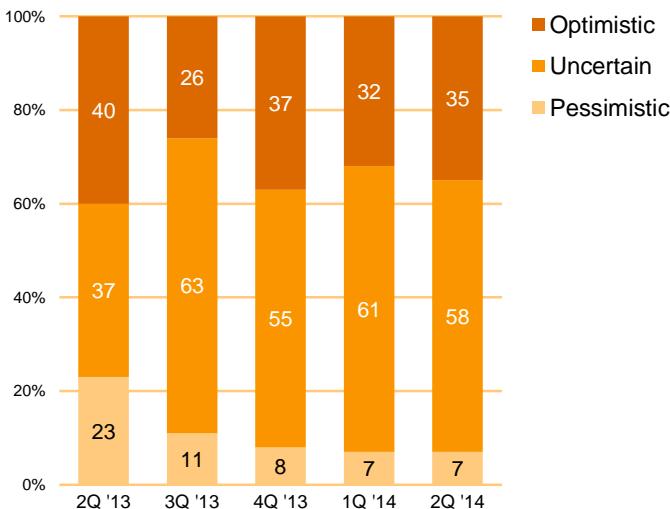
Of international marketers surveyed in the second quarter of 2014, 42 percent expressed optimism about the world economy's prospects over the next 12 months, up 3 points from the first quarter and a year ago, when it was 39 percent. The percentage expressing pessimism increased 1 point to 9 percent, 11 points fewer than a year ago, while 49 percent were uncertain.

Chart 2.4 View of the world economy, next 12 months

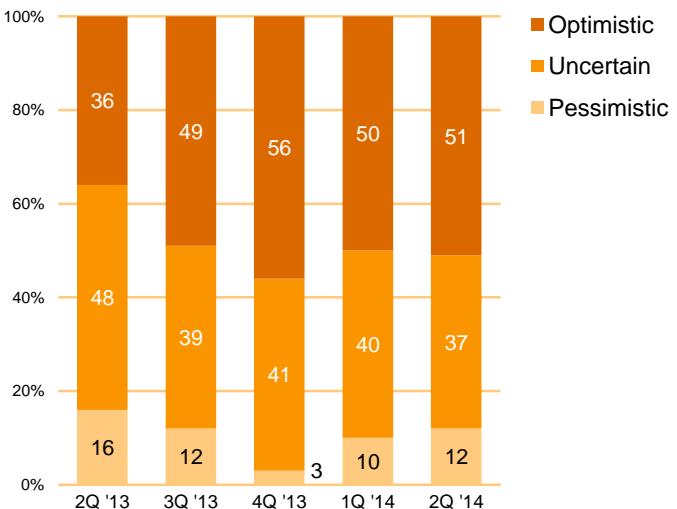
All respondents



Product companies



Service companies



Note: In 2Q 2014 All international marketers, n=101, Product companies, n=58, Service companies, n=43

Company performance

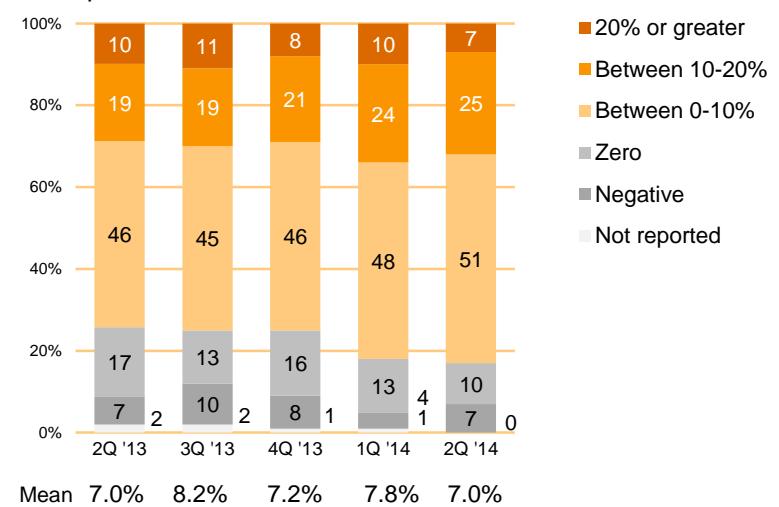
Company revenue growth, calendar year

What is your company's estimated revenue growth rate for the calendar year?

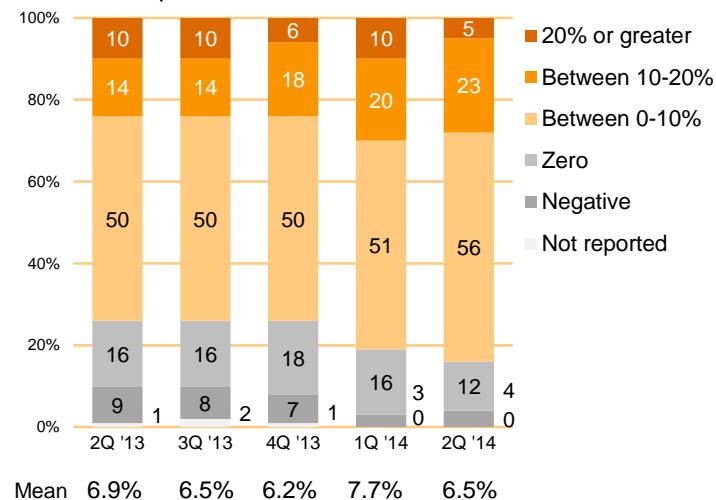
For calendar-year 2014, the composite average own-company growth estimated decreased from 7.8 to 7.0 percent in second-quarter 2014. Of executive officers interviewed, 83 percent reported positive revenue growth through the calendar year, with 32 percent reporting double-digit growth and 51 percent single-digit growth. Seven percent reported negative revenue growth, and 10 percent reported zero growth. None were not reported.

Chart 3.1 Company revenue growth, calendar year

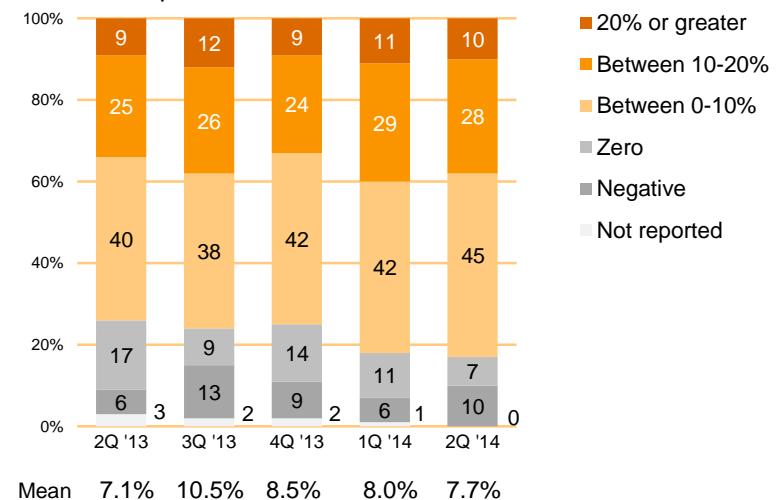
All respondents



Product companies



Service companies



Note: In 2Q 2014 All respondents, n=205, Product companies, n=118, Service companies, n=87

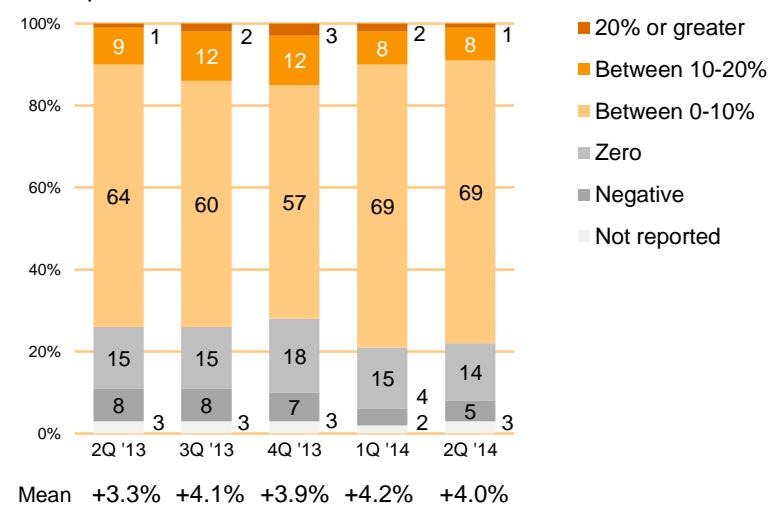
Industry growth, calendar year

What is your industry's estimated growth rate for the calendar year?

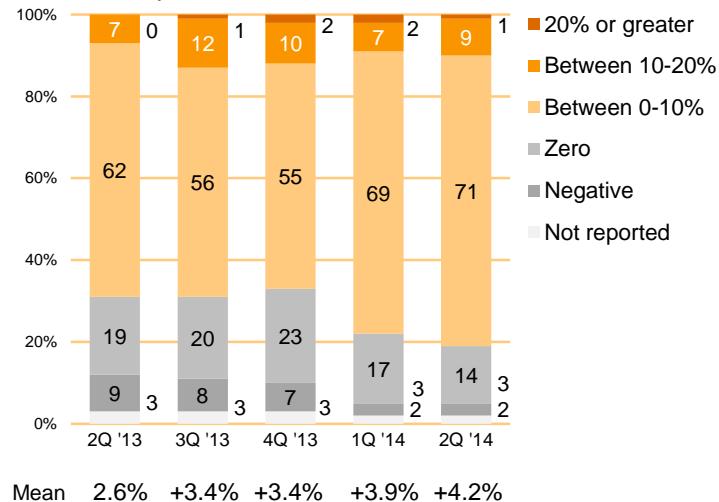
Industry sector growth projections for calendar-year 2014 averaged 4.0 percent in second-quarter 2014, a decrease from the 4.2 percent calendar-year projection in first-quarter 2014, but well above the 3.3 percent a year ago.

Chart 3.2 Industry growth, calendar year

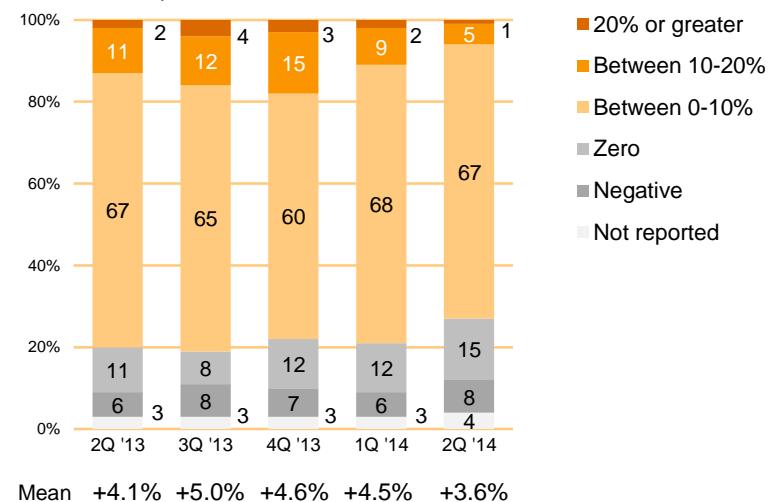
All respondents



Product companies



Service companies



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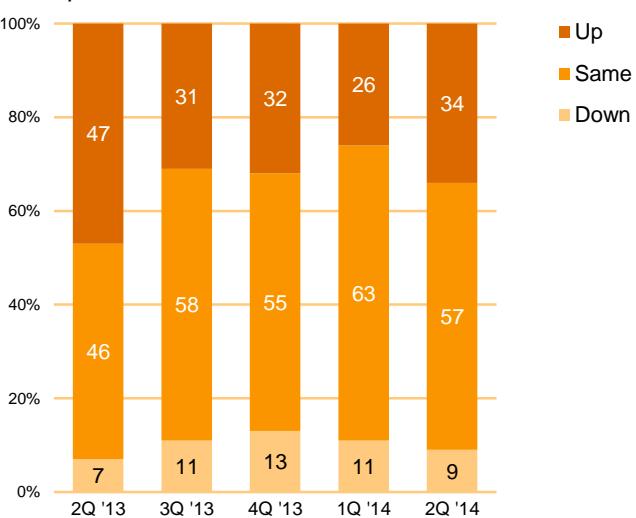
International sales

Are international sales up, down, or the same compared with three months ago?

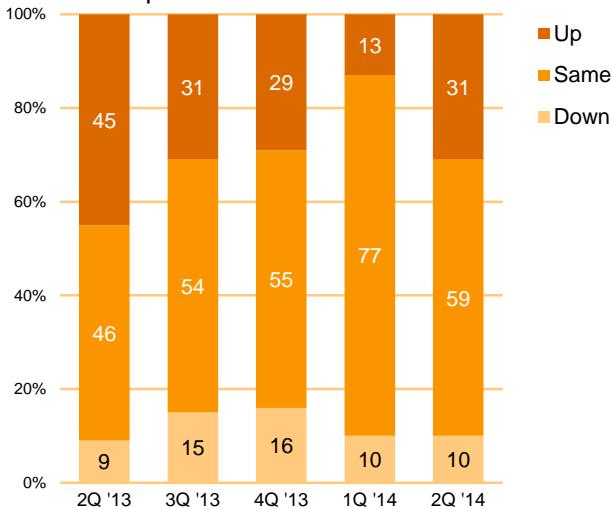
In the second quarter, 34 percent of *Trendsetter* companies that sell internationally increased sales abroad (an 8 point increase from the percentage of companies reporting increases in the first quarter but 13 points below a year ago). Nine percent reported fewer sales (down 2 points from the percentage reporting this the prior quarter), while 57 percent reported no change.

Chart 3.3 International sales

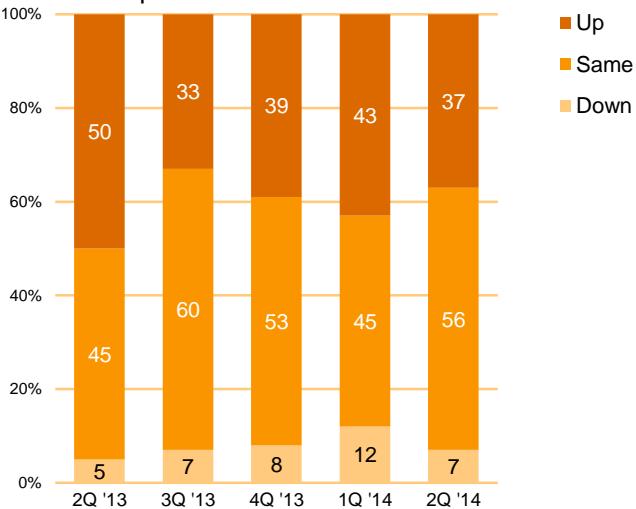
All respondents



Product companies



Service companies



Note: In 2Q 2014 All international marketers, n=101, Product companies, n=58, Service companies, n=43

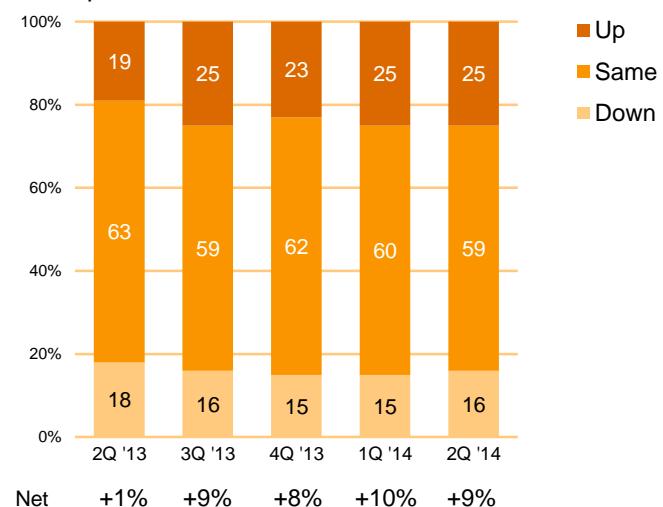
Changes in gross margins

Are gross margins up, down, or the same compared with three months ago?

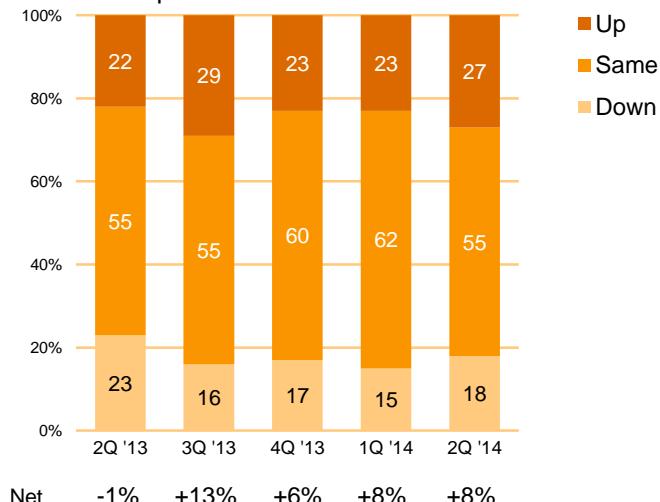
Gross margins stayed positive in second-quarter 2014, with 25 percent of *Trendsetter* companies reporting higher margins and 16 percent reporting lower margins, for a plus 9 percent net change, similar to the previous quarter's positive plus 10 percent.

Chart 3.4 Changes in gross margins

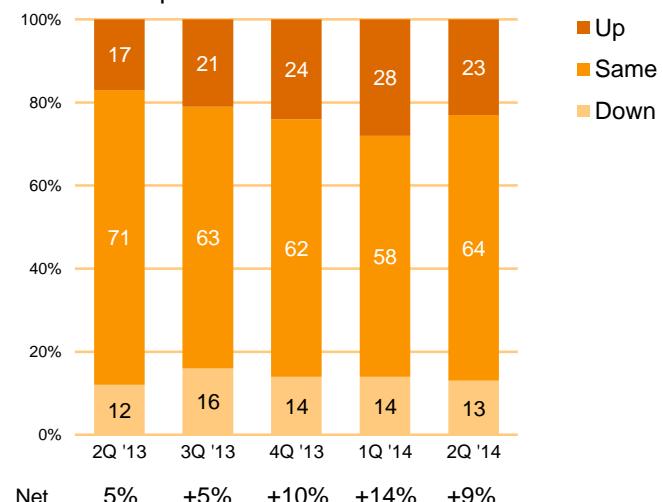
All respondents



Product companies



Service companies



Note: In 2Q 2014 All respondents, n=205, Product companies, n=118, Service companies, n=87

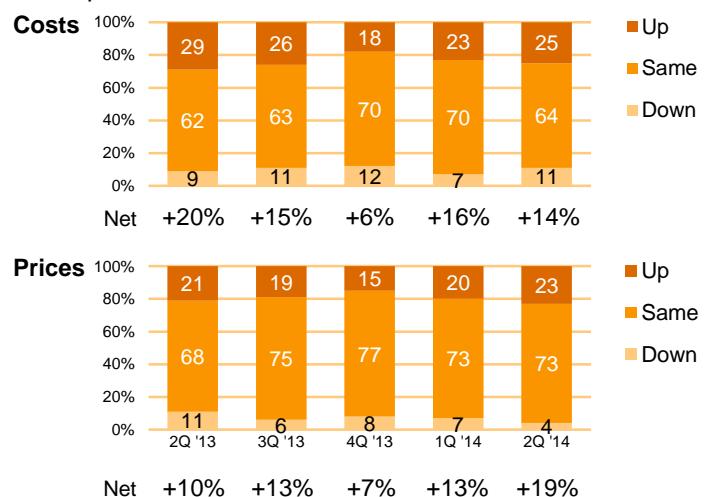
Changes in costs and prices

Are costs up, down, or the same compared with three months ago? Prices?

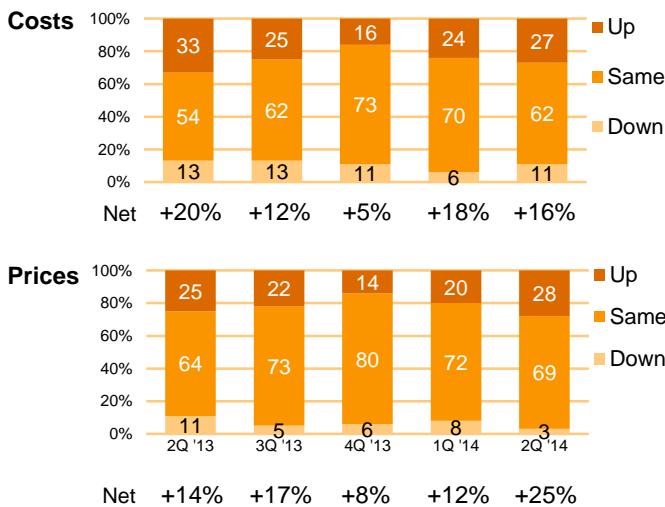
In second-quarter 2014, costs and prices were higher. Costs increased a net 14 percent, with 25 percent of *Trendsetter* companies reporting higher costs and 11 percent reporting lower costs. Prices were up more, a net 19 percent, as 23 percent reported higher prices and 4 percent said they were lower.

Chart 3.5 Changes in costs and prices

All respondents



Product companies



Service companies



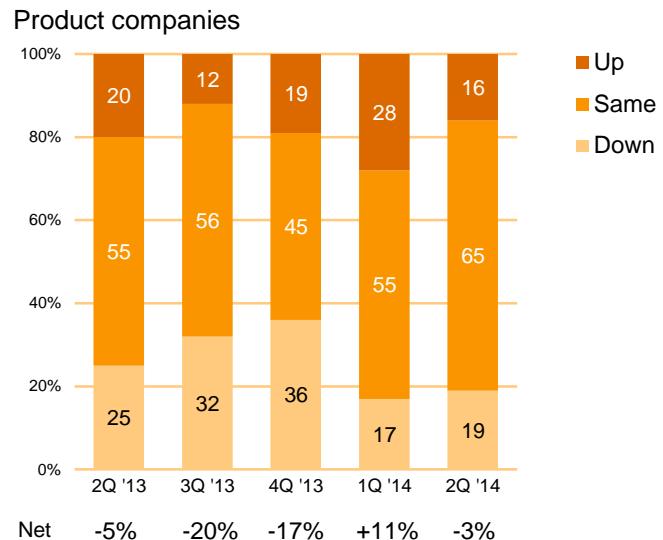
Note: In 2Q 2014 All respondents, n=205, Product companies, n=118, Service companies, n=87

Finished inventories as a percent of sales

Are finished inventories as a percent of sales up, down, or the same compared with three months ago? (product companies only)

Overall, finished inventories in the second quarter were lower again: up for 16 percent of product companies and down for 19 percent (2 points more), for a net minus 3 percent reporting lower inventories (down 14 points from the percentage reporting net 11 percent positive in the prior quarter). Sixty-five percent of respondents said their inventories remained about the same. This finding indicates slight inventory movement in 2Q 2014.

Chart 3.6 Finished inventories as a percent of sales



Note: In 2Q 2014 Product companies, n=118

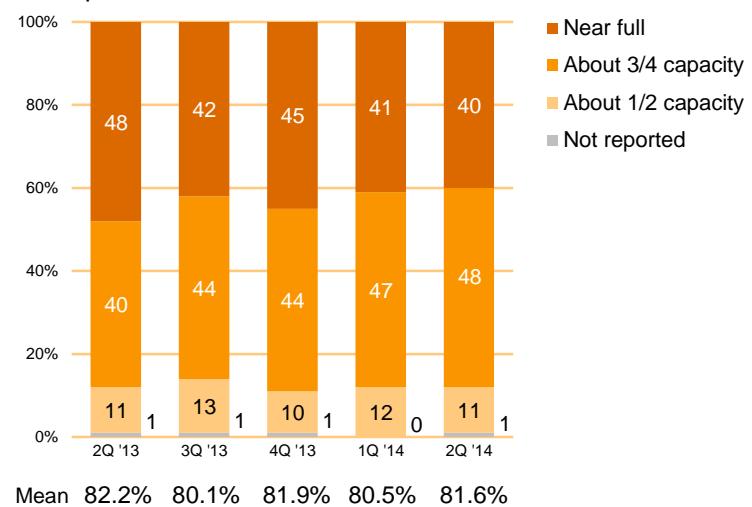
Level of operating capacity

What is your organization's current operating capacity?

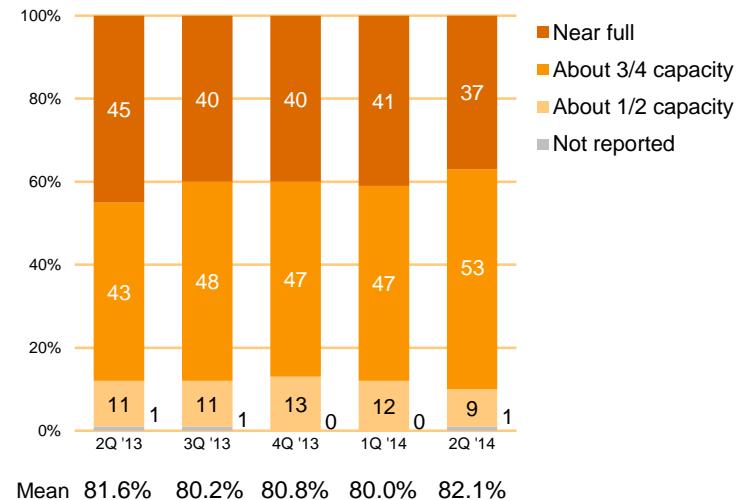
Operating capacity is an estimate of the current level of permanent staffing compared with what is needed for full-capacity output. In the second quarter, the average level of operating capacity for respondents was at an estimated 81.6 percent, higher than the first quarter's 80.5 percent. Forty percent reported near full capacity, down 1 point from the prior quarter, and 8 points lower than a year ago (48 percent).

Chart 3.7 Level of operating capacity

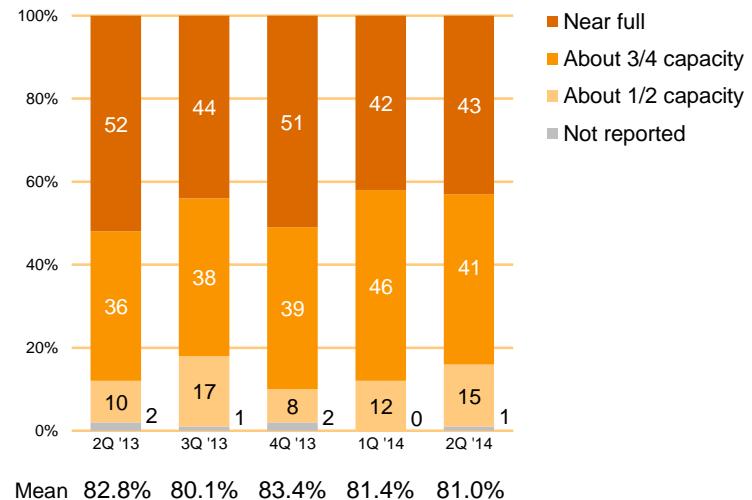
All respondents



Product companies



Service companies



Note: In 2Q 2014 All respondents, n=205, Product companies, n=118, Service companies, n=87

New bank loans, credit terms and financing

In the past three months, has your organization initiated any new bank loans, longer credit terms from your suppliers, or other types of financing? What is the current interest rate you are paying for your bank financing?

A further leveling off in recent banking activity was reported in second-quarter 2014, with 15 percent of panelists reporting financing activity (down 4 points). Fifteen percent reported new bank loans, down 2 points from the first quarter increases. The mean interest rate paid on loans by these companies was slightly lower at 3.39 percent, only 9 basis points below a year ago (3.48 percent).

Chart 3.8 New bank loans, credit terms and financing

All respondents

	2Q '13	3Q '13	4Q '13	1Q '14	2Q '14
Any activity	14%	17%	24%	19%	15%
• New bank loans	11%	15%	23%	17%	15%
• New credit terms (suppliers)	1%	---	---	2%	1%
• All other new financing	4%	3%	1%	1%	1%
• Mean interest rate (all bank loans)	3.48%	3.39%	3.39%	3.40%	3.39%

Product companies

	2Q '13	3Q '13	4Q '13	1Q '14	2Q '14
Any activity	19%	16%	26%	20%	14%
• New bank loans	15%	15%	24%	17%	14%
• New credit terms (suppliers)	1%	---	---	4%	2%
• All other new financing	5%	2%	3%	2%	1%
• Mean interest rate (all bank loans)	3.49%	3.14%	3.12%	3.29%	3.18%

Service companies

	2Q '13	3Q '13	4Q '13	1Q '14	2Q '14
Any activity	8%	18%	21%	18%	16%
• New bank loans	6%	15%	21%	18%	16%
• New credit terms (suppliers)	1%	---	---	---	---
• All other new financing	2%	4%	---	---	---
• Mean interest rate (all bank loans)	3.47%	3.70%	3.72%	3.52%	3.62%

Note: In 2Q 2014 All respondents, n=205, Product companies, n=118, Service companies, n=87

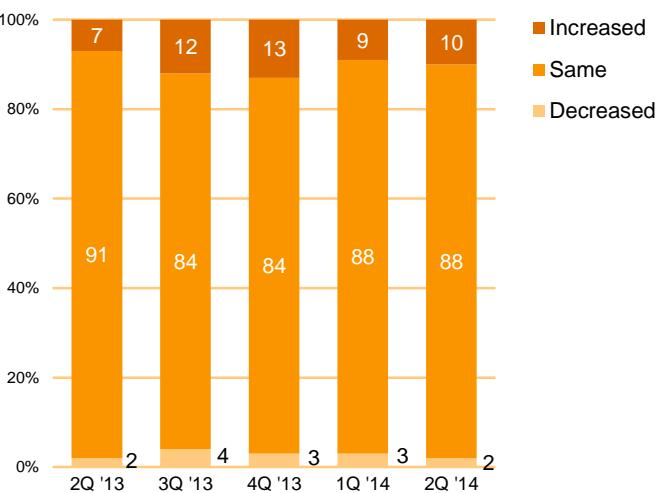
Change in credit availability

How has credit availability changed in the past three months for your organization? (based on current banking relationships)

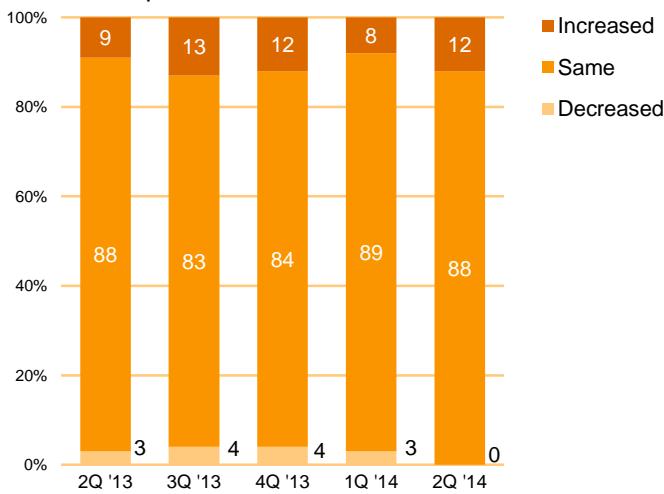
Credit availability in second-quarter 2014 remained quite limited, as 10 percent of panelists report an increase in credit availability (similar to the prior quarter). Two percent report a decrease, and 88 percent report no change.

Chart 3.9 Change in credit availability

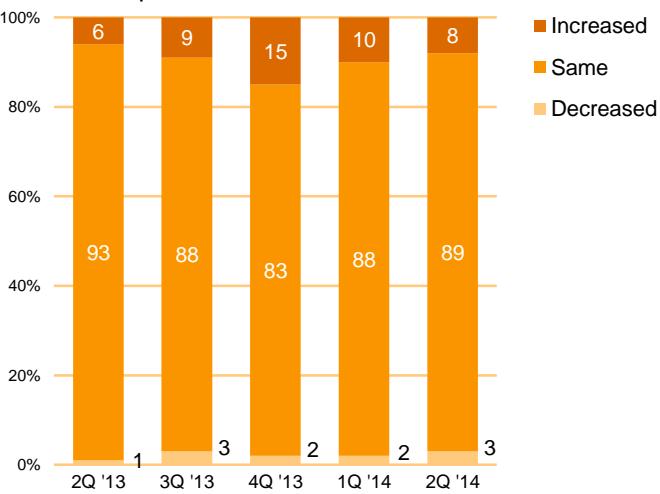
All respondents



Product companies



Service companies



Note: In 2Q 2014 All respondents, n=205, Product companies, n=118, Service companies, n=87

Business outlook, next 12 months

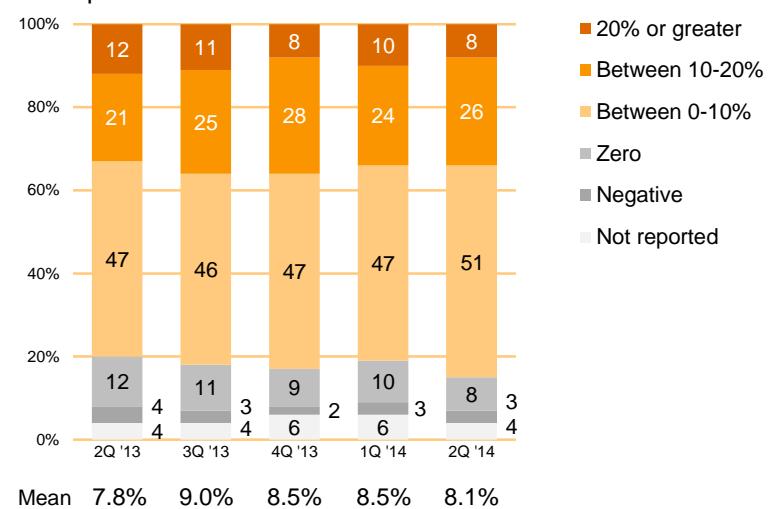
Revenue growth, next 12 months

What is your organization's estimated revenue growth rate for the next 12 months?

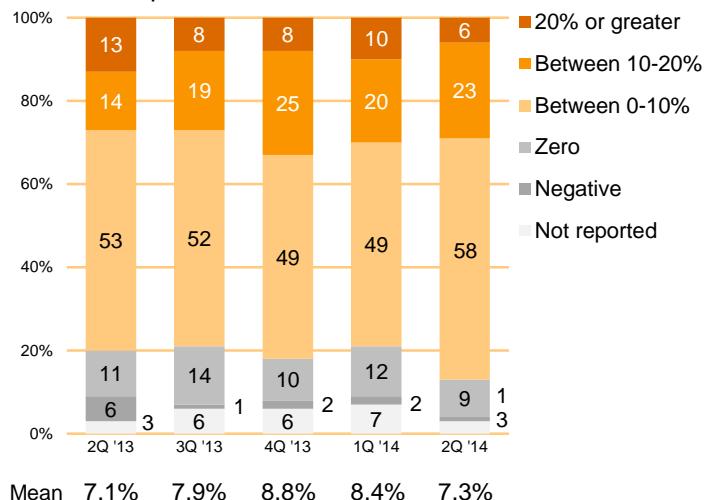
Lower average revenue growth rates were projected for own companies over the next 12 months: 8.1 percent, below the prior quarter's 8.5 percent, but above a year ago (7.8 percent). Eighty-five percent said they expected positive own-company growth — 34 percent projected double-digit revenue growth and 51 percent single-digit growth. Only 3 percent expected negative growth over the next 12 months, 8 percent expected zero growth, and 4 percent did not respond.

Chart 4.1 Revenue growth, next 12 months

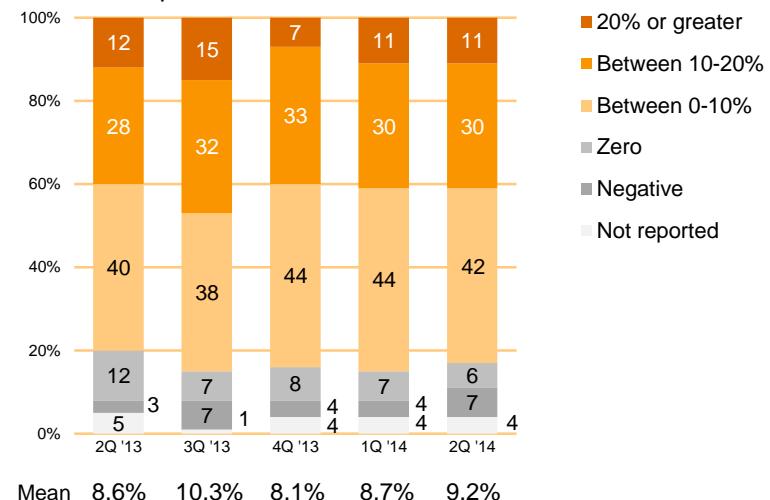
All respondents



Product companies



Service companies



Note: In 2Q 2014 All respondents, n=205, Product companies, n=118, Service companies, n=87

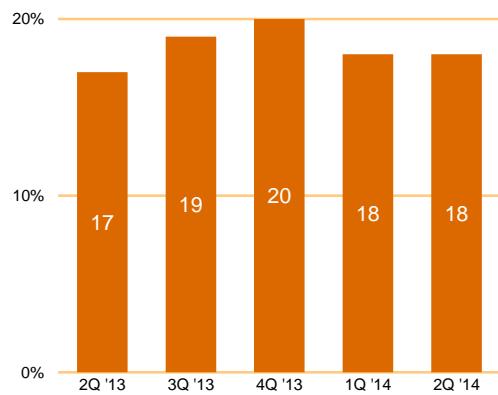
International sales, next 12 months

What percent of your business's total revenue over the next 12 months do you expect to derive from international sales? (international marketers only)

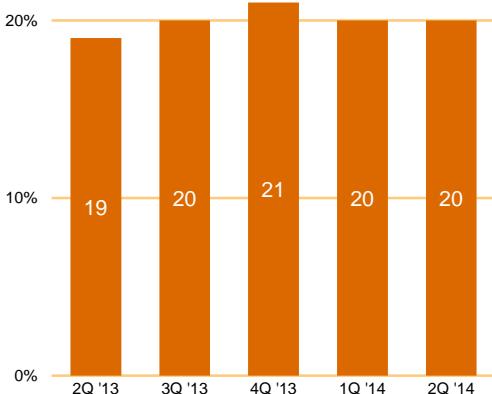
Panelists selling abroad projected that the average contribution of international sales to total revenue over the next 12 months was 18 percent, same as the prior quarter and 1 point above a year ago (17 percent).

Chart 4.2 International sales, next 12 months

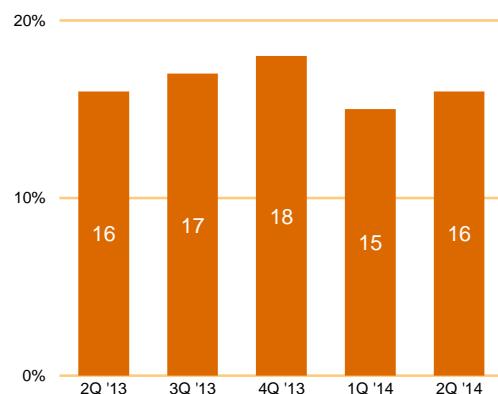
All respondents



Product companies



Service companies



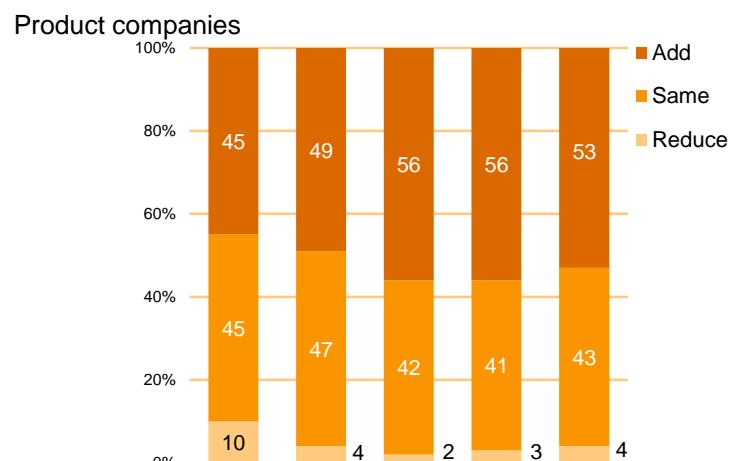
Note: In 2Q 2014 All international marketers, n=101, Product companies, n=58, Service companies, n=43

Percent planning to hire

Do you plan to add or reduce the number of fulltime equivalent employees over the next 12 months? If so, how many? Do you plan to increase hourly wages?

Looking ahead, 56 percent of panelists plan to add employees to their workforces over the next 12 months, down 7 points from the recent high of 63 percent in the first quarter and 1 point below a year ago. Only 3 percent plan to reduce workers, and 41 percent say their workforce will stay about the same. An overall increase of 1.8 percent is planned for the panel's average composite workforce, below the 2.0 percent in the first quarter, and well below the 3.2 percent planned a year ago.

Note that average increases of hourly wages for the current workforce is 2.62 percent, similar to the last quarter (2.70 percent).



Net hiring +2.2% +2.1% +2.2% +1.8% +2.0%

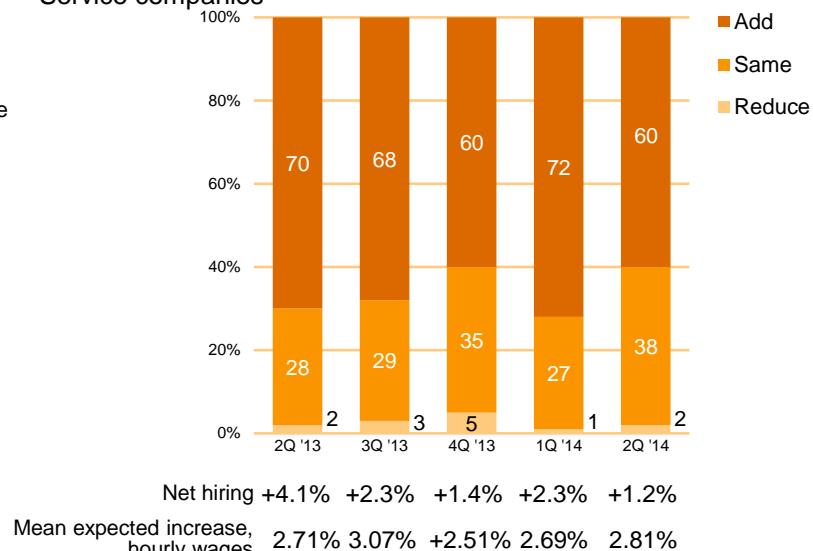
Mean expected increase, hourly wages 2.44% 2.75% 2.83% 2.72% 2.47%

Chart 4.3 Percent planning to hire

All respondents



Service companies



Note: In 2Q 2014 All respondents, n=205, Product companies, n=118, Service companies, n=87

Percent planning to hire by type of employee

What types of employees do you plan to add or reduce over the next 12 months?

Over the next 12 months, 34 percent of the 56 percent planning to hire will be looking primarily for professionals (6 points below the first quarter).

Professionals with technology/engineering skills are sought by 21 percent of *Trendsetter* companies (down 7 points from the last quarter), and 18 percent are seeking sales/marketing professionals (down 4 points). Twenty-five percent say they are interested in hiring blue-collar production workers (same), while 18 percent cite interest in hiring white-collar support workers (up 2 points).

Chart 4.4 Percent planning to hire by type of employee

All respondents

	2Q '13	3Q '13	4Q '13	1Q '14	2Q '14
Planning to hire (net)	57%	57%	57%	63%	56%
• <u>Professionals</u>	<u>35%</u>	<u>37%</u>	<u>39%</u>	<u>40%</u>	<u>34%</u>
• Technology/Engineering	28%	28%	29%	28%	21%
• Business/Finance	7%	7%	8%	7%	5%
• Sales/Marketing	16%	16%	19%	22%	18%
• <u>Blue Collar Workers</u>	<u>21%</u>	<u>21%</u>	<u>22%</u>	<u>25%</u>	<u>25%</u>
• Skilled/Specialized workers	14%	15%	15%	17%	19%
• Semi-skilled/Unskilled workers	12%	12%	13%	15%	13%
• White collar support	21%	18%	16%	16%	18%
• Middle management	11%	10%	9%	9%	6%
• Senior management	6%	5%	4%	4%	3%

Product companies

	2Q '13	3Q '13	4Q '13	1Q '14	2Q '14
Planning to hire (net)	45%	49%	56%	56%	53%
• <u>Professionals</u>	<u>22%</u>	<u>24%</u>	<u>33%</u>	<u>26%</u>	<u>27%</u>
• Technology/Engineering	16%	18%	24%	20%	14%
• Business/Finance	6%	8%	7%	6%	5%
• Sales/Marketing	13%	13%	18%	15%	15%
• <u>Blue Collar Workers</u>	<u>27%</u>	<u>29%</u>	<u>34%</u>	<u>34%</u>	<u>34%</u>
• Skilled/Specialized workers	10%	22%	24%	26%	25%
• Semi-skilled/Unskilled workers	15%	18%	21%	20%	17%
• White collar support	18%	19%	15%	14%	17%
• Middle management	10%	12%	11%	11%	7%
• Senior management	7%	5%	4%	4%	2%

Service companies

	2Q '13	3Q '13	4Q '13	1Q '14	2Q '14
Planning to hire (net)	70%	68%	60%	72%	60%
• <u>Professionals</u>	<u>50%</u>	<u>55%</u>	<u>46%</u>	<u>58%</u>	<u>44%</u>
• Technology/Engineering	40%	42%	35%	39%	30%
• Business/Finance	8%	5%	9%	8%	5%
• Sales/Marketing	20%	19%	20%	30%	22%
• <u>Blue Collar Workers</u>	<u>14%</u>	<u>9%</u>	<u>7%</u>	<u>12%</u>	<u>14%</u>
• Skilled/Specialized workers	8%	4%	5%	4%	10%
• Semi-skilled/Unskilled workers	9%	5%	2%	8%	7%
• White collar support	25%	17%	18%	20%	18%
• Middle management	12%	8%	6%	6%	6%
• Senior management	6%	4%	5%	3%	5%

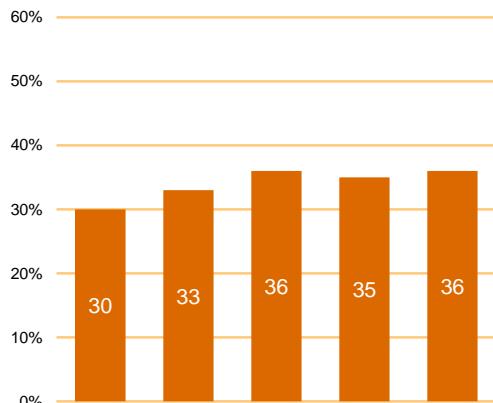
Note: In 2Q 2014 All respondents, n=205, Product companies, n=118, Service companies, n=87

Percent planning major new investments of capital

Are you actively planning any major new investments of capital over the next 12 months? If so, what percent of total sales do you expect to invest?

Thirty-six percent of those surveyed are planning major new investments of capital for business growth over the next 12 months, 3 points higher than the prior quarter and 5 points above a year ago (31 percent). The mean level of investment is a high 8.4 percent, above the first quarter's 6.6 percent of sales and a year ago (6.4 percent).

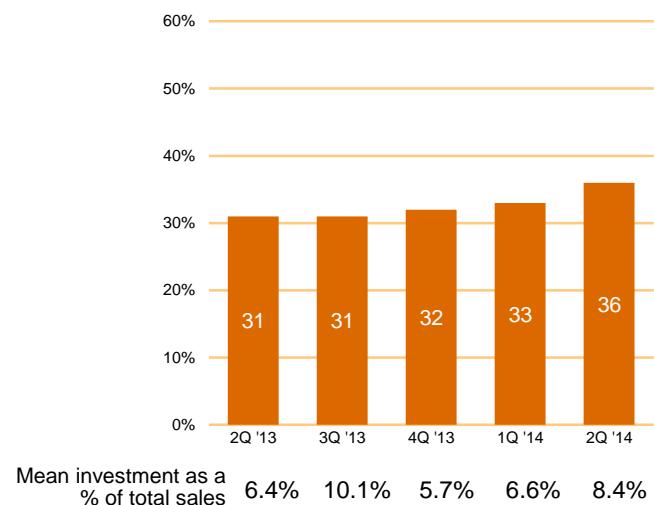
Product companies



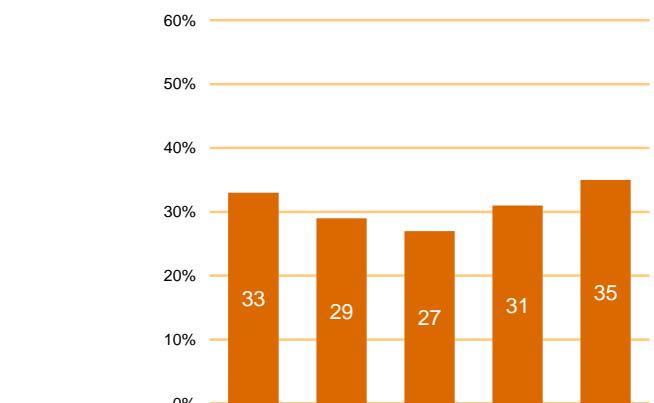
Mean investment as a % of total sales 8.0% 11.0% 5.3% 7.1% 9.1%

Chart 4.5 Percent planning major new investments of capital

All respondents



Service companies



Note: In 2Q 2014 All respondents, n=205, Product companies, n=118, Service companies, n=87

Percent planning to increase expenditures

Over the next 12 months, where do you expect to increase expenditures?

In second-quarter 2014, 64 percent of panelists were planning to increase expenditures over the next 12 months, up 1 point from the first quarter, but 4 points below a year ago. New product or service introductions (30 percent), and information technology (27 percent) led the way, followed by geographic expansion (23 percent). Next were facilities expansion (19 percent), marketing and sales promotion (15 percent) and business acquisitions (14 percent). R&D spending remained low, but gained 4 points to 12 percent.

Chart 4.6 Percent planning to increase expenditures

All respondents

	2Q '13	3Q '13	4Q '13	1Q '14	2Q '14
Percent planning to increase expenditures(net)	68%	63%	65%	63%	64%
• New product or service introduction	31%	28%	29%	26%	30%
• Information technology	27%	28%	26%	28%	27%
• Geographic expansion	20%	17%	17%	17%	23%
• Facilities expansion	22%	21%	19%	18%	19%
• Marketing & sales promotion	15%	16%	20%	16%	15%
• Business acquisition	14%	11%	15%	15%	14%
• Research and development	11%	13%	11%	8%	12%
• Advertising	11%	17%	18%	14%	11%
• Internet commerce	5%	4%	3%	2%	3%

Product companies

	2Q '13	3Q '13	4Q '13	1Q '14	2Q '14
Percent planning to increase spending (net)	70%	59%	62%	66%	62%
• New product or service introduction	29%	27%	28%	28%	34%
• Information technology	23%	20%	21%	24%	19%
• Geographic expansion	20%	15%	15%	19%	20%
• Facilities expansion	23%	23%	17%	20%	20%
• Marketing & sales promotion	19%	15%	19%	17%	14%
• Business acquisition	14%	12%	15%	12%	11%
• Research and development	11%	15%	15%	10%	14%
• Advertising	16%	19%	19%	14%	11%
• Internet commerce	8%	4%	4%	2%	3%

Service companies

	2Q '13	3Q '13	4Q '13	1Q '14	2Q '14
Percent planning to increase spending (net)	66%	68%	69%	58%	67%
• New product or service introduction	33%	27%	32%	23%	25%
• Information technology	32%	39%	34%	33%	38%
• Geographic expansion	21%	19%	20%	15%	29%
• Facilities expansion	21%	19%	23%	15%	18%
• Marketing & sales promotion	11%	18%	20%	15%	16%
• Business acquisition	14%	10%	16%	19%	17%
• Research and development	10%	12%	6%	6%	8%
• Advertising	5%	16%	17%	13%	12%
• Internet commerce	2%	3%	1%	2%	5%

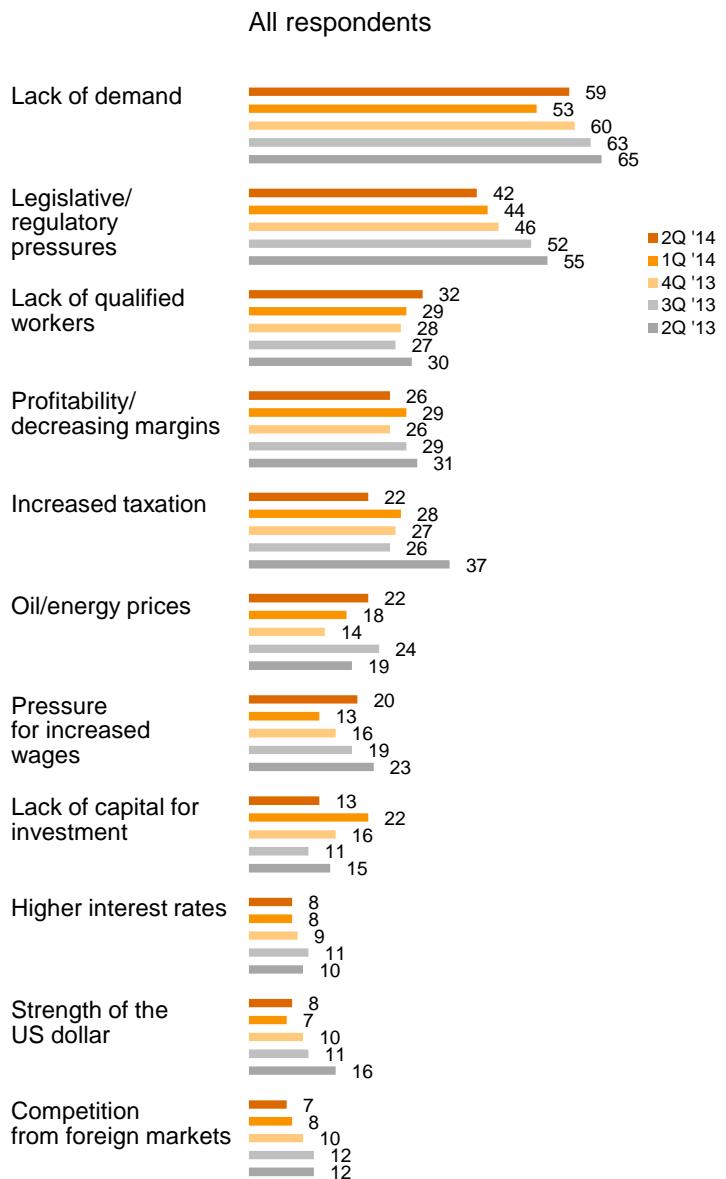
Note: In 2Q 2014 All respondents, n=205, Product companies, n=118, Service companies, n=87

Expected barriers to business growth

Over the next 12 months, will any of the following factors represent barriers to business growth?

Lack of demand remained the most-cited barrier to business growth over the next 12 months, cited by 59 percent of *Trendsetter* companies (up 6 points from the percentage of respondents reporting this the prior quarter). Forty-two percent of panelists said that legislative/regulatory pressures might be a barrier, but it was down 2 points. Companies reporting concern about oil/energy prices rose 4 points to 22 percent. Profitability/decreasing margins as a barrier was down to 26 percent (down 3 points). Companies citing pressure for increased wages rose 7 points to 20 percent. Dropping sharply was lack of capital for investment (down 9 points to 13 percent), and increased taxation (down 6 points to 22 percent).

Chart 4.7 Expected barriers to business growth



Note: In 2Q 2014 All respondents, n=205

Plans for M&A and other business initiatives

Over the next 12 months, do you expect to participate in any of the following new business initiatives?

Looking ahead to the next 12 months, nearly half the panelists (49 percent) said they expected to participate in new business initiatives, down 3 points from the first quarter. Overall, the most prevalent expected initiatives were new strategic alliances (25 percent), new joint ventures (13 percent), and purchase of another business (15 percent). Anticipated expansion to new markets abroad was down 1 point to 11 percent and is down slightly from the 13 percent of companies reporting this intention a year ago. New partners was up 2 points to 10 percent, and sale of business remained the same at 7 percent. Restructuring of debt was down 2 points to 5 percent, off 4 points from a year ago.

Chart 4.8 Plans for M&A and other business initiatives

All respondents

	2Q '13	3Q '13	4Q '13	1Q '14	2Q '14
New business initiatives (net)	53%	44%	49%	52%	49%
• New strategic alliance	17%	15%	21%	24%	25%
• Purchase of another business	15%	16%	18%	19%	15%
• New joint venture	14%	13%	14%	20%	13%
• Expand to new markets abroad	13%	8%	10%	12%	11%
• Bring in new partners	6%	5%	7%	8%	10%
• Sale part/all of own business	6%	4%	7%	7%	7%
• Restructure debt	9%	10%	5%	7%	5%
• "Angel" investors	4%	5%	6%	7%	2%
• Venture capital	2%	1%	2%	2%	2%
• New facilities abroad	1%	2%	2%	4%	2%
• Private placement	1%	1%	1%	1%	1%
• IPO	2%	1%	1%	1%	1%

Product companies

	2Q '13	3Q '13	4Q '13	1Q '14	2Q '14
New business initiatives (net)	52%	43%	51%	52%	46%
• New strategic alliance	13%	14%	20%	22%	18%
• Purchase of another business	12%	15%	19%	18%	14%
• New joint venture	14%	15%	15%	21%	14%
• Expand to new markets abroad	12%	9%	13%	12%	12%
• Bring in new partners	5%	5%	7%	6%	7%
• Sale part/all of own business	7%	4%	8%	6%	5%
• Restructure debt	12%	10%	7%	7%	7%
• "Angel" investors	5%	5%	7%	6%	3%
• Venture capital	2%	1%	2%	1%	1%
• New facilities abroad	1%	3%	4%	6%	3%
• Private placement	1%	1%	2%	---	---
• IPO	1%	1%	2%	1%	1%

Service companies

	2Q '13	3Q '13	4Q '13	1Q '14	2Q '14
New business initiatives (net)	54%	46%	46%	53%	53%
• New strategic alliance	22%	16%	23%	26%	36%
• Purchase of another business	19%	18%	18%	20%	16%
• New joint venture	13%	12%	14%	18%	10%
• Expand to new markets abroad	13%	7%	6%	12%	9%
• Bring in new partners	8%	4%	7%	10%	15%
• Sale part/all of own business	5%	3%	5%	8%	10%
• Restructure debt	6%	9%	2%	7%	3%
• "Angel" investors	3%	4%	5%	9%	2%
• Venture capital	2%	1%	3%	3%	3%
• New facilities abroad	---	---	---	2%	---
• Private placement	---	2%	---	1%	1%
• IPO	2%	1%	---	2%	---

Note: In 2Q 2014 All respondents, n=205, Product companies, n=118, Service companies, n=87

Survey demographics and research methodology

Demographics

Who	Leading privately held businesses in the United States		
Interview dates	April 4, 2014 to July 1, 2014		
	All (205)	Product (118)	Service (87)
Average number of employees	1,330	1,596	968
Average business unit revenues	\$299.6 million	\$413.5 million	\$145.2 million
Average enterprise revenues	\$355.0 million	\$499.6 million	\$158.8 million
Five-year growth rate	42%	42%	42%
Industry sectors	Products 58%		
	• Manufacturing 30%		
	• Trade/Distribution 14%		
	• All other 14%		
	Services 42%		

Methodology

PwC's *Private Company Trendsetter Barometer* is a quarterly telephone survey conducted by the independent research firm BSI Global Research Inc.

The survey panel consists of CEOs and their designates from a geographically balanced sample of leading private companies in the United States, as identified in the business media.

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