TUESDAY, August 11

From Data to Direction: Understanding the Latest Middle Market Indicator Report

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Middle Market Indicator

Kim Barnhart, Program Manager

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NEW!

EDUCATION

Executive Education

Case Studies

U.S. Middle Market Defined

Annual Revenues Range from
$10MM - $1B

Accounts for
60% of All New Private-Sector Jobs

Nearly
200,000
Businesses
in All Industry Segments and Geographies

Equivalent to the
5th LARGEST
global economy

Represents
1/3 of Private Sector GDP and Employment

85%
of Companies
Are Privately Held

More than
$10 trillion in annual revenue

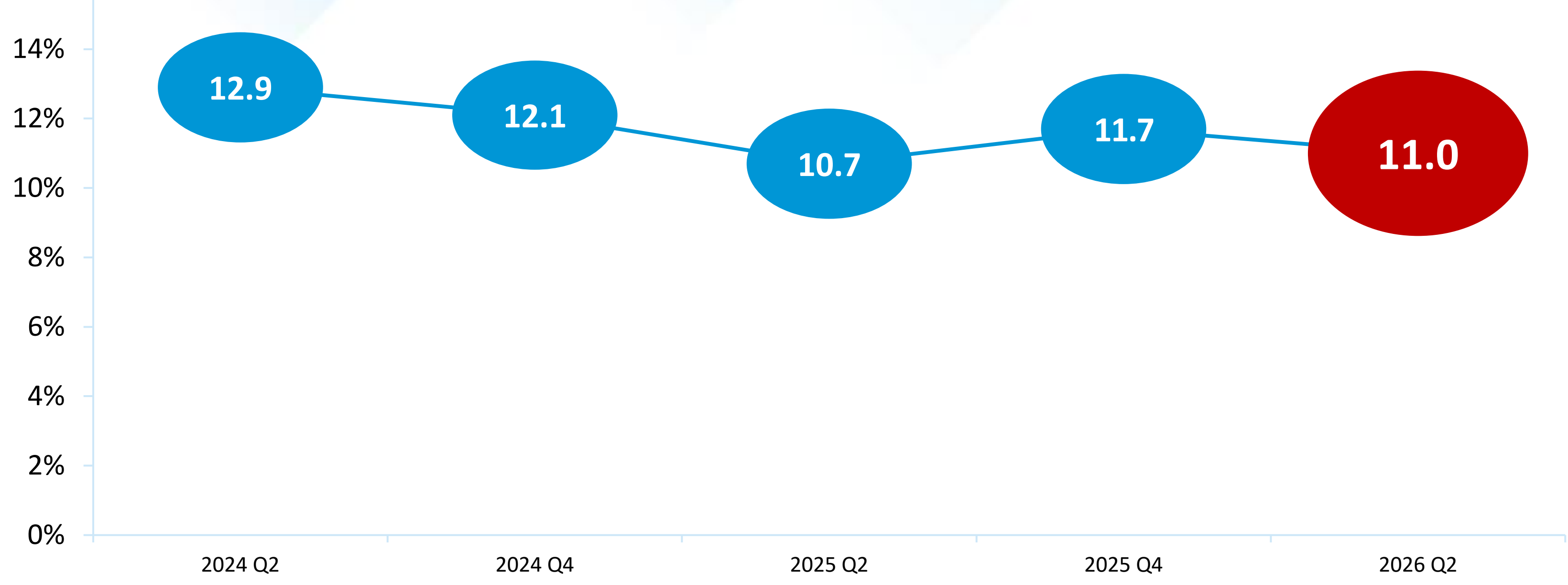
Middle Market Indicator

What...	National Survey of C-Level Executives
How...	Self Administered Online Survey
Insight Areas	Past year growth Confidence in the economy Current state of the business Outlook for the future
Who...	Financial decision makers Private and Public Organizations $10 million-<$1 billion in Gross Revenue
When...	

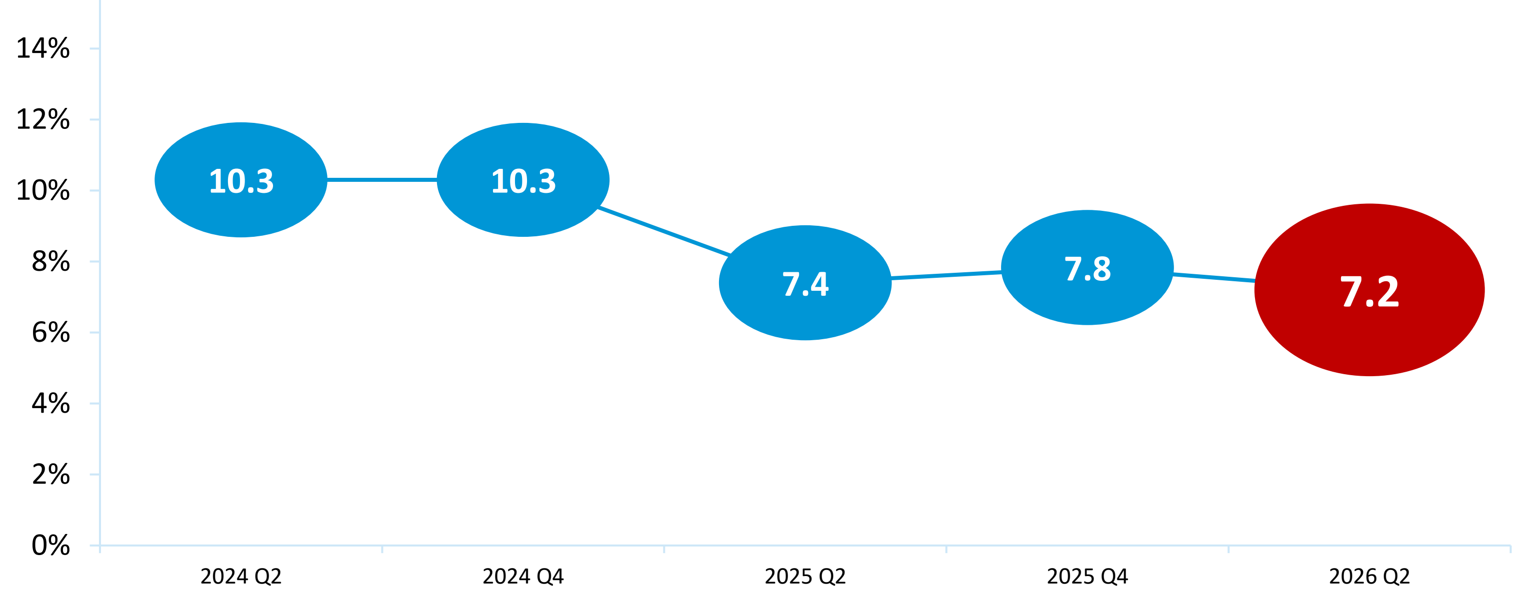
Annual Field Periods	Wave 1	Wave 2
	June	**December**

Key Performance Indicators

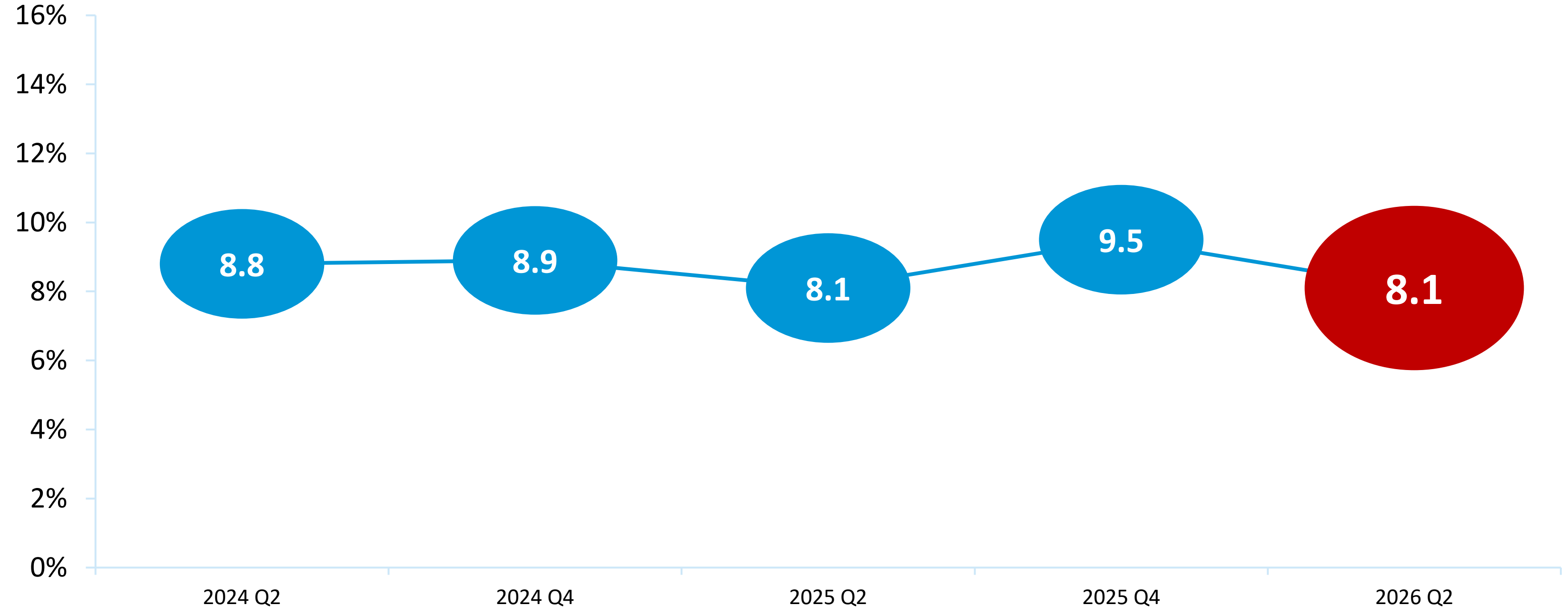
While still at high levels, revenue growth has softened since last wave



Hiring remains below 2024 levels, and slightly below 2025 Q4



Future growth expectations have declined, but remain healthy



Confidence has held steady

GLOBAL ECONOMY

72% -3 vs. 2025 Q4

NATIONAL ECONOMY

72% -2 vs. 2025 Q4

LOCAL ECONOMY

86% +2 vs. 2025 Q4

Longitudinal Perspective

OVERALL:

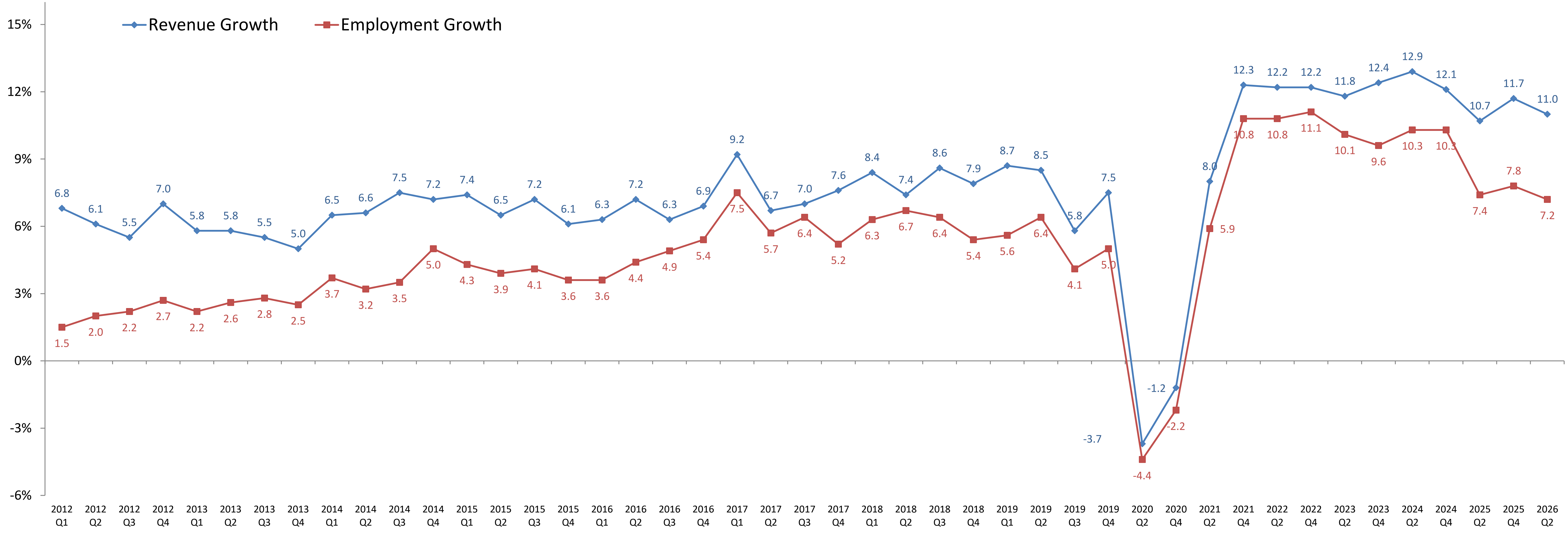
Average revenue growth = 7.7

Average employment growth = 5.3

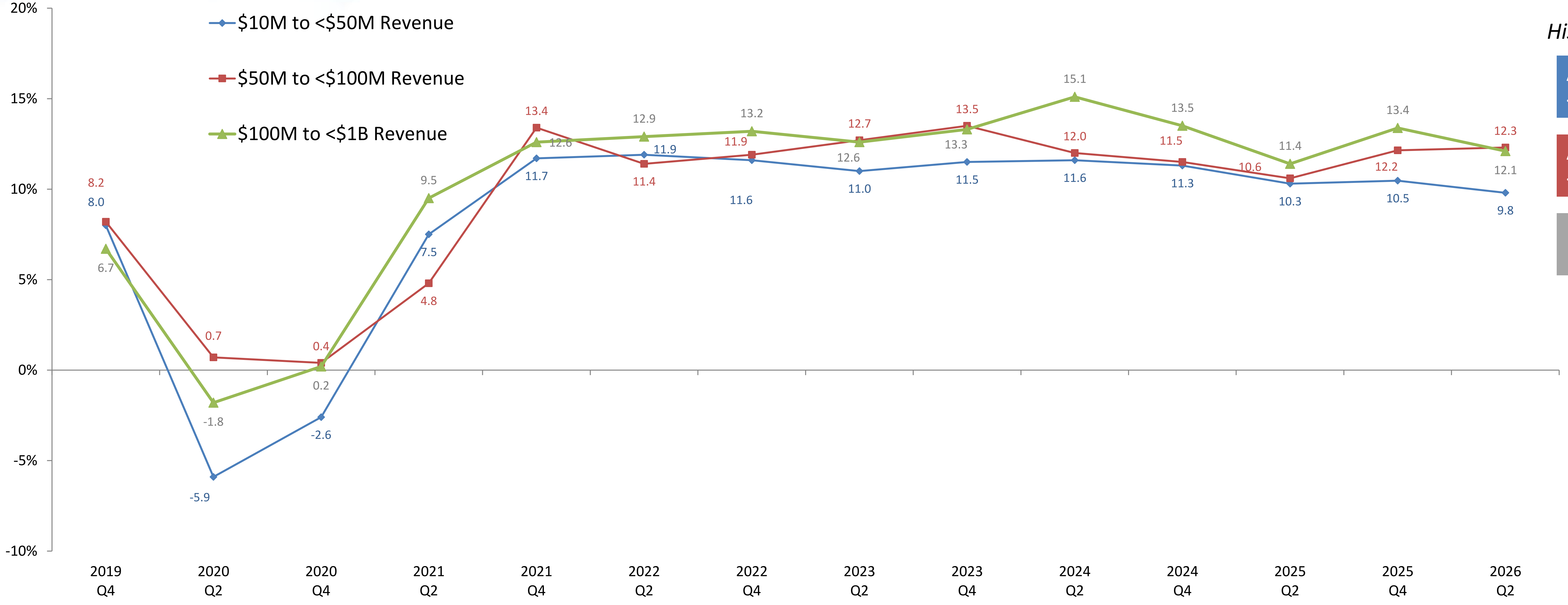
POST-PANDEMIC (Since 2021 Q4):

Average revenue growth = 11.9

Average employment growth = 9.5



Growth Rate by Revenue Segment



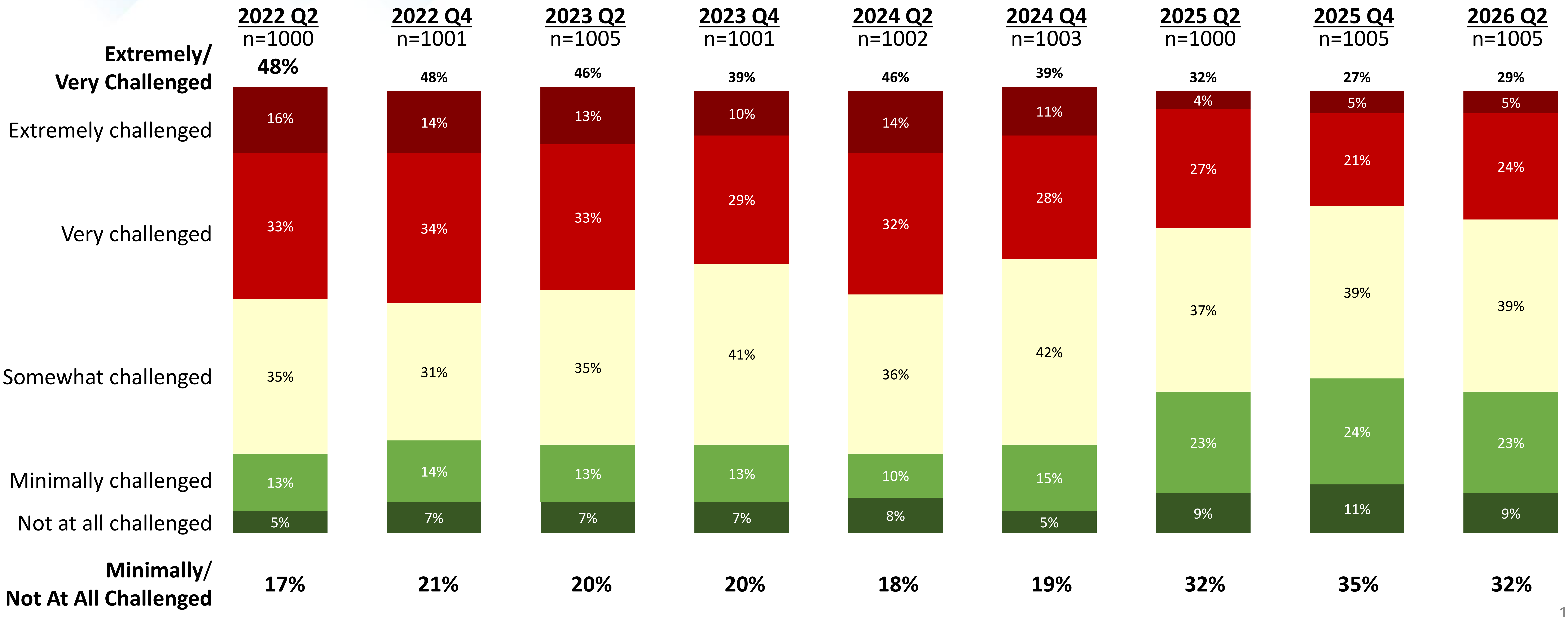
Historical Average

Avg $10M to <$50M = 7.0

Avg $50M to <$100M = 7.8

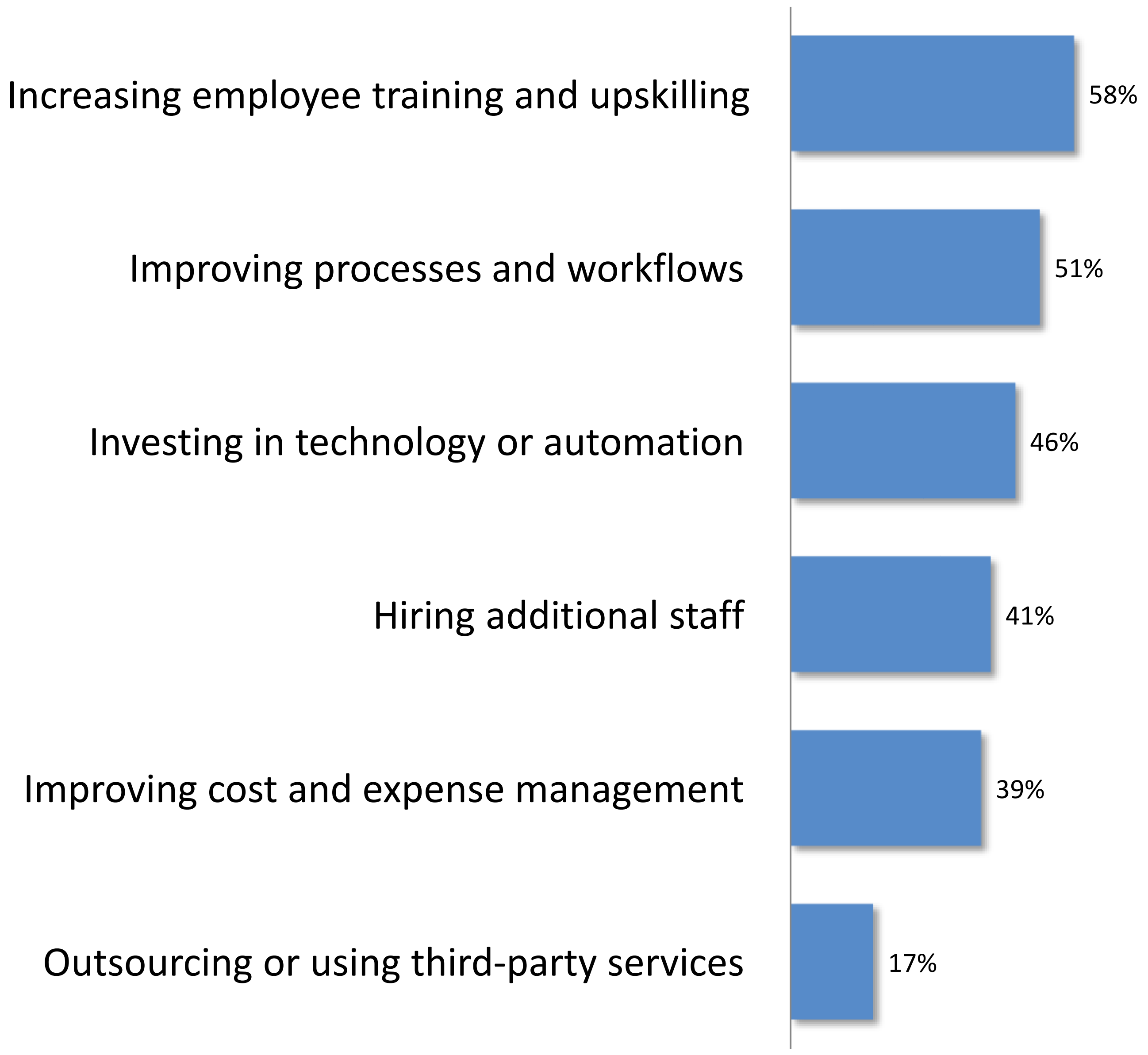
Avg $100M to <$1B = 8.4

Degree of challenge to find right skilled workforce

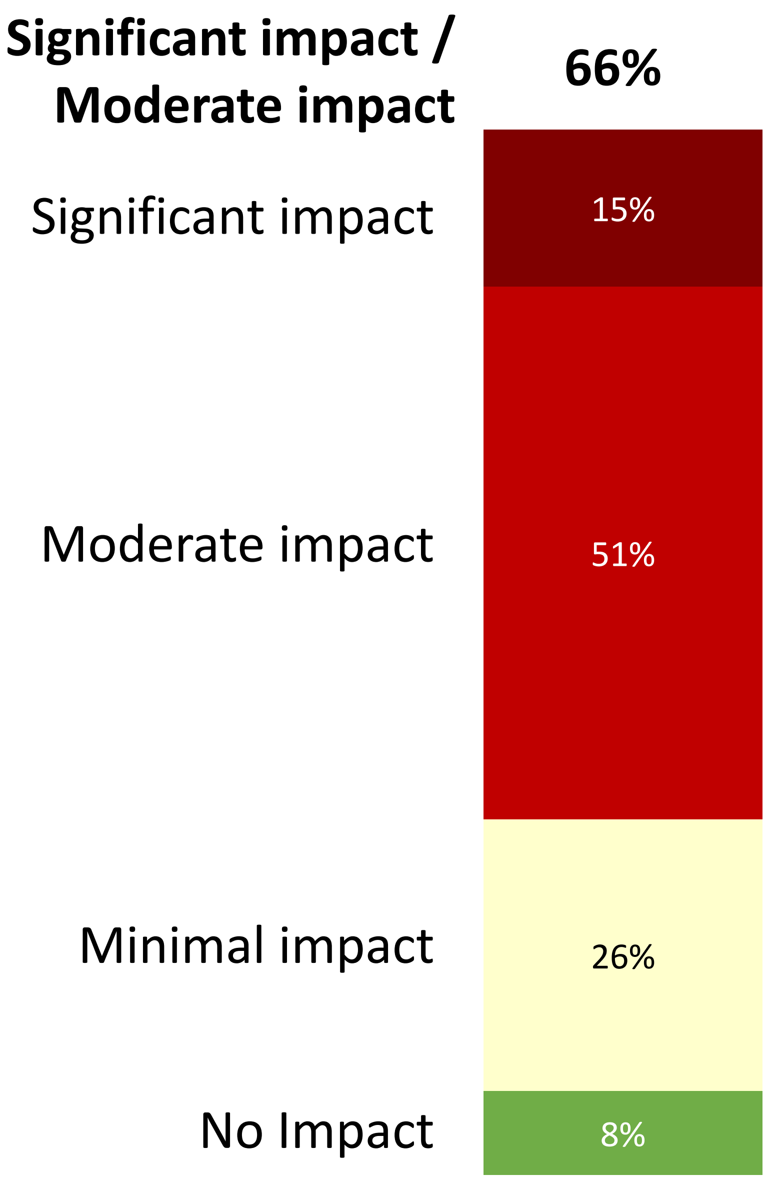


Workforce-related investment

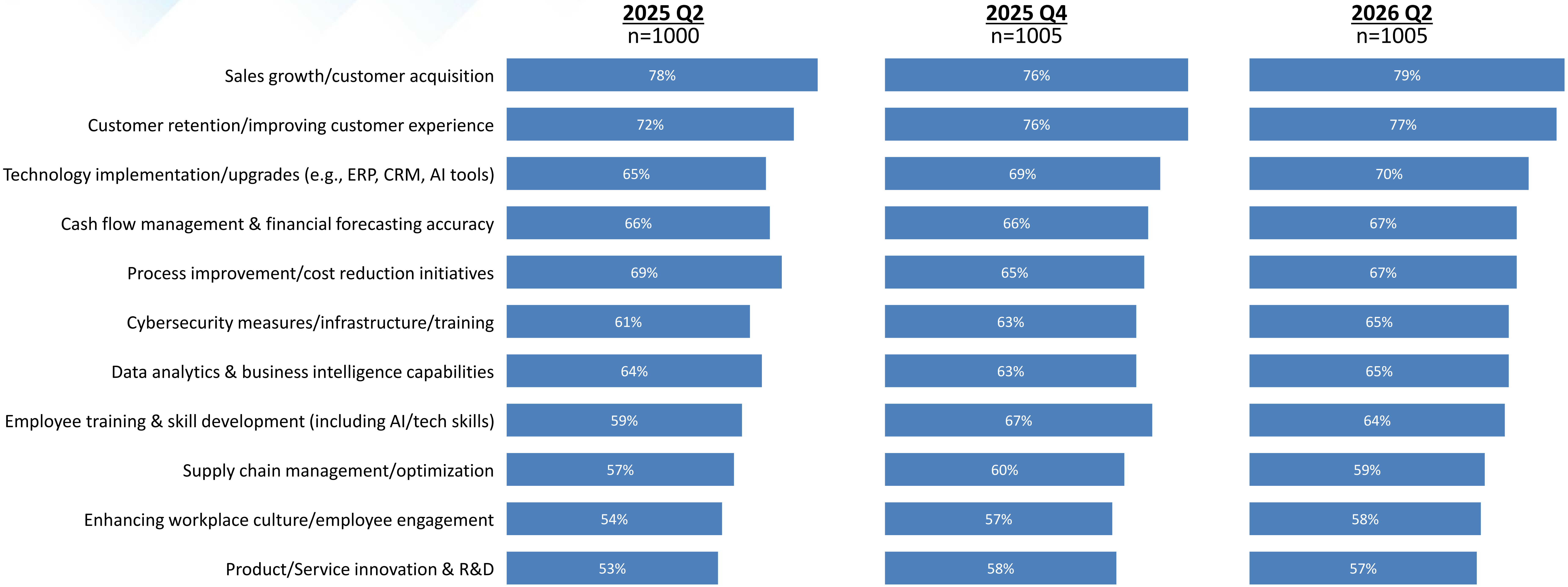
Factors With Highest Priority To Improve Employee Productivity And Efficiency Over The Next 12 Months
2026 Q2
n=1005



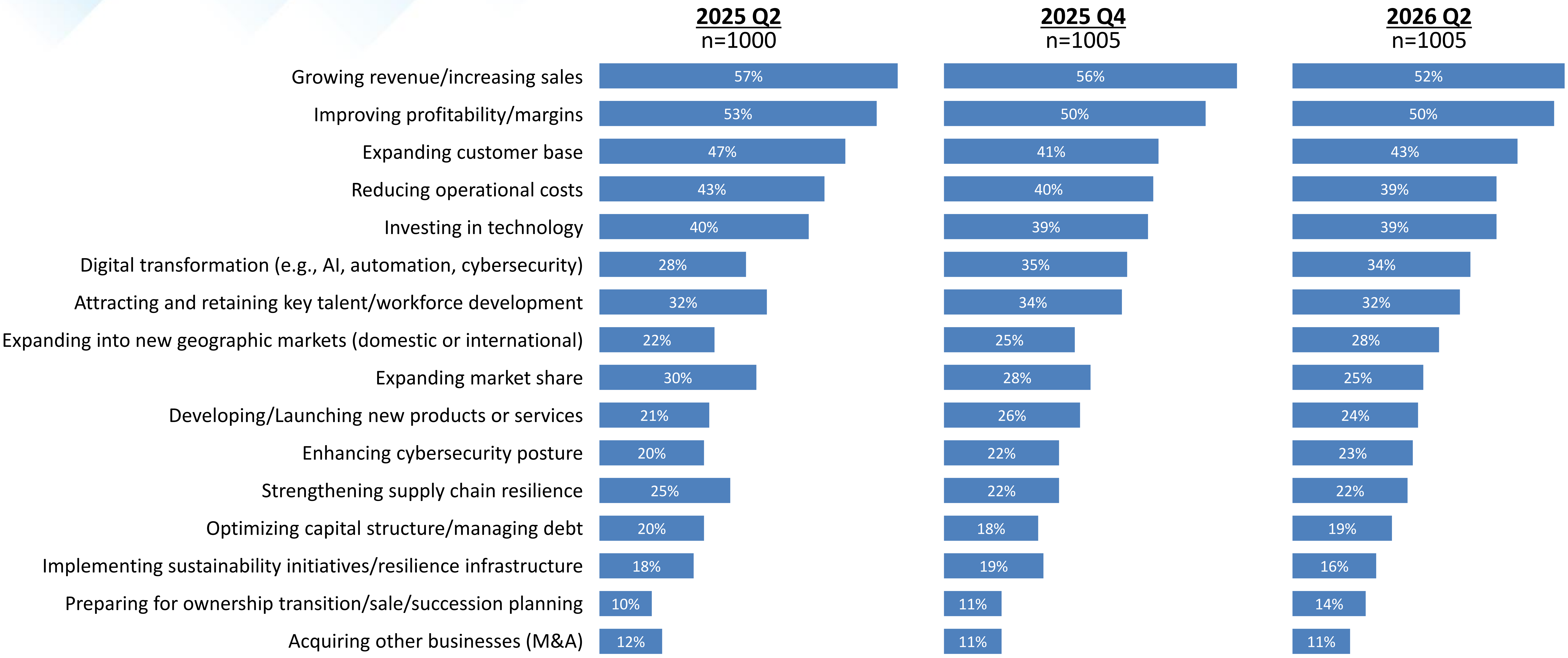
Level Of Extent In Which Workforce-Related Costs Impacting Overall Cost Structure
2026 Q2
n=1005



Operational priorities (Very High/High Focus/Investment)



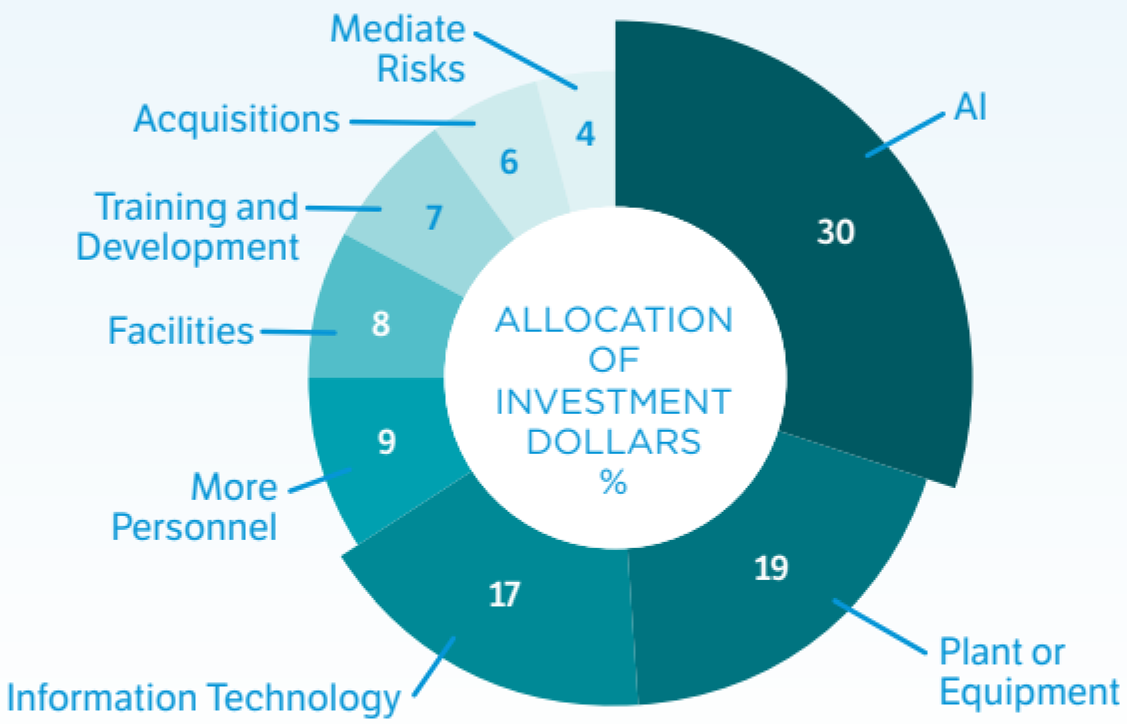
Strategic priorities (ranked within top 5)



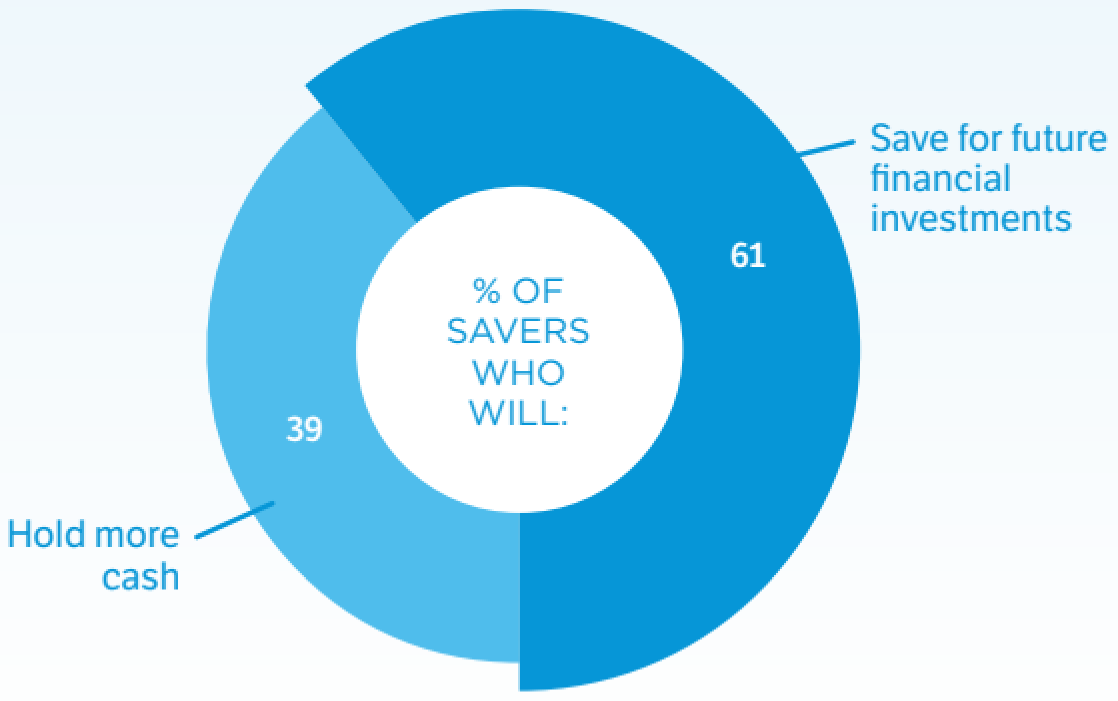
Investment

WHAT WOULD YOU DO WITH AN EXTRA DOLLAR TO INVEST?

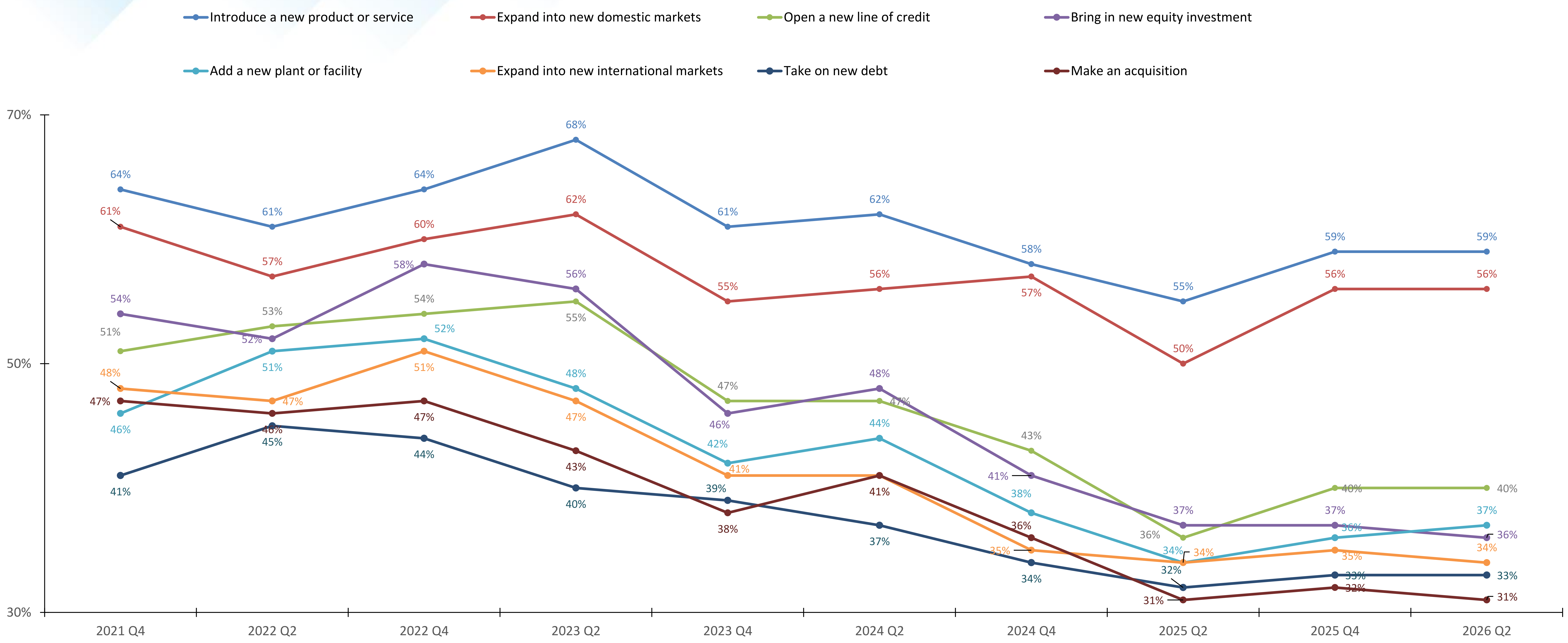
Artificial intelligence captures a growing share of investment dollars.



Most savers continue to prioritize future investments.



Expansionary plans



Top challenges

AI Adoption & Technology Transformation

Inflation, Rising Costs & Economic Uncertainty

Talent Acquisition & Employee Retention

Supply Chain Disruptions, Tariffs & Input Costs

Customer Growth, Competition & Revenue Pressure

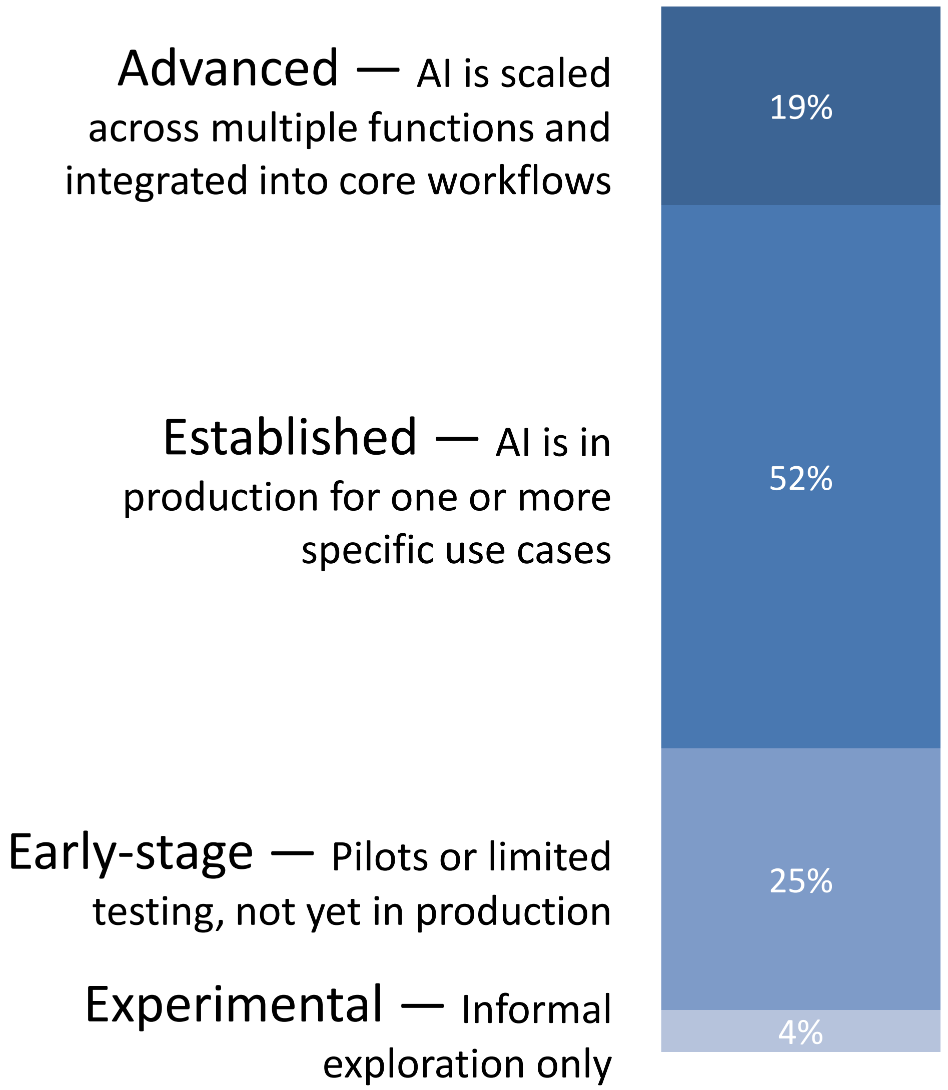
Top challenges (Critical/Significant)

Economic & Financial Challenges	2025 Q2 n=1000	2025 Q4 n=1005	2026 Q2 n=1005
Inflation/Rising costs (materials, services, inputs)	44%	48%	45%
Economic uncertainty	40%	40%	38%
Rising interest rates/Cost of capital/Financing costs	33%	30%	31%
Reaching customers/Growing sales	32%	33%	30%
Financial market volatility	32%	32%	29%
Profitability pressures	29%	31%	27%
Managing cash flow	25%	22%	22%
Tax burden/complexity	24%	22%	22%
Declining demand	NA	22%	21%
Access to capital/Financing availability	22%	20%	19%
Workforce & Talent Challenges			
Attracting and hiring qualified talent	38%	36%	35%
Retaining employees/Employee turnover	33%	32%	32%
Rising labor costs/Wage pressure/Compensation demands	35%	32%	31%
Cost/Availability of employee benefits	33%	33%	30%
Employee productivity/engagement	27%	29%	27%
Managing hybrid/remote workforce	20%	20%	18%

Operational & Technology Challenges	2025 Q2 n=1000	2025 Q4 n=1005	2026 Q2 n=1005
Cybersecurity threats/Data privacy and security	31%	33%	32%
Adopting/Integrating new technology	28%	35%	31%
Maintaining operational efficiency	29%	31%	29%
Supply chain disruptions/reliability	27%	29%	27%
Cost of safety measures	23%	22%	22%
Market & Regulatory Challenges			
Impact of tariffs/trade policy	41%	36%	35%
Competitive pressure within the industry	32%	34%	29%
Regulatory compliance burden/evolving standards	26%	29%	26%
Geopolitical instability/International risks	21%	25%	26%

AI adoption in the Middle Market

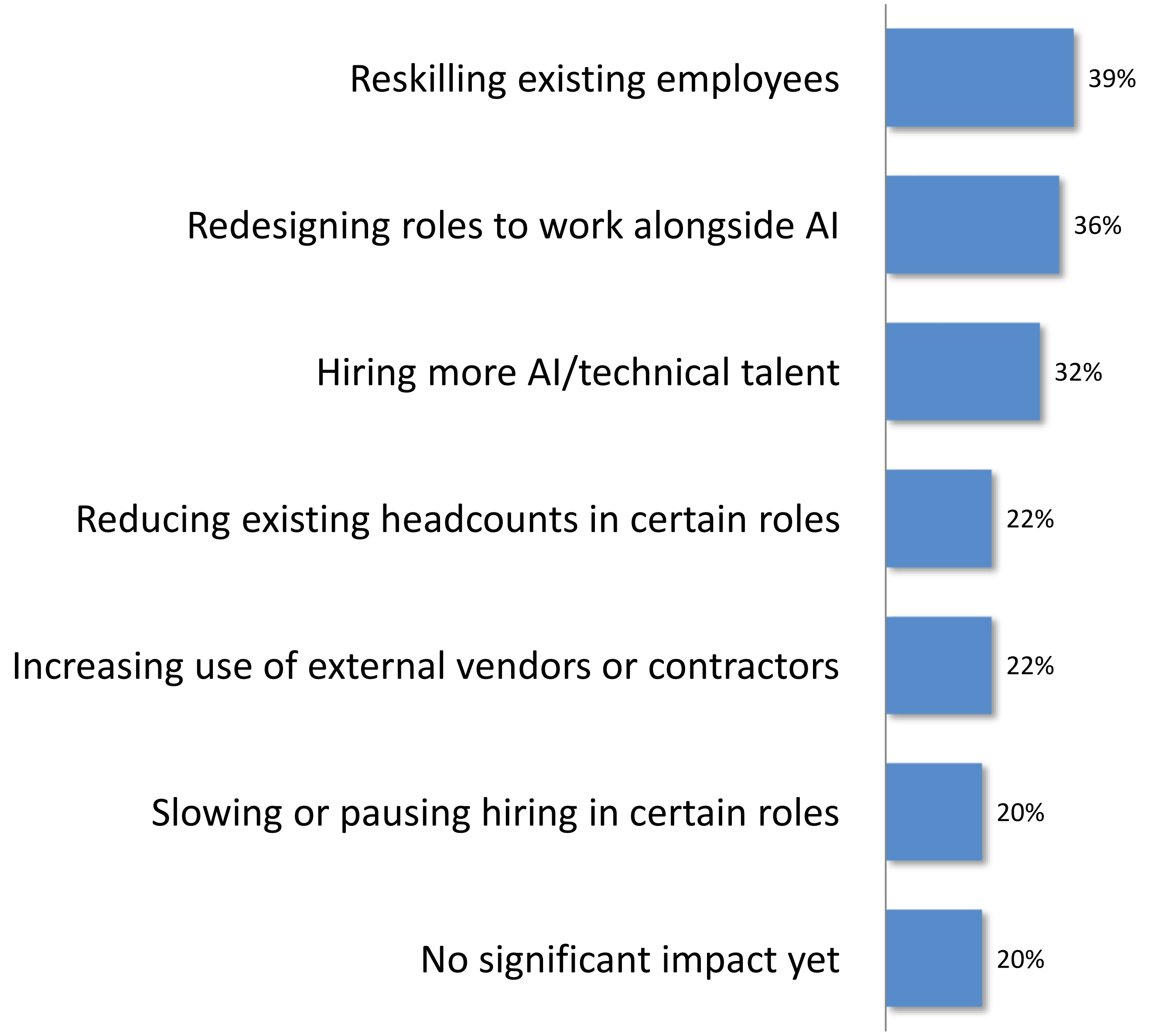
Current State Of AI Adoption
2026 Q2
n=920



Business Areas Actively Using AI
2026 Q2
n=920

AI – Workforce Strategy

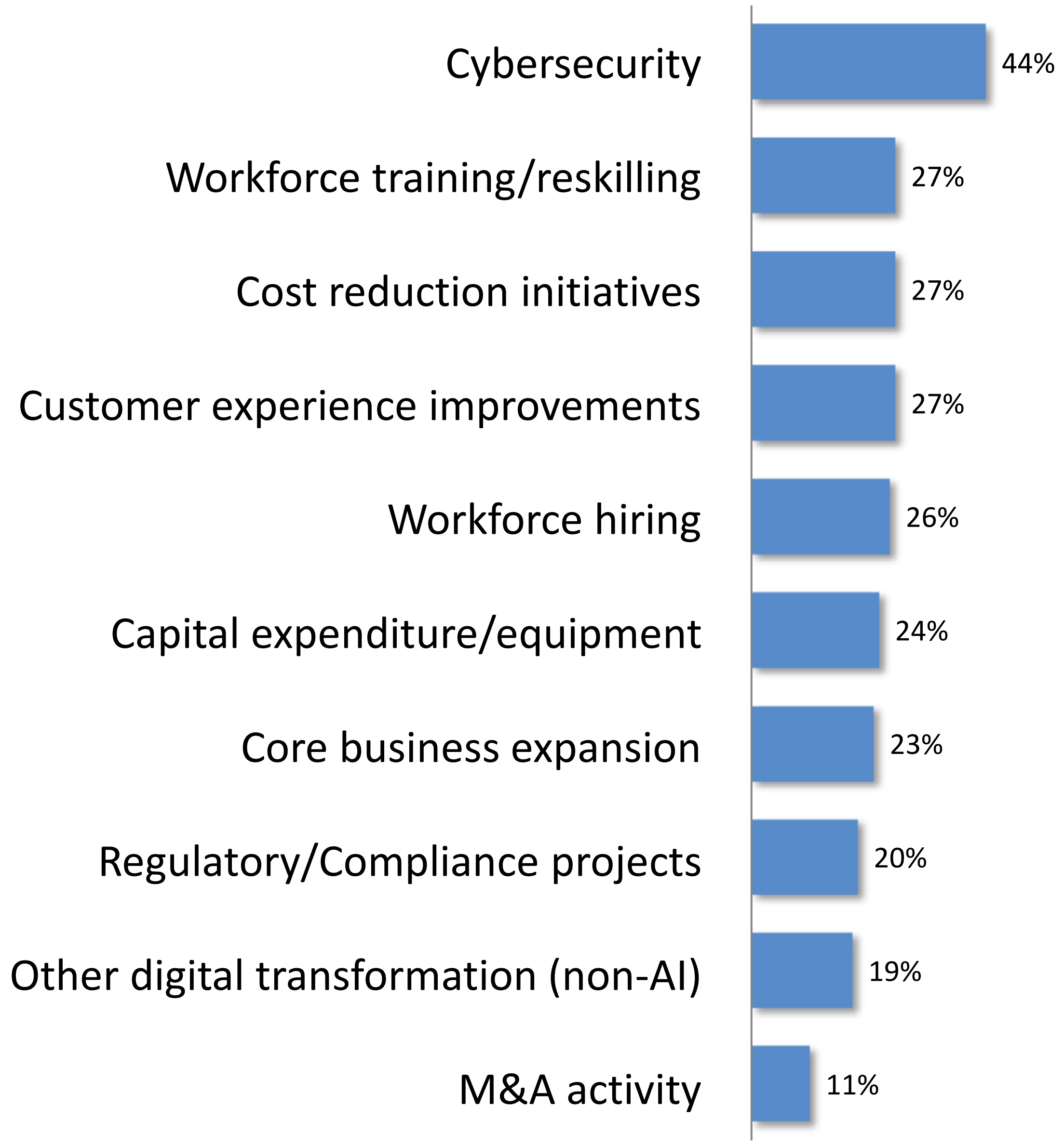
How AI Affects Workforce Strategy Today
2026 Q2
n=920



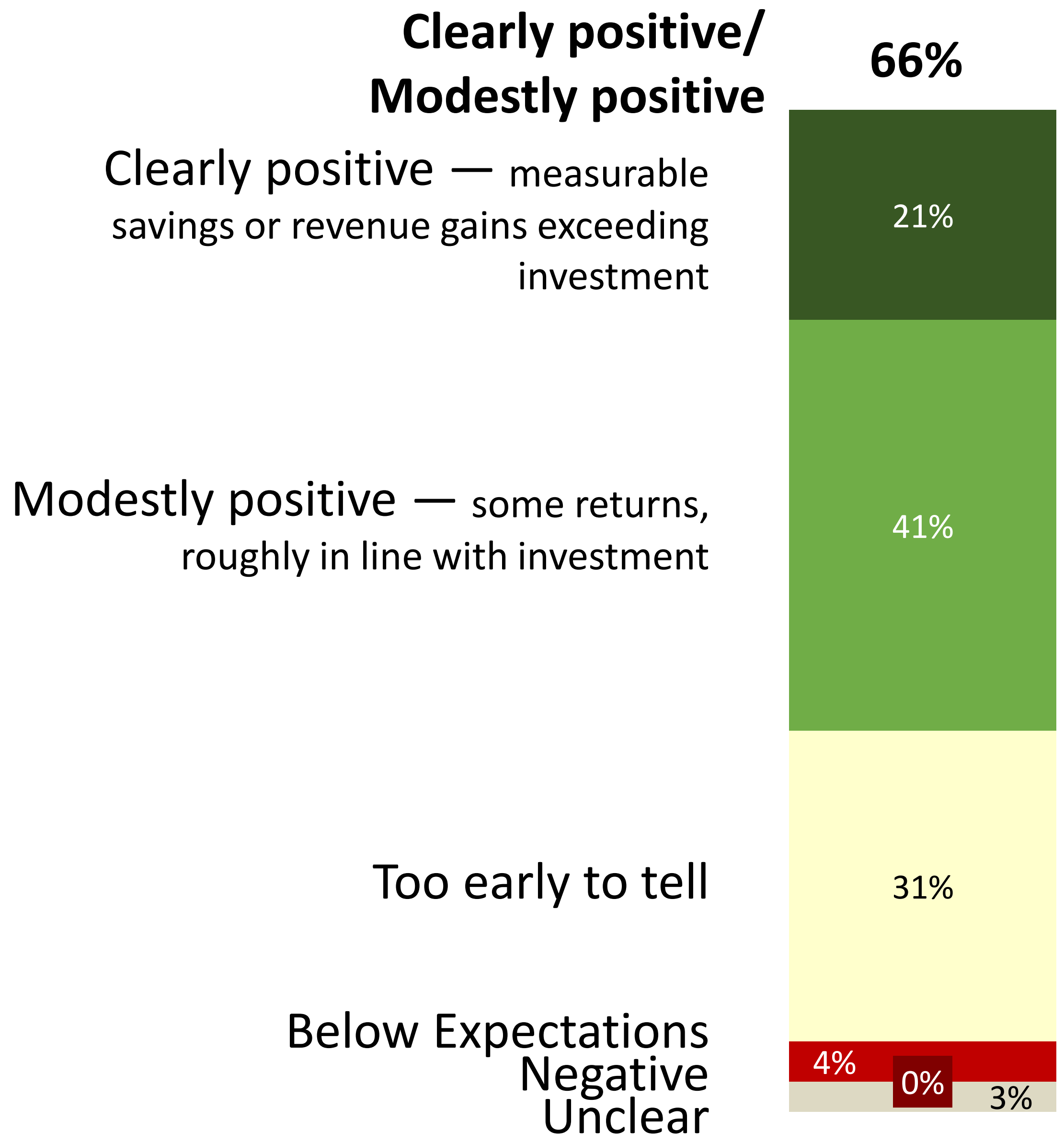
Base: Use AI
1031. How is AI affecting your workforce strategy today?

AI – Financial Impact

Areas Most Often Compete With AI For Budget
2026 Q2
n=920



Financial Return On AI Investment To Date
2026 Q2
n=920



Summary

Revenue Growth	Revenue growth dipped mid-2025, but stabilized in Q4, with most firms continuing to report year-over-year gains and improving growth expectations
Employment Growth	Hiring demand remains lower in 2025 (vs. 2024), but firms still report little evidence of broad workforce reductions
Economic Confidence	Economic confidence is mostly flat from Q2 to Q4, with a slight increase for global, suggesting cautious improvement rather than a strong rebound
Challenges	Inflationary pressures and economic uncertainty remain, but challenges related to technology integration are on the rise
Technology	Firms are placing more emphasis on technology/AI; it is more of a priority to strategic planning and is a key area for investments

Summary

Revenue	Revenue growth remains resilient despite a more uncertain operating environment, with most firms continuing to report growth and positive, but weaker expectations.
Employment	Companies are investing in workforce capabilities rather than reducing headcount, with AI driving reskilling and role evolution
Economic Confidence	Business confidence remains steady, although executives continue to balance optimism with ongoing inflation, geopolitical, and regulatory uncertainty
Business Risks	Cybersecurity, AI, regulatory compliance, and technology have become the primary strategic concerns
Technology	Technology investment continues to accelerate, with AI optimization, payment automation, and digitization becoming strategic priorities

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Westfield Center, OH

October 9, 2026

Thank You!

Stick around for some Q&A!

FTAs: What's Happening Now?

Tuesday, September 15 at **1pm EST!**

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CE Code for Today's Webinar

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