

# Deloitte: Mid-market executives focus on moving forward during uncertain economic recovery

NEW YORK, US: In the wake of a slower, less predictable economic recovery, mid-market executives are adapting to managing uncertainty, according to Deloitte's "Mid-Market Perspectives: 2012 Report on America's Economic Engine." The annual survey of 528 US executives indicates that 86% of respondents believe that continued uncertainty is tempering their expectations for economic growth.



"Because of the significantly slower growth than we've seen in previous recoveries, mid-market executives are increasingly cautious about their expectations for 2012," said Tom McGee, national managing partner, Deloitte Growth Enterprise Services, Deloitte LLP. "Mid-market companies are now trying to meet the challenges of this volatile economy by taking a more adaptable approach to managing certain key business fundamentals."

## Moving forward during uncertain times

To prepare for continuing, uneven market conditions, mid-market executives are taking careful actions in three key areas 2012; talent, finance and technology.

### Talent

In last year's survey, respondents were overly optimistic about hiring plans. This year, executives are investing in their people and moderating plans to hire new employees:

- The percentage of executives planning to expand their domestic workforce dropped to 42% from 48% in 2011.
- Despite high unemployment, every executive interviewed acknowledged that it is difficult to find certain categories of skilled talent especially in engineering, healthcare, and IT.

More companies (51%) plan to invest in their existing workforce through training compared to last year (34%). Additionally fewer firms plan to increase the number of part-time workers (only 13% compared with 18% in 2011).

### Financing

Mid-market companies remain focused on balance sheet health and improving their cash positions while continuing to invest

- 35% of respondents are predicting higher cash balances.
- 90% expect capital investment to grow or at least remain stable.
- 27% are not planning to secure external financing this year, compared to 14% last year.

Interestingly, only 7% of privately held mid-market companies would consider going public in the next year.

### Technology

Last year's survey showed that mid-market executives understand the importance of technology to their business. This year respondents re-affirmed that technology continues to be vital to increasing productivity.

- Business process automation remains the top investment pick to increase productivity for 46% (down from 52% last year).
- 40% - up from 29 last year - recognise cloud computing and Software as a Service (SaaS) as one of the top three

technology investments for 2012.

### **Research Methodology**

528 executives at US midsize companies were polled about their expectations, experiences and plans for becoming more competitive. Respondents were senior executives at companies with annual revenues between US\$50m and US\$1bn. The Deloitte survey was conducted by OnResearch, a market research firm.

Some 23% of the companies represented are public; the other 77% are privately held. Of the private companies, about one-third are family-owned and another third are private-equity backed; one-quarter are closely (non-family) held. The remaining companies represented are venture capital-backed, employee-owned or other ownership structures.

Diverse industries were surveyed. The three largest sectors were professional/business services, retail and distribution and technology, comprising 24% of the respondents. The other 76% were spread across 18 different sectors. Respondents to the survey also represented a diversity of management positions. Finance professionals contributed 23% of the responses; general management, 16%; information technology, 16%; operations and production, 13%; and sales and marketing, 11%. The other 25% were spread across 10 different functions, from customer service to supply chain, procurement, and R&D. Exactly one-half were owners, board members, or C-suite executives; the rest were vice-presidents, department heads, or managers.

The full survey results are included in the Appendix; some percentages may not add to 100% due to rounding, or for questions where survey participants had the option to choose multiple responses.

### **About Deloitte Growth Enterprise Services**

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