

Trendsetter barometer

Business outlook chart pack
Full survey results

*Private Company Services
Winter 2014*

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Quarterly highlights

Chart 1.1 International marketers outpace domestic-only peers

	International marketers (n=99)	Domestic-only peers (n=109)
Business outlook, next 12 months		
Optimistic about US economy	57%	51%
Optimistic about world economy	43%	–
Revenue growth rate	8.4%	8.5%
International sales (% of total)	20%	–
Planning major capital investments	39%	26%
Planning expansion to new markets abroad	18%	2%
Plans to increase spending (net)	76%	55%
• New products/services	42%	17%
• Information technology	30%	23%
• Sales promotion	23%	17%
• R&D	18%	5%
• Business acquisitions	21%	10%
Prior quarter's performance		
• Increased gross margins (net)	+15%	+1%
• Increased costs (net)	=	+11%
• Increased prices (net)	+11%	+3%

Note: International marketers have average revenue of \$393.7 million; their domestic-only peers have average revenue of \$306.7 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 third-quarter 2013 to fourth-quarter 2013.

Business outlook, next 12 months	2012	2013				Change	Page
	4Q '12	1Q '13	2Q '13	3Q '13	4Q '13	3Q – 4Q '13	
Optimistic about US economy	42%	50%	59%	55%	53%	=	7
Optimistic about world economy ¹	25%	37%	39%	35%	43%	↑	9
Expect positive revenue growth	80%	75%	80%	82%	83%	=	21
Average growth rate expected	7.0%	6.0%	7.8%	9.0%	8.5%	↓	21
Planning major new investments	33%	32%	31%	31%	32%	=	25
New investments as a % of sales	7.3%	7.5%	6.4%	10.1%	5.7%	↓	25
Planning to hire	56%	52%	57%	57%	57%	=	23
New workers as a % of workforce (net)	+2.8%	+3.4%	+3.2%	+2.2%	+1.9%	↓	23
Expected barriers to growth							
• Lack of demand	70%	66%	65%	63%	60%	↓	27
• Legislative/regulatory pressures	49%	52%	55%	52%	46%	↓	27
• Lack of qualified workers	27%	28%	30%	27%	28%	=	27
• Increased taxation	42%	38%	37%	26%	27%	=	27
• Profitability/decreasing margins	32%	29%	31%	29%	26%	↓	27
• Pressure for increased wages	20%	19%	23%	19%	16%	↓	27
• Lack of capital for investment	15%	17%	15%	11%	16%	↑	27
• Oil/energy prices	24%	23%	19%	24%	14%	↓	27
• Competition from foreign markets	11%	9%	12%	12%	10%	=	27
• Strength of the US dollar	12%	12%	16%	11%	10%	=	27
• Higher interest rates	11%	7%	10%	11%	9%	=	27

1. Reflects responses from international marketers only.

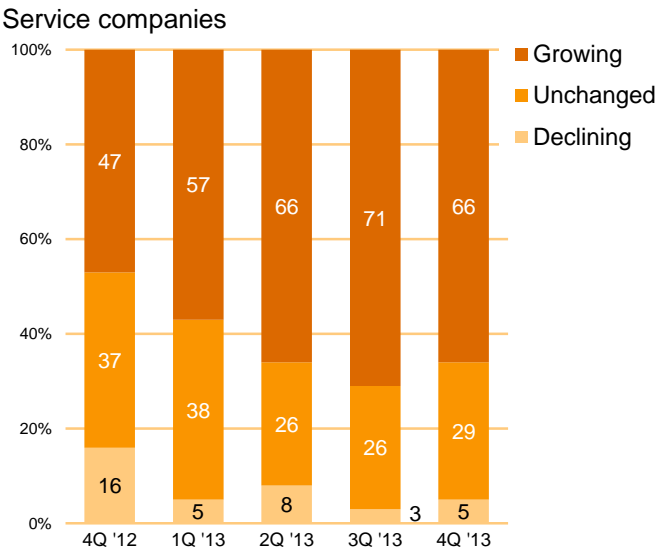
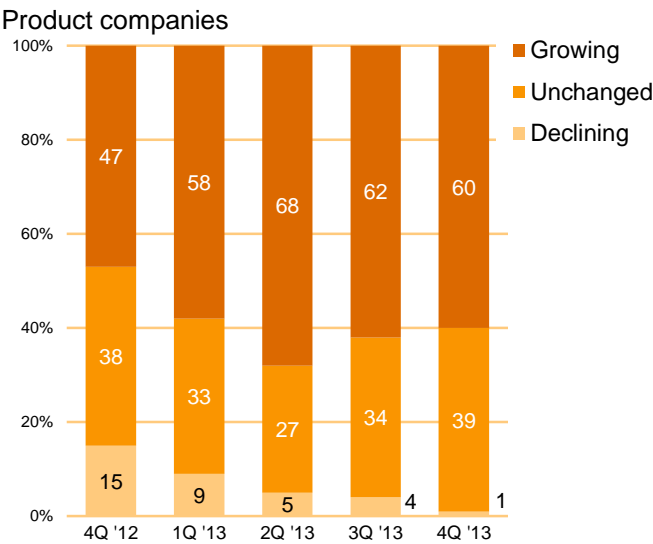
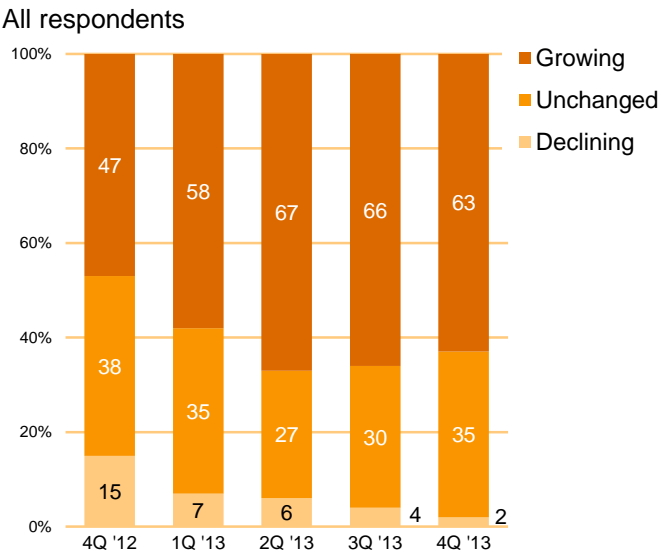
Economic views

View of the US economy, this quarter

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

In fourth-quarter 2013, 63 percent of panelists said they believed the US economy was growing, down 3 points from the thirds quarter’s 66 percent. This is 16 points higher than a year ago (47 percent). Two percent said the US economy was declining (down 2 points), and 35 percent felt it was about the same.

Chart 2.1 View of the US economy, this quarter



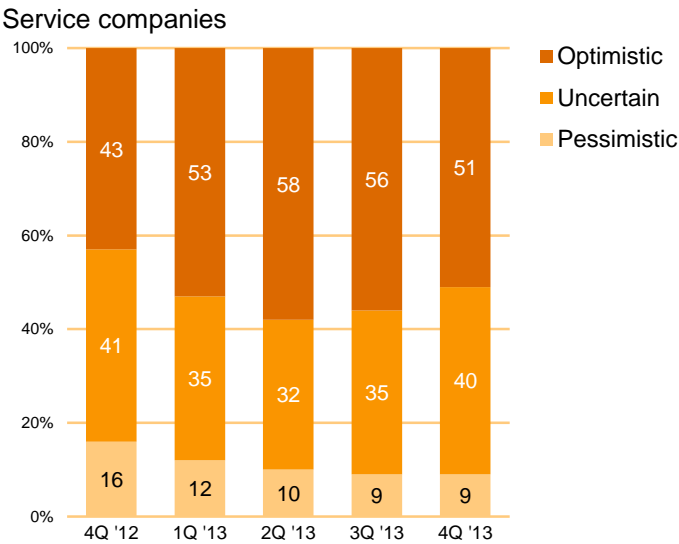
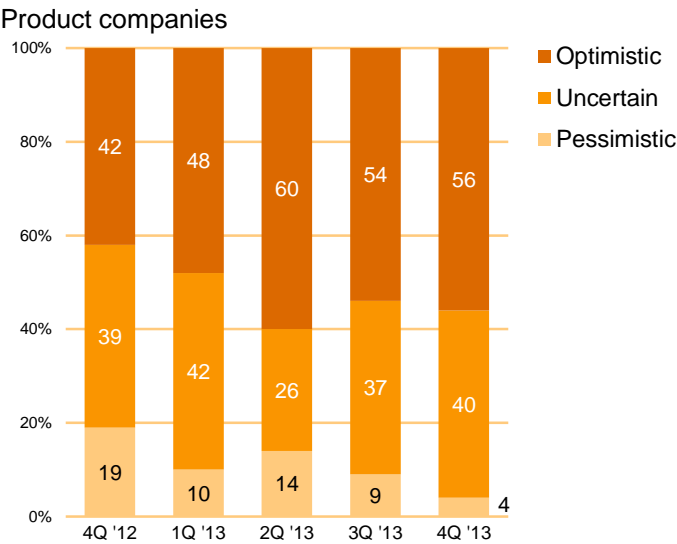
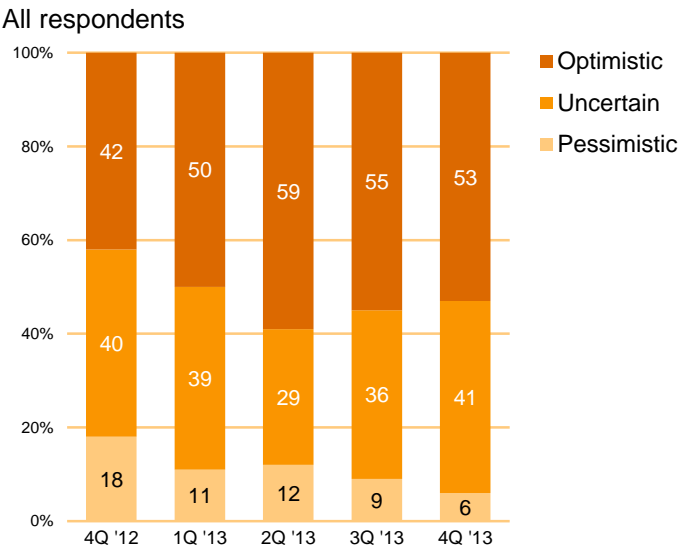
Note: In 4Q 2013 All respondents, n=208, Product companies, n=119, Service companies, n=89

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 decreased slightly to 53 percent, down 2 points from the third quarter’s 55 percent. Those expressing pessimism declined slightly to 6 percent, and 41 percent said they were uncertain.

Chart 2.2 View of the US economy, next 12 months



Note: In 4Q 2013 All respondents, n=208, Product companies, n=119, Service companies, n=89

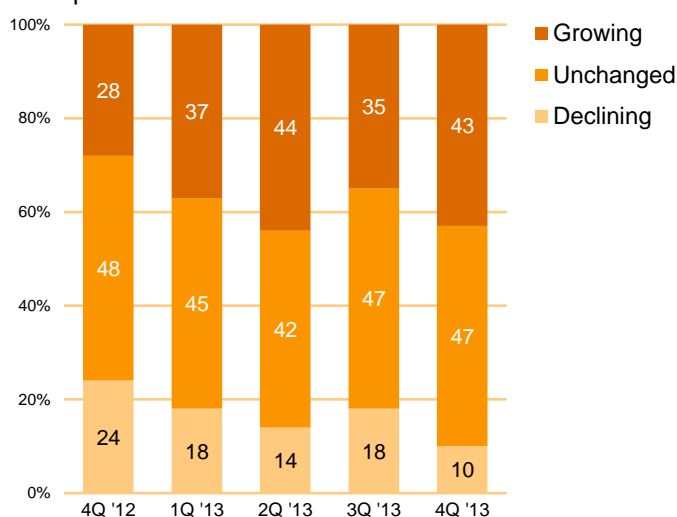
View of the world economy, this quarter

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

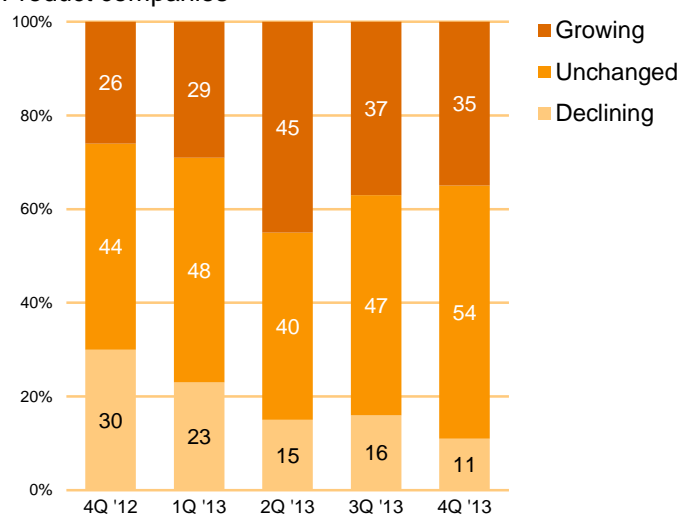
In fourth-quarter 2013, 43 percent of respondents who sell abroad viewed the world economy as growing (up 8 points from the percentage of panelists who said this in the third quarter). A year ago, 28 percent of panelists thought the world economy was growing, 15 points lower. Ten percent viewed the world economy as declining in the fourth quarter (compared with 18 percent in the third quarter), and 47 percent viewed it as unchanged.

Chart 2.3 View of the world economy, this quarter

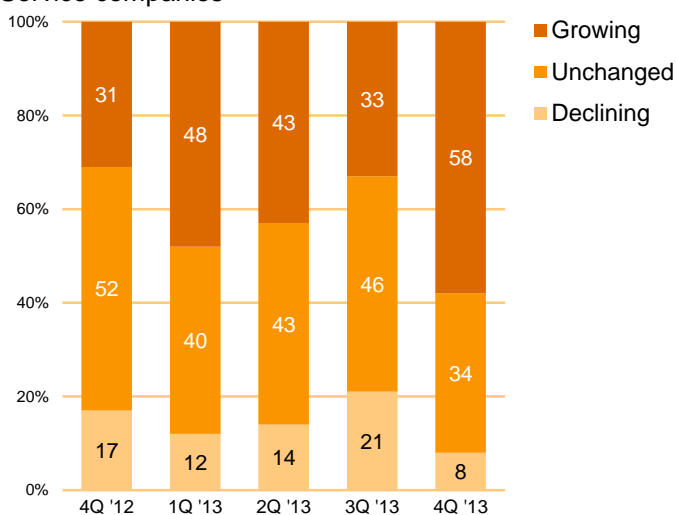
All respondents



Product companies



Service companies



Note: In 4Q 2013 All international marketers, n=99, Product companies, n=63, Service companies, n=36

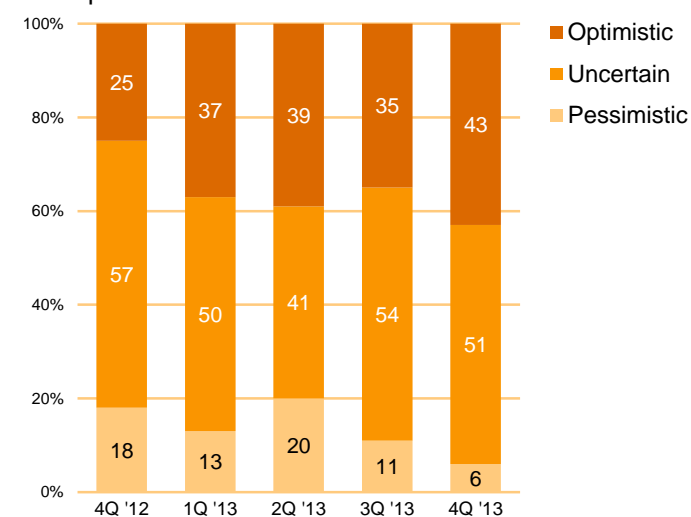
View of the world economy, next 12 months

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

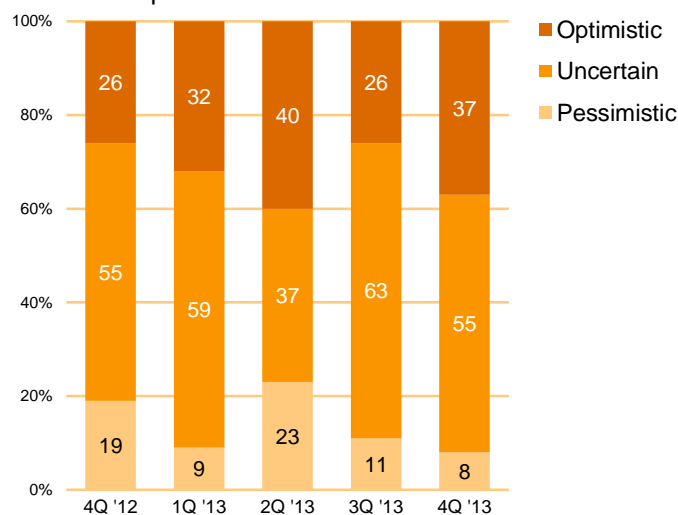
Of international marketers surveyed in the fourth quarter of 2013, 43 percent expressed optimism about the world economy's prospects over the next 12 months, up 8 points from the third quarter and 18 points higher than a year ago, when it was 25 percent. The percentage expressing pessimism declined 5 points to 6 percent, while 51 percent were uncertain.

Chart 2.4 View of the world economy, next 12 months

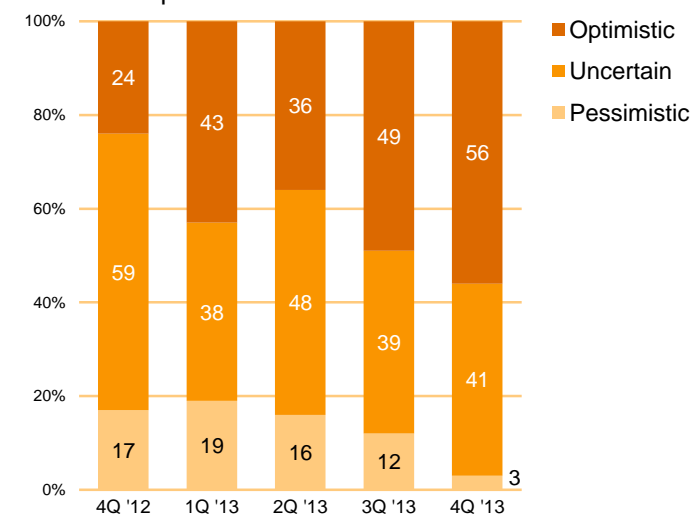
All respondents



Product companies



Service companies



Note: In 4Q 2013 All international marketers, n=99, Product companies, n=63, Service companies, n=36

Company performance

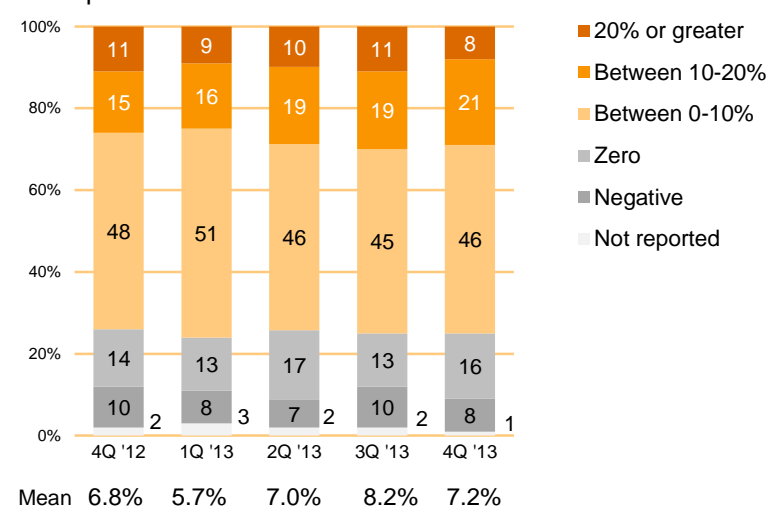
Company revenue growth, calendar year

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

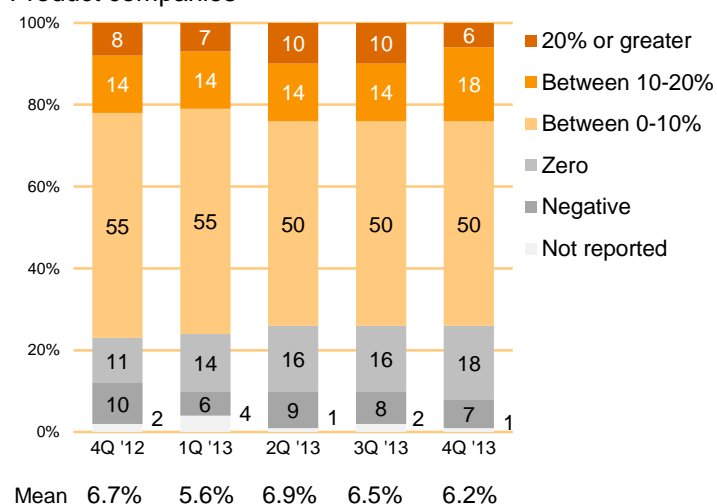
For calendar-year 2013, the composite average own-company growth estimate dropped a point to 7.2 percent, in fourth-quarter 2013. Of executive officers interviewed, 75 percent reported positive revenue growth through the calendar year, with 29 percent reporting double-digit growth and 46 percent single-digit growth. Eight percent reported negative revenue growth, and 16 percent reported zero growth. One percent were not reported.

Chart 3.1 Company revenue growth, calendar year

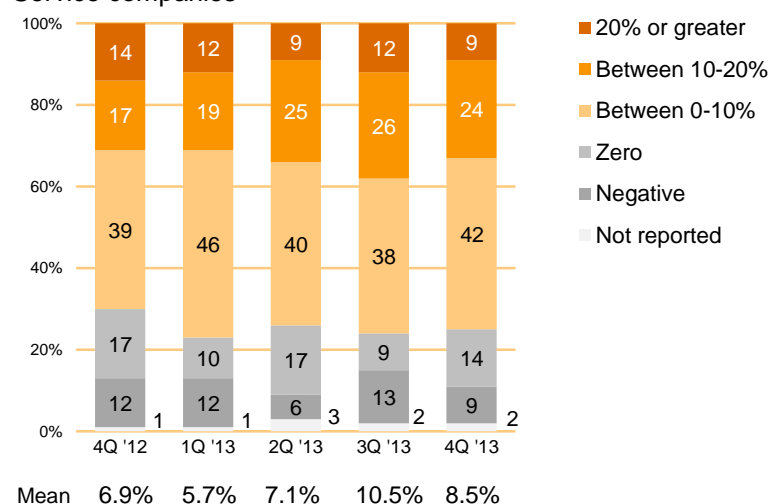
All respondents



Product companies



Service companies



Note: In 4Q 2013 All respondents, n=208, Product companies, n=119, Service companies, n=89

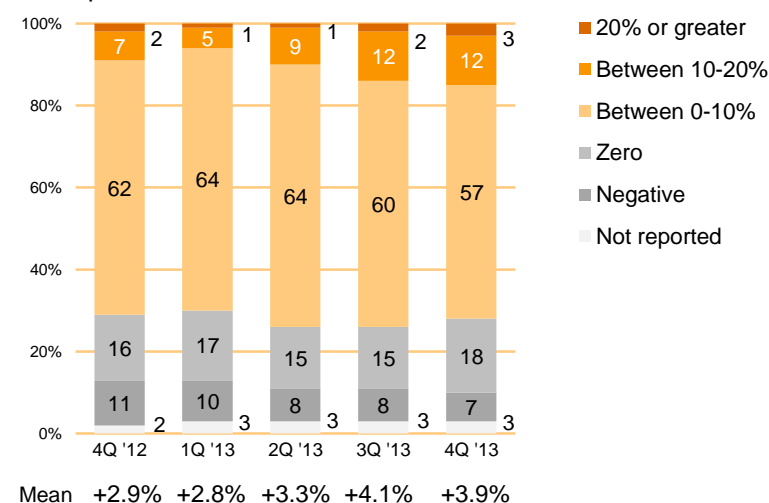
Industry growth, calendar year

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

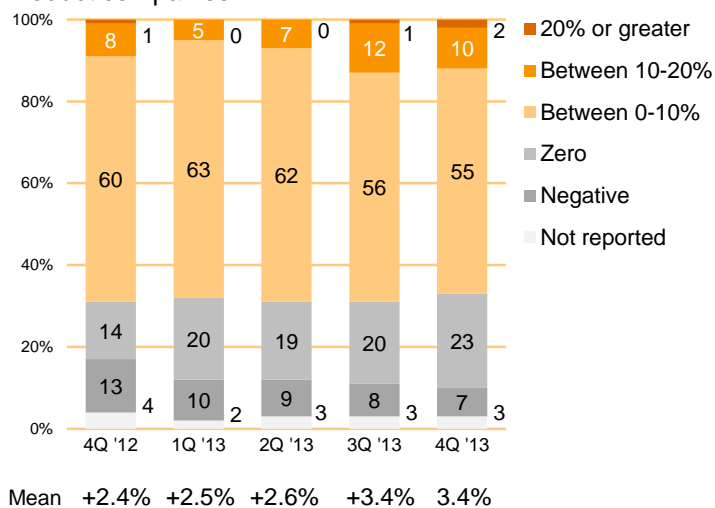
Industry sector growth projections for calendar-year 2013 averaged 3.9 percent in fourth-quarter 2013, a slight decline from the 4.1 percent calendar-year projection in third-quarter 2013.

Chart 3.2 Industry growth, calendar year

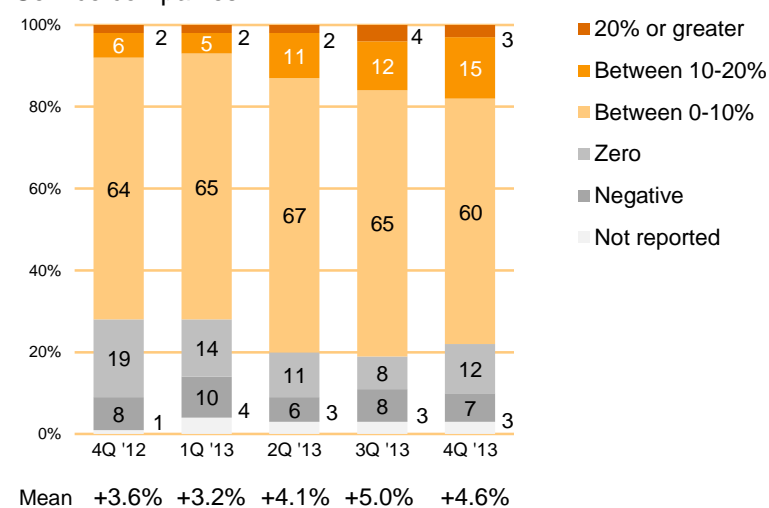
All respondents



Product companies



Service companies



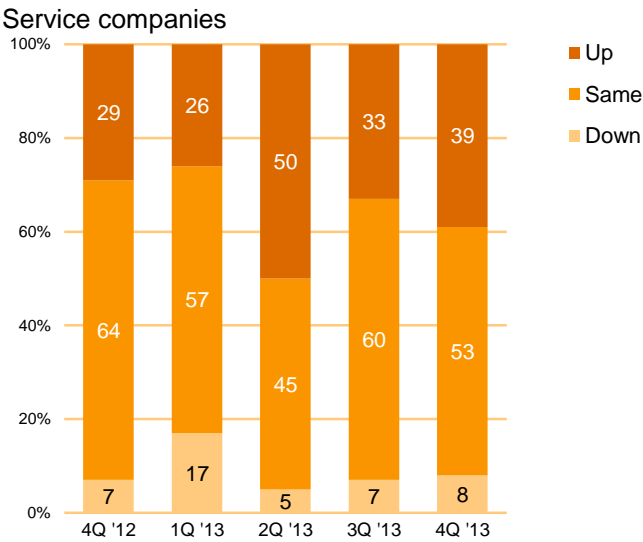
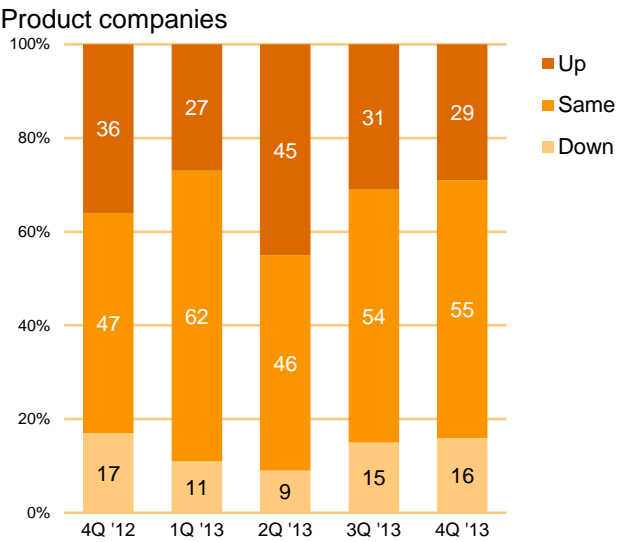
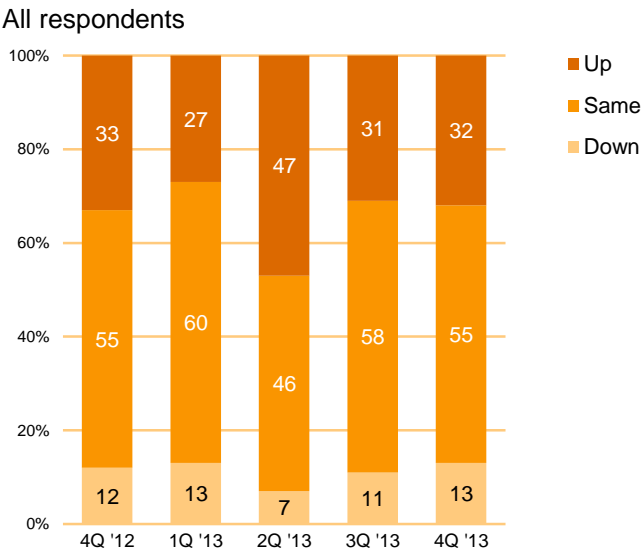
Note: In 4Q 2013 All respondents, n=208, Product companies, n=119, Service companies, n=89

International sales

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

In the fourth quarter, 32 percent of *Trendsetter* companies that sell internationally increased sales abroad (a one point increase from the percentage of companies reporting increases in the third quarter but one point below a year ago). Thirteen percent reported fewer sales (up 2 points from the percentage reporting this the prior quarter), while 55 percent reported no change.

Chart 3.3 International sales



Note: In 4Q 2013 All international marketers, n=99, Product companies, n=63, Service companies, n=36

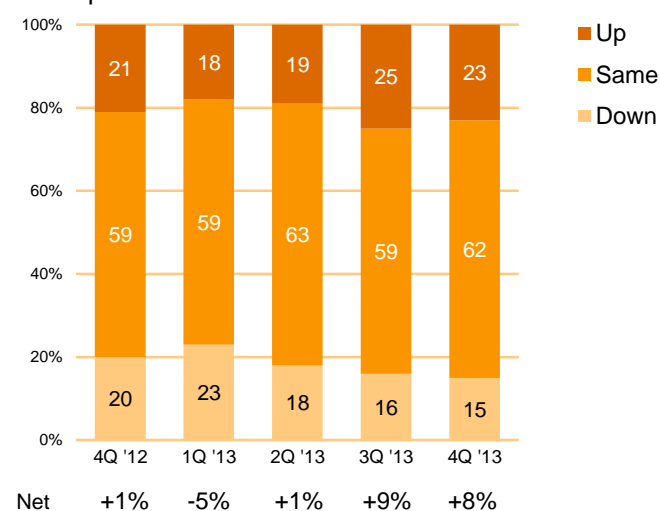
Changes in gross margins

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

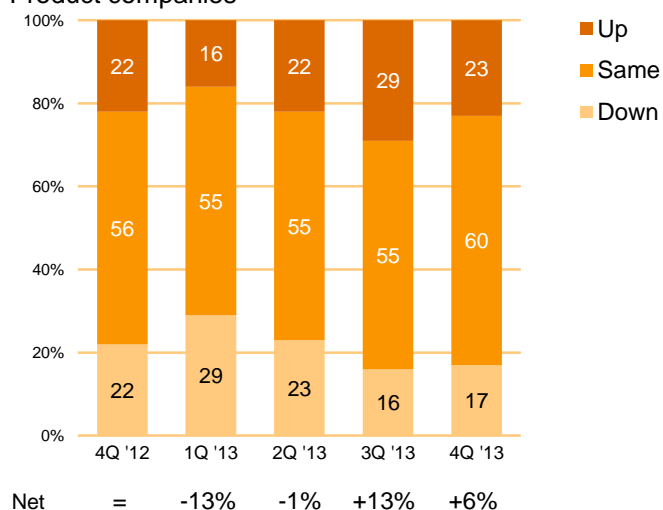
Gross margins stayed positive in the fourth quarter, with 23 percent of *Trendsetter* companies reporting higher margins and 15 percent reporting lower margins, for a plus 8 percent net change, down one point from the previous quarter.

Chart 3.4 Changes in gross margins

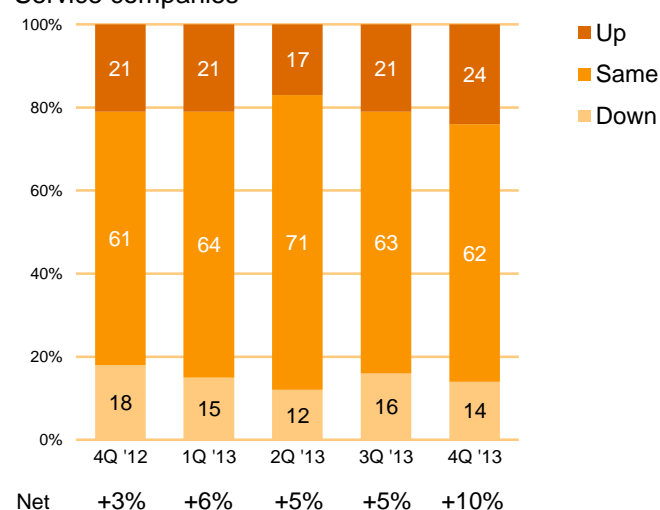
All respondents



Product companies



Service companies



Note: In 4Q 2013 All respondents, n=208, Product companies, n=119, Service companies, n=89

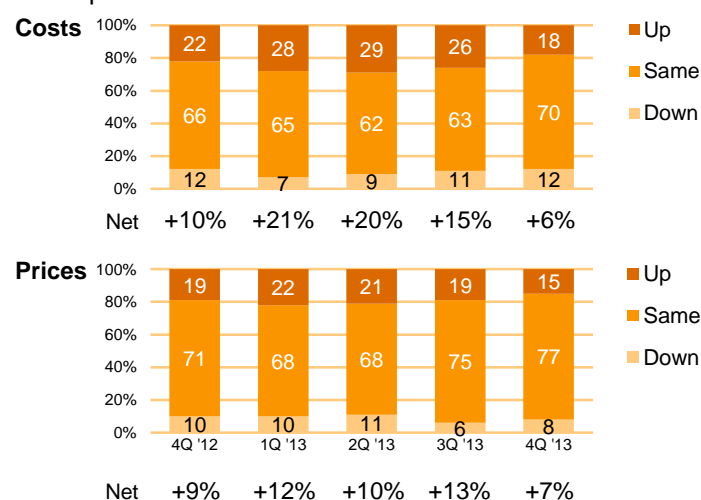
Changes in costs and prices

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

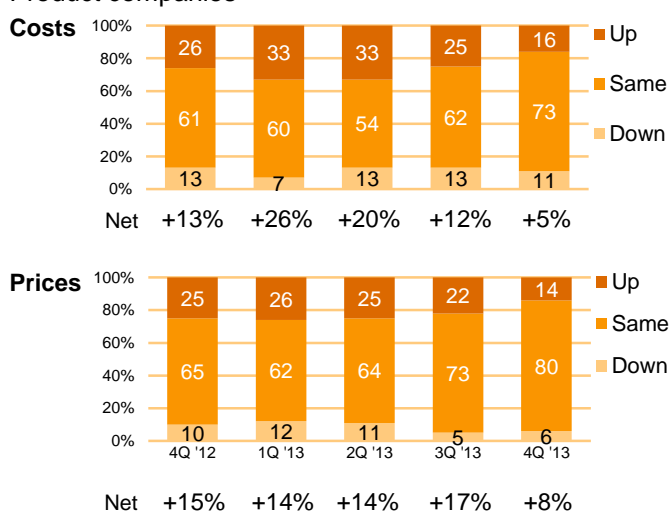
In fourth-quarter 2013, costs and prices remained higher. Costs increased a net 6 percent, with 18 percent of *Trendsetter* companies reporting higher costs and 12 percent reporting lower costs. Prices were up a net 7 percent, as 15 percent reported higher prices and 8 percent said they were lower.

Chart 3.5 Changes in costs and prices

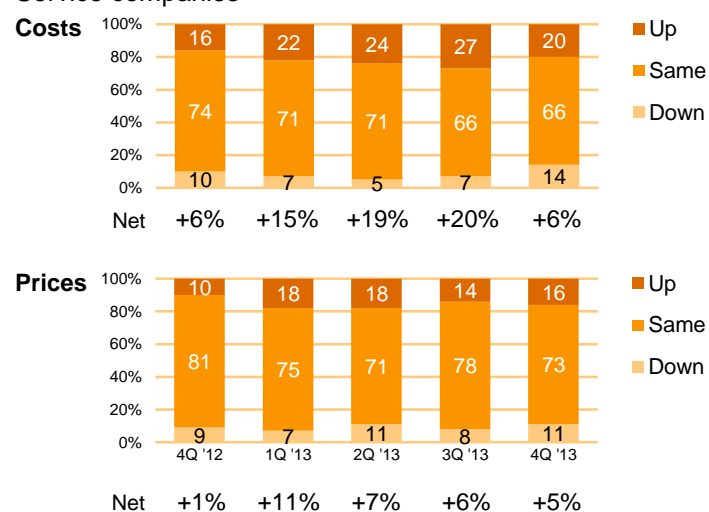
All respondents



Product companies



Service companies



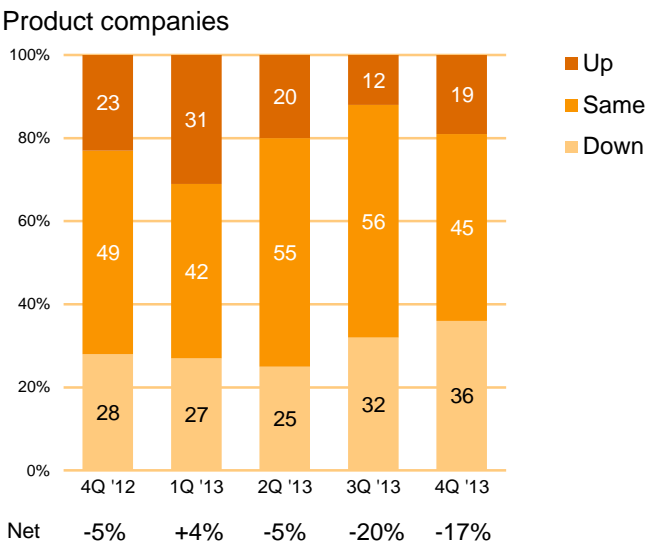
Note: In 4Q 2013 All respondents, n=208, Product companies, n=119, Service companies, n=89

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 fourth quarter were lower: up for 19 percent of product companies and down for 36 percent, for a net minus 17 percent reporting higher inventories (up 3 points from the percentage reporting this the prior quarter). Forty-five percent of respondents said their inventories remained about the same.

Chart 3.6 Finished inventories as a percent of sales



Note: In 4Q 2013 Product companies, n=119

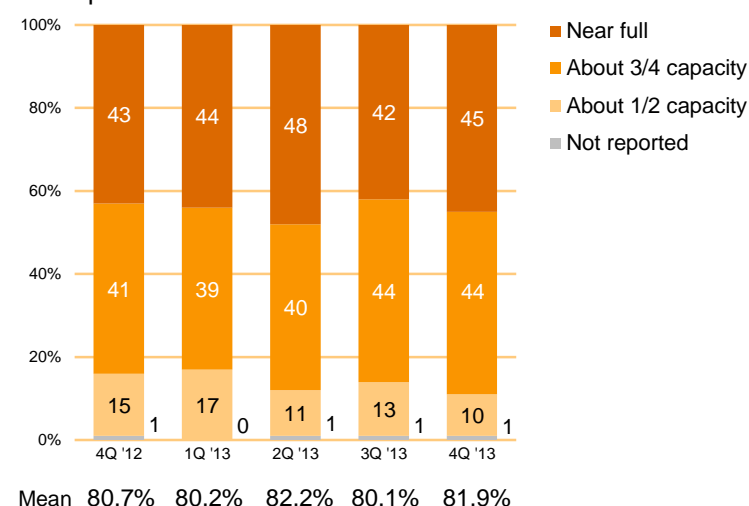
Level of operating capacity

What is your organization's current operating capacity?

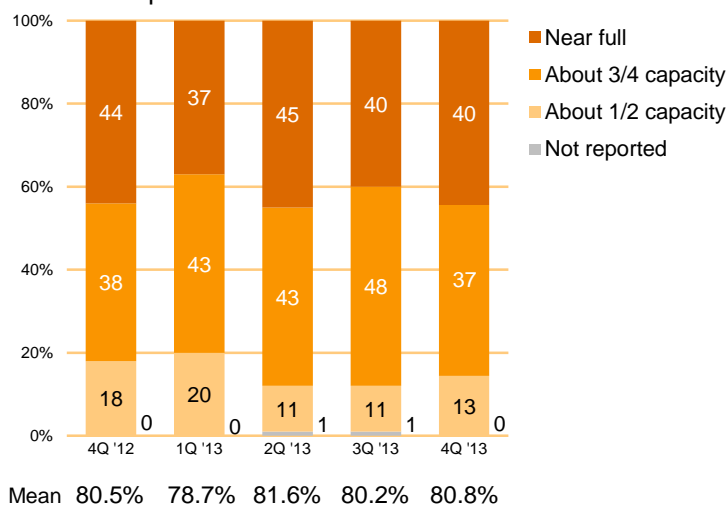
Operating capacity is an estimate of the current level of permanent staffing compared with what is needed for full-capacity output. In the fourth quarter, the average level of operating capacity for respondents was at an estimated 81.9 percent, nearly two points higher than the third quarter's 80.1 percent. Forty-five percent reported near full capacity (up 3 points from the prior quarter).

Chart 3.7 Level of operating capacity

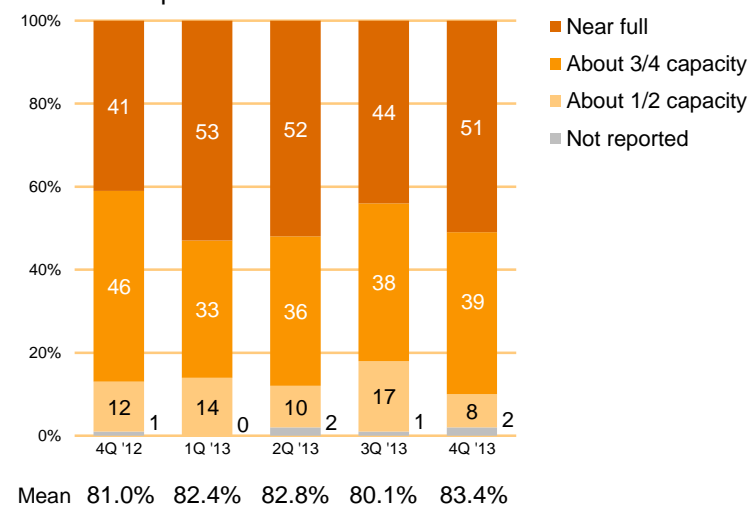
All respondents



Product companies



Service companies



Note: In 4Q 2013 All respondents, n=208, Product companies, n=119, Service companies, n=89

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 sharp rebound in banking activity was reported in the fourth quarter, with 24 percent of panelists reporting financing activity (up 7 points). Twenty-three percent reported new bank loans, up 8 points from the third quarter. The mean interest rate paid on loans by these companies was steady at 3.39 percent, only 7 basis points below a year ago (3.46 percent).

Chart 3.8 New bank loans, credit terms and financing

All respondents

	4Q '12	1Q '13	2Q '13	3Q '13	4Q '13
Any activity	14%	18%	14%	17%	24%
• New bank loans	12%	15%	11%	15%	23%
• New credit terms (suppliers)	3%	2%	1%	---	---
• All other new financing	2%	4%	4%	3%	1%
• Mean interest rate (all bank loans)	3.46%	3.73%	3.48%	3.39%	3.39%

Product companies

	4Q '12	1Q '13	2Q '13	3Q '13	4Q '13
Any activity	16%	23%	19%	16%	26%
• New bank loans	13%	19%	15%	15%	24%
• New credit terms (suppliers)	3%	3%	1%	---	---
• All other new financing	3%	5%	5%	2%	3%
• Mean interest rate (all bank loans)	3.37%	3.48%	3.49%	3.14%	3.12%

Service companies

	4Q '12	1Q '13	2Q '13	3Q '13	4Q '13
Any activity	13%	10%	8%	18%	21%
• New bank loans	12%	9%	6%	15%	21%
• New credit terms (suppliers)	2%	1%	1%	---	---
• All other new financing	---	1%	2%	4%	---
• Mean interest rate (all bank loans)	3.59%	4.04%	3.47%	3.70%	3.72%

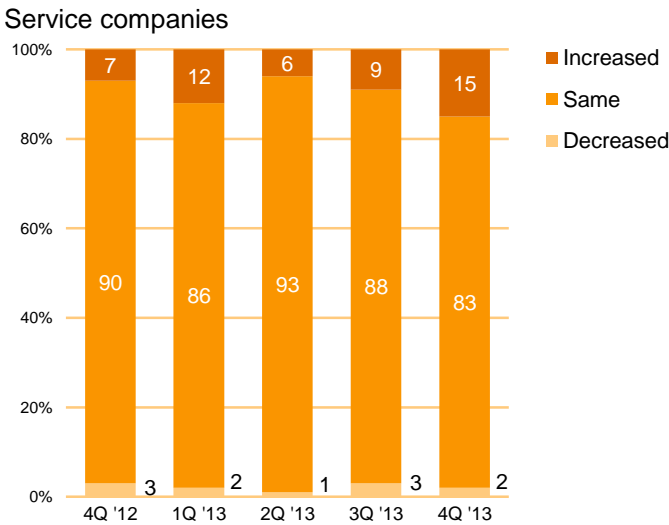
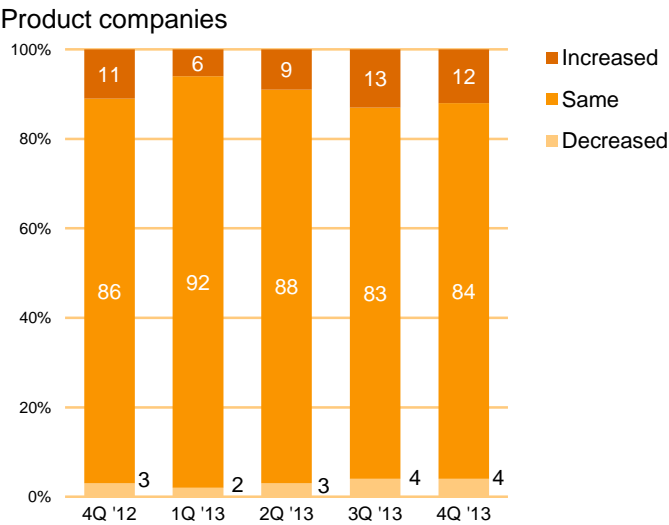
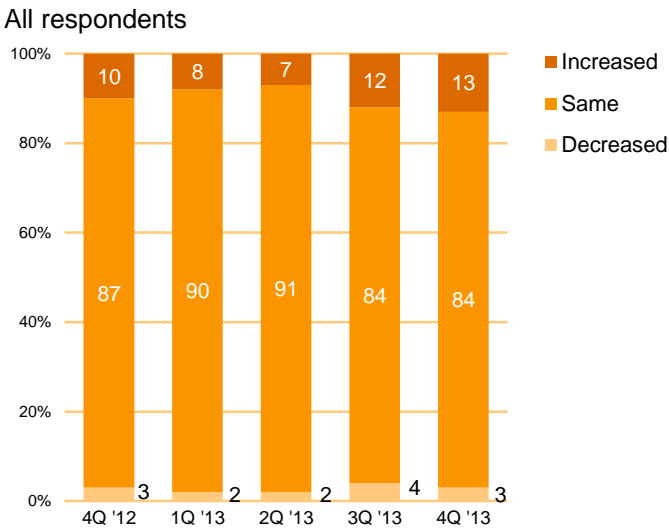
Note: In 4Q 2013 All respondents, n=208, Product companies, n=119, Service companies, n=89

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 fourth-quarter 2013 remained limited, as 13 percent of panelists report an increase in credit availability (up one point from the prior quarter). Three percent report a decrease, and 84 percent report no change.

Chart 3.9 Change in credit availability



Note: In 4Q 2013 All respondents, n=208, Product companies, n=119, Service companies, n=89

Business outlook, next 12 months

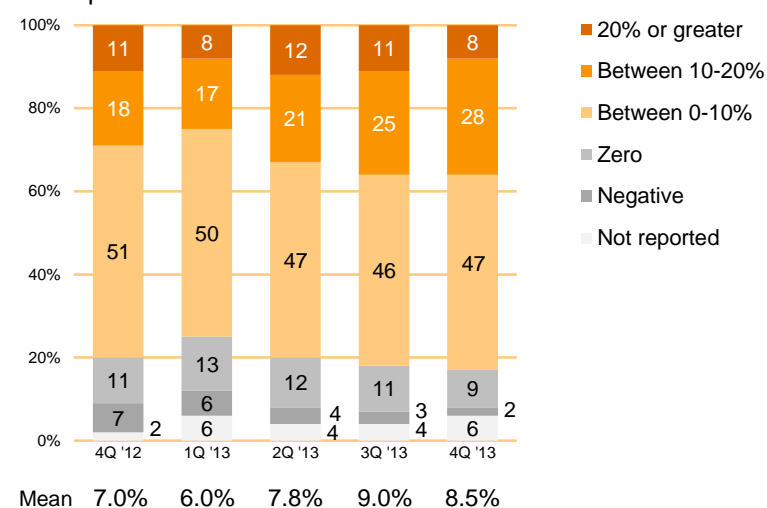
Revenue growth, next 12 months

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

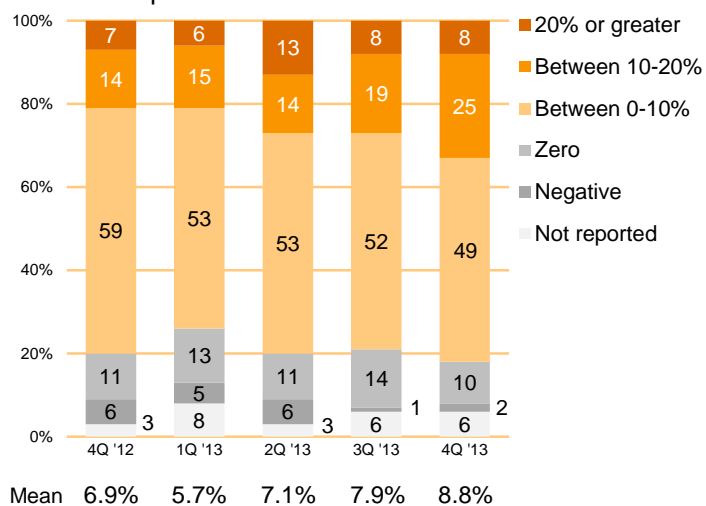
Respondents' projected average revenue growth rates for their own companies over the next 12 months stabilized in the fourth quarter of 2013, from 9.0 percent to 8.5 percent. Eighty-three percent said they expected positive own-company growth — 36 percent projected double-digit revenue growth (same as the prior quarter) and 47 percent single-digit growth. Only 2 percent expected negative growth over the next 12 months, 9 percent expected zero growth, and 6 percent did not respond.

Chart 4.1 Revenue growth, next 12 months

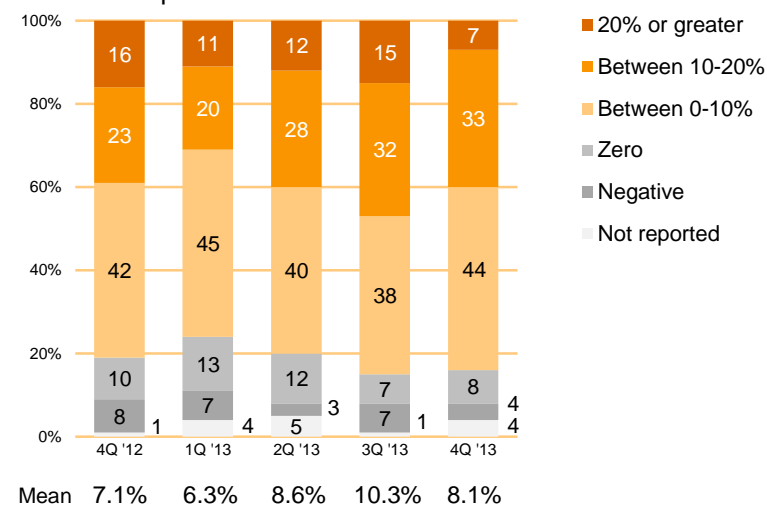
All respondents



Product companies



Service companies



Note: In 4Q 2013 All respondents, n=208, Product companies, n=119, Service companies, n=89

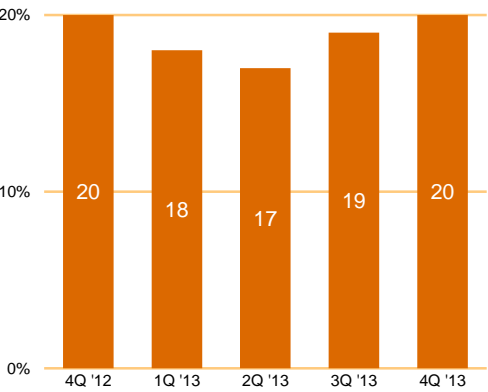
International sales, next 12 months

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

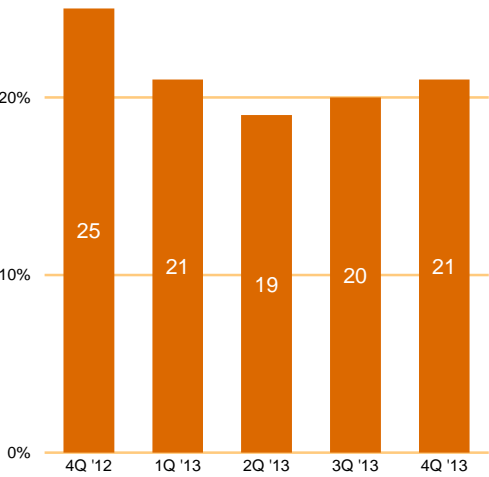
Panelists selling abroad projected that the average contribution of international sales to total revenue over the next 12 months rose one point to 20 percent, same as a year ago.

Chart 4.2 International sales, next 12 months

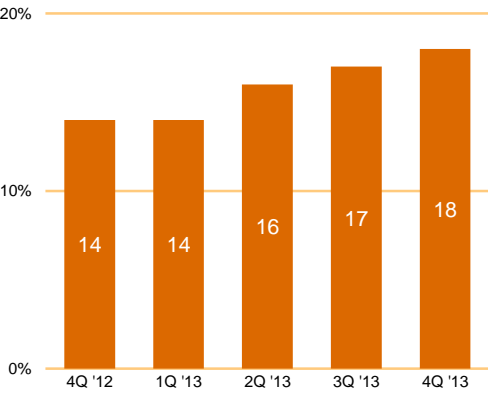
All respondents



Product companies



Service companies



Note: In 4Q 2013 All international marketers, n=99, Product companies, n=63, Service companies, n=36

Percent planning to hire

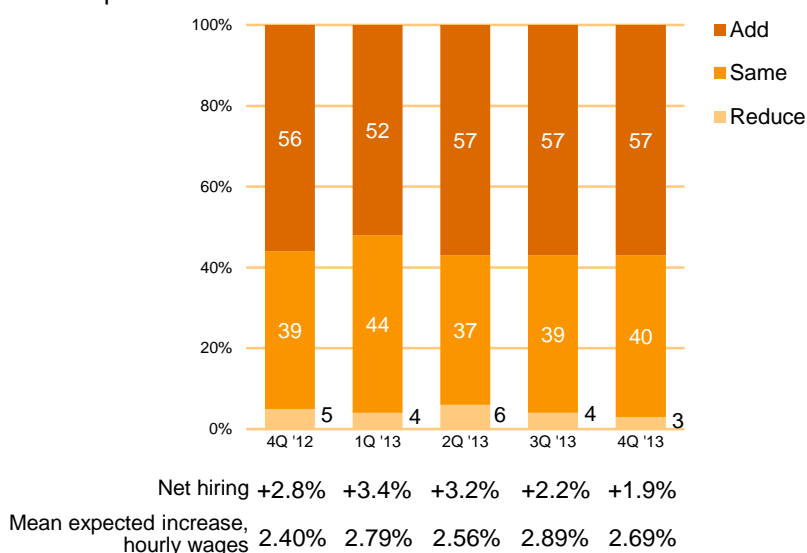
Do you plan to add or reduce the number of fulltime equivalent employees over the next 12 months? If so, how many? Do you plan to increase hourly wages?

Looking ahead, 57 percent of panelists plan to add employees to their workforces over the next 12 months, same as the 57 percent in the third quarter and similar to a year ago. Only 3 percent plan to reduce workers, and 40 percent say their workforce will stay about the same. An overall increase of 1.9 percent is planned for the panel's average composite workforce, below the 2.2 percent in the third quarter, and a point below the 2.8 percent planned a year ago.

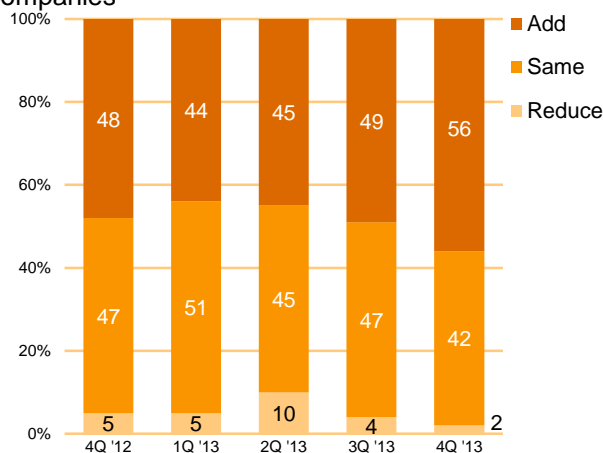
Note that average increases of hourly wages for the current workforce is up from 2.40 percent a year ago to 2.69 percent, a wage increase of 12 percent.

Chart 4.3 Percent planning to hire

All respondents

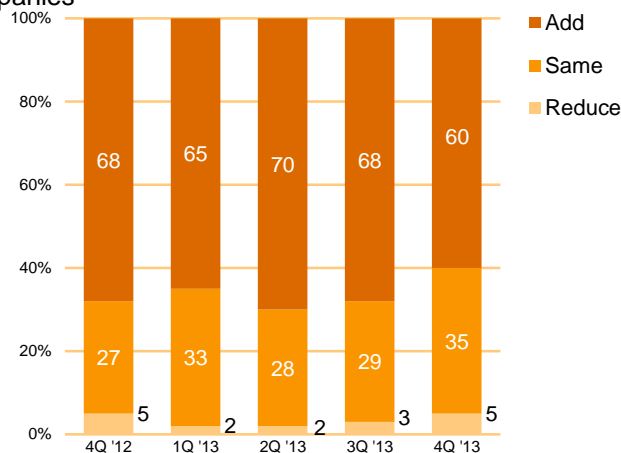


Product companies



Quarter	4Q '12	1Q '13	2Q '13	3Q '13	4Q '13
Net hiring	+2.0%	+2.4%	+2.2%	+2.1%	+2.2%
Mean expected increase, hourly wages	2.46%	2.97%	2.44%	2.75%	2.83%

Service companies



Quarter	4Q '12	1Q '13	2Q '13	3Q '13	4Q '13
Net hiring	3.7%	+4.7%	+4.1%	+2.3%	+1.4%
Mean expected increase, hourly wages	2.33%	2.55%	2.71%	3.07%	+2.51%

Note: In 4Q 2013 All respondents, n=208, Product companies, n=119, Service companies, n=89

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, 39 percent of the 57 percent planning to hire will be looking primarily for professionals (2 points above the third quarter). Professionals with technology/engineering skills are sought by 29 percent of *Trendsetter* companies (up one point from the last quarter). Twenty-two percent say they are interested in hiring blue-collar production workers (up one point), while 16 percent cite interest in hiring white-collar support workers (down 2 points).

Chart 4.4 Percent planning to hire by type of employee

All respondents

	4Q '12	1Q '13	2Q '13	3Q '13	4Q '13
Planning to hire (net)	56%	52%	57%	57%	57%
• <u>Professionals</u>	<u>39%</u>	<u>33%</u>	<u>35%</u>	<u>37%</u>	<u>39%</u>
• Technology/Engineering	30%	21%	28%	28%	29%
• Business/Finance	9%	6%	7%	7%	8%
• Sales/Marketing	19%	19%	16%	16%	19%
• <u>Blue Collar Workers</u>	<u>19%</u>	<u>21%</u>	<u>21%</u>	<u>21%</u>	<u>22%</u>
• Skilled/Specialized workers	12%	15%	14%	15%	15%
• Semi-skilled/Unskilled workers	9%	13%	12%	12%	13%
• White collar support	18%	17%	21%	18%	16%
• Middle management	8%	8%	11%	10%	9%
• Senior management	3%	4%	6%	5%	4%

Product companies

	4Q '12	1Q '13	2Q '13	3Q '13	4Q '13
Planning to hire (net)	47%	44%	45%	49%	56%
• <u>Professionals</u>	<u>26%</u>	<u>22%</u>	<u>22%</u>	<u>24%</u>	<u>33%</u>
• Technology/Engineering	18%	13%	16%	18%	24%
• Business/Finance	5%	3%	6%	8%	7%
• Sales/Marketing	15%	12%	13%	13%	18%
• <u>Blue Collar Workers</u>	<u>25%</u>	<u>30%</u>	<u>27%</u>	<u>29%</u>	<u>34%</u>
• Skilled/Specialized workers	17%	22%	10%	22%	24%
• Semi-skilled/Unskilled workers	11%	19%	15%	18%	21%
• White collar support	11%	13%	18%	19%	15%
• Middle management	5%	7%	10%	12%	11%
• Senior management	3%	4%	7%	5%	4%

Service companies

	4Q '12	1Q '13	2Q '13	3Q '13	4Q '13
Planning to hire (net)	68%	65%	70%	68%	60%
• <u>Professionals</u>	<u>56%</u>	<u>48%</u>	<u>50%</u>	<u>55%</u>	<u>46%</u>
• Technology/Engineering	45%	32%	40%	42%	35%
• Business/Finance	13%	9%	8%	5%	9%
• Sales/Marketing	24%	27%	20%	19%	20%
• <u>Blue Collar Workers</u>	<u>10%</u>	<u>9%</u>	<u>14%</u>	<u>9%</u>	<u>7%</u>
• Skilled/Specialized workers	7%	6%	8%	4%	5%
• Semi-skilled/Unskilled workers	5%	5%	9%	5%	2%
• White collar support	26%	23%	25%	17%	18%
• Middle management	10%	8%	12%	8%	6%
• Senior management	2%	4%	6%	4%	5%

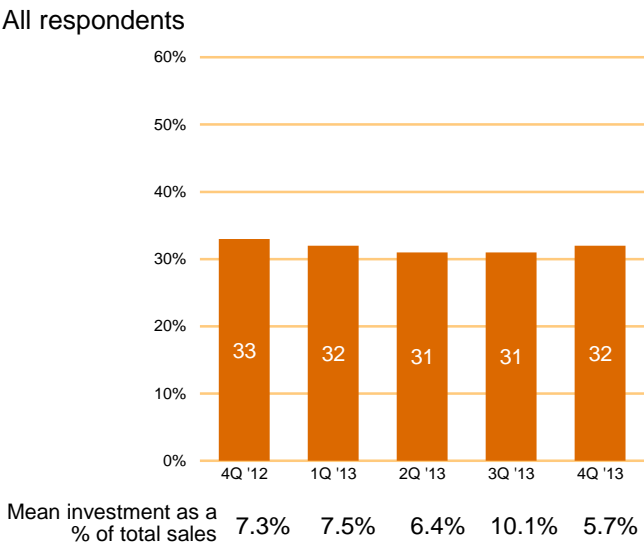
Note: In 4Q 2013 All respondents, n=208, Product companies, n=119, Service companies, n=89

Percent planning major new investments of capital

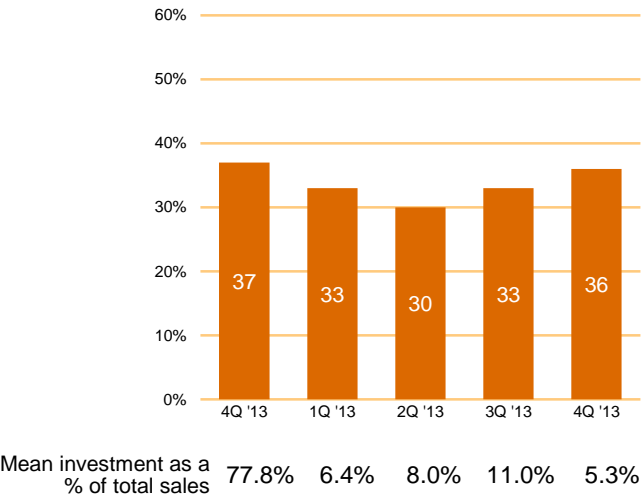
Are you actively planning any major new investments of capital over the next 12 months? If so, what percent of total sales do you expect to invest?

Thirty-two percent of those surveyed are planning major new investments of capital for business growth over the next 12 months, one point above the percentage of companies reporting such investment plans in the prior two quarters and one point lower than a year ago. The mean level of investment is 5.7 percent, lower than the third quarter's high of 10.1 percent of sales and lower than a year ago (7.3 percent).

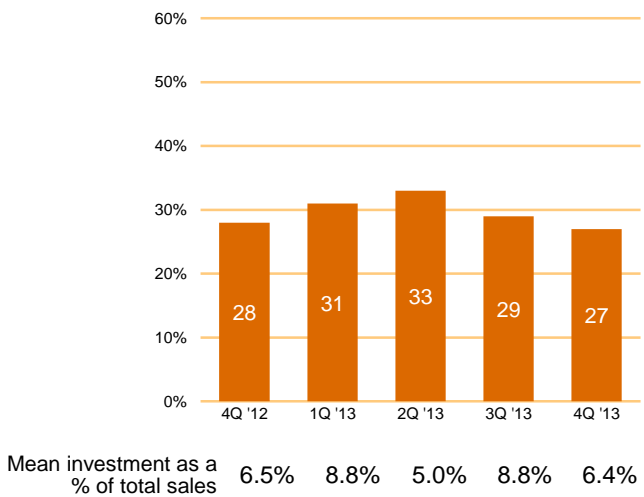
Chart 4.5 Percent planning major new investments of capital



Product companies



Service companies



Note: In 4Q 2013 All respondents, n=208, Product companies, n=119, Service companies, n=89

Percent planning to increase operational spending

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

In fourth-quarter 2013, 65 percent of panelists were planning to increase operational spending over the next 12 months, up two points from the third quarter. New product or service introductions (29 percent) and information technology (26 percent) led the way, followed by marketing and sales promotion (20 percent), facilities expansion (19 percent), advertising (18 percent), and geographic expansion (17 percent). R&D spending dropped 2 points to 11 percent.

Product companies

	4Q '12	1Q '13	2Q '13	3Q '13	4Q '13
Percent planning to increase spending (net)	64%	57%	70%	59%	62%
• New product or service introduction	25%	27%	29%	27%	28%
• Information technology	31%	22%	23%	20%	21%
• Marketing & sales promotion	18%	19%	19%	15%	19%
• Facilities expansion	23%	17%	23%	23%	17%
• Advertising	15%	12%	16%	19%	19%
• Geographic expansion	20%	14%	20%	15%	15%
• Business acquisition	14%	8%	14%	12%	15%
• Research and development	15%	13%	11%	15%	15%
• Internet commerce	2%	6%	8%	4%	4%

Chart 4.6 Percent planning to increase operational spending

All respondents

	4Q '12	1Q '13	2Q '13	3Q '13	4Q '13
Percent planning to increase spending (net)	67%	58%	68%	63%	65%
• New product or service introduction	27%	25%	31%	28%	29%
• Information technology	28%	24%	27%	28%	26%
• Marketing & sales promotion	23%	20%	15%	16%	20%
• Facilities expansion	22%	20%	22%	21%	19%
• Advertising	15%	11%	11%	17%	18%
• Geographic expansion	22%	16%	20%	17%	17%
• Business acquisition	12%	10%	14%	11%	15%
• Research and development	13%	11%	11%	13%	11%
• Internet commerce	3%	5%	5%	4%	3%

Service companies

	4Q '12	1Q '13	2Q '13	3Q '13	4Q '13
Percent planning to increase spending (net)	70%	60%	66%	68%	69%
• New product or service introduction	30%	22%	33%	27%	32%
• Information technology	25%	26%	32%	39%	34%
• Marketing & sales promotion	30%	21%	11%	18%	20%
• Facilities expansion	21%	23%	21%	19%	23%
• Advertising	16%	8%	5%	16%	17%
• Geographic expansion	24%	20%	21%	19%	20%
• Business acquisition	9%	14%	14%	10%	16%
• Research and development	10%	8%	10%	12%	6%
• Internet commerce	3%	3%	2%	3%	1%

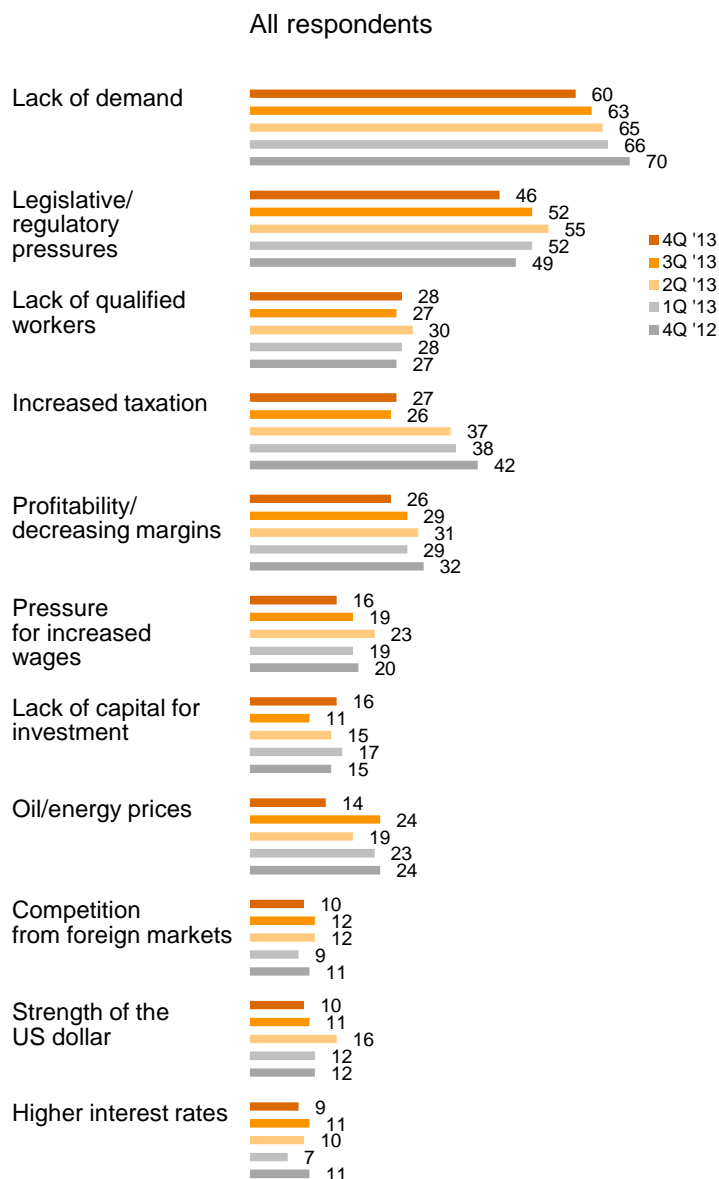
Note: In 4Q 2013 All respondents, n=208, Product companies, n=119, Service companies, n=89

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, noted by 60 percent of *Trendsetter* companies (down 3 points from the percentage of respondents reporting this the prior quarter). Forty-six percent of panelists said that legislative/regulatory pressures might be a barrier, but it was down 6 points. The percentage of those concerned about increased taxation rose one point to 27 percent after dropping sharply last quarter. Companies reporting concern about oil/energy prices dropped 10 points to 14 percent (10 points below a year ago). Profitability/decreasing margins as a barrier to growth was at 26 percent (down 3 points), and lack of capital for investment rose 5 points to 16 percent. Companies citing pressure for increased wages dropped 3 points to 16 percent.

Chart 4.7 Expected barriers to business growth



Note: In 4Q 2013 All respondents, n=208

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, 49 percent of respondents said they expected to participate in new business initiatives, up 5 points from the third quarter. Overall, the most prevalent expected initiatives were new strategic alliances (21 percent), purchase of another business (18 percent), and new joint ventures (14 percent). Anticipated expansion to new markets abroad was up 2 points to 10 percent but is down from the 15 percent of companies reporting this intention a year ago. Restructuring of debt decreased 5 points from its high of 10 percent last quarter to 5 percent.

Product companies

	4Q '12	1Q '13	2Q '13	3Q '13	4Q '13
New business initiatives (net)	46%	43%	52%	43%	51%
• New strategic alliance	13%	16%	13%	14%	20%
• Purchase of another business	12%	8%	12%	15%	19%
• New joint venture	16%	19%	14%	15%	15%
• Expand to new markets abroad	15%	9%	12%	9%	13%
• Bring in new partners	4%	4%	5%	5%	7%
• Sale part/all of own business	4%	4%	7%	4%	8%
• “Angel” investors	2%	4%	5%	5%	7%
• Restructure debt	10%	9%	12%	10%	7%
• New facilities abroad	3%	2%	1%	3%	4%
• Venture capital	2%	2%	2%	1%	2%
• Private placement	---	1%	1%	1%	2%
• IPO	2%	1%	1%	1%	2%

Chart 4.8 Plans for M&A and other business initiatives

All respondents

	4Q '12	1Q '13	2Q '13	3Q '13	4Q '13
New business initiatives (net)	47%	42%	53%	44%	49%
• New strategic alliance	19%	17%	17%	15%	21%
• Purchase of another business	11%	11%	15%	16%	18%
• New joint venture	16%	14%	14%	13%	14%
• Expand to new markets abroad	15%	8%	13%	8%	10%
• Bring in new partners	5%	4%	6%	5%	7%
• Sale part/all of own business	6%	4%	6%	4%	7%
• “Angel” investors	3%	4%	4%	5%	6%
• Restructure debt	7%	8%	9%	10%	5%
• New facilities abroad	2%	1%	1%	2%	2%
• Venture capital	2%	2%	2%	1%	2%
• Private placement	2%	2%	1%	1%	1%
• IPO	1%	1%	2%	1%	1%

Service companies

	4Q '12	1Q '13	2Q '13	3Q '13	4Q '13
New business initiatives (net)	48%	41%	54%	46%	46%
• New strategic alliance	25%	19%	22%	16%	23%
• Purchase of another business	9%	15%	19%	18%	18%
• New joint venture	15%	8%	13%	12%	14%
• Expand to new markets abroad	16%	7%	13%	7%	6%
• Bring in new partners	6%	4%	8%	4%	7%
• Sale part/all of own business	8%	5%	5%	3%	5%
• “Angel” investors	3%	5%	3%	4%	5%
• Restructure debt	3%	5%	6%	9%	2%
• New facilities abroad	1%	---	---	---	---
• Venture capital	2%	1%	2%	1%	3%
• Private placement	3%	3%	---	2%	---
• IPO	---	1%	2%	1%	---

Note: In 4Q 2013 All respondents, n=208, Product companies, n=119, Service companies, n=89

Survey demographics and research methodology

Demographics

Who	Leading privately held businesses in the United States		
Interview dates	October 7, 2013, to January 9, 2014		
	All (208)	Product (119)	Service (89)
Average number of employees	1,288	1,305	1,266
Average business unit revenues	\$264.7 million	\$342.4 million	\$160.9 million
Average enterprise revenues	\$348.1 million	\$446.5 million	\$216.5 million
Five-year growth rate	50%	48%	53%
Industry sectors	<p>Products 57%</p> <ul style="list-style-type: none">•Manufacturing 32%•Trade/Distribution 14%•All other 11% <p>Services 43%</p>		

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.

Contacts:

Rich Stovsky
Private Company Services US Leader
+1 (216) 875-3111

Ken Esch
Private Company Services Partner
+1 (312) 298-3419

Laurie Kelly
Private Company Services Marketing Leader
+1 (617) 530-4531

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