

Private Company Services

Trendsetter Barometer

**Business outlook report
August 2011**

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Quarterly highlights

PwC commissioned independent research firm BSI Global Research Inc. to interview 240 chief executive officers (CEOs/CFOs) of leading privately held businesses in the United States in the second quarter of 2011. The interviewees were asked about their current business performance, the state of the economy, and their expectations for business growth over the next 12 months. We then compared their responses with the prior quarter's results to see how the outlook has changed.

Key findings:

- Uncertainty dampens optimism.** In the second quarter, 43 percent of respondents were optimistic about the 12-month outlook for the US economy, down 21 points from the prior quarter. Nearly the same percentage (42 percent) were uncertain, up 13 points. Outright pessimism remained relatively low, rising 8 points to 15 percent. Meanwhile, the percentage of international marketers optimistic about the 12-month outlook for the world economy dropped 16 points to 38 percent. These numbers are in line with Trendsetter survey responses a year ago. In contrast, international marketers uncertain about the world economy (fifty-two percent) rose since this time last year.
- Costs and prices continue to climb.** Gross margins were a flat 1 percent in second-quarter 2011, with 21 percent of panelists reporting their margins were up, and 20 percent reporting a drop. Costs increased for a net 19 percent, while prices increased for a net 10 percent,.
- Revenue projections dip.** Panelists lowered their 12-month average revenue growth forecasts from the prior quarter's 10.2 percent to 9.5 percent. However, these forecasts were well above the average 9.1 percent reported a year ago. Eighty-eight percent said they expected their companies to grow in the year ahead, with 40 percent projecting double-digit revenue growth and 48 percent single-digit growth.
- International sales hold steady.** The 47 percent of respondents who market abroad reported an average 19 percent contribution from international sales to total revenue, on par with the prior quarter and a year ago. International sales were up for 41 percent, down for 9 percent, and about the same for 50 percent.
- Hiring momentum lags.** The percentage of respondents planning to hire over the next 12 months dropped 5 points to 58 percent. Only 3 percent expected net reductions, and 39 percent expected to maintain staff levels. Net hiring dipped from 2.4 percent to 2.0 percent.
- Spending plans strengthen.** Despite rising uncertainty, 73 percent of panelists plan to increase operational spending, up 3 points from the prior quarter. Information technology, new product or service introductions, and marketing & sales promotion led the

way in planned budget increases. More respondents are planning major new investments of capital over the next 12 months, up 5 points to 42 percent, spending at 8.4 percent of sales versus 7.5 percent in the prior quarter.

- Lack of demand tops concerns.** Seventy-five percent of respondents cited lack of demand as the chief barrier to growth over the next 12 months, up 8 points from the first quarter. Legislative/regulatory pressures remained in second place, with 52 percent of respondents saying these might hinder growth. Oil/energy prices were cited by 45 percent as a possible growth barrier. The percentage of respondents concerned about the strength of the US dollar rose 9 points to 23 percent, and the percentage seeing higher interest rates as a threat climbed 7 points to 21 percent.

Chart 1.1 International marketers outpace domestic-only peers

	International marketers (n=112)	Domestic-only peers (n=128)
Business outlook, next 12 months		
Optimistic about US economy	46%	41%
Optimistic about world economy	38%	–
Revenue growth rate	9.5%	9.5%
International sales (% of total)	19%	–
Planning major capital investments	54%	35%
Planning expansion to new markets abroad	36%	2%
Plans to increase spending (net)	84%	63%
• Information technology	47%	26%
• New products/services	44%	23%
• Sales promotion	32%	23%
• Business acquisitions	27%	14%
• R&D	21%	4%
Prior quarter's performance		
• Increased gross margins (net)	+3%	-1%
• Increased costs (net)	+14%	+14%
• Increased prices (net)	+10%	+11%

Note: International marketers have average revenue of \$357.7 million; their domestic-only peers have average revenue of \$237.1 million.

A quarter-by-quarter comparison of the key indicators shows the business outlook for the next 12 months and how the views of the panel have changed (see Chart 1.2). The pages that follow provide a detailed look at each question for the previous five quarterly surveys.

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 2011 to second-quarter 2011.

Business outlook, next 12 months	2010			2011		Change	Page
	2Q '10	3Q '10	4Q '10	1Q '11	2Q '11	1Q – 2Q'11	
Optimistic about US economy	45%	39%	63%	64%	43%	↓	7
Optimistic about world economy ¹	37%	43%	56%	54%	38%	↓	9
Expect positive revenue growth	76%	75%	83%	85%	88%	↑	21
Average growth rate expected	9.1%	9.7%	9.8%	10.2%	9.5%	↓	21
Planning major new investments	29%	33%	36%	37%	42%	↑	25
New investments as a % of sales	7.4%	5.9%	7.2%	7.5%	8.4%	↑	25
Planning to hire	54%	60%	57%	63%	58%	↓	23
New workers as a % of workforce (net)	+1.8%	+2.0%	+1.8%	+2.4%	+2.0%	↓	23
Expected barriers to growth							
• Lack of demand	78%	72%	67%	67%	75%	↑	27
• Legislative/regulatory pressures	50%	54%	51%	50%	52%	=	27
• Oil/energy prices	25%	22%	32%	38%	45%	↑	27
• Increased taxation	52%	45%	35%	30%	35%	↑	27
• Profitability/decreasing margins	37%	37%	32%	31%	30%	=	27
• Lack of qualified workers	14%	15%	18%	26%	23%	↓	27
• Strength of the US dollar	15%	15%	18%	14%	23%	↑	27
• Higher interest rates	15%	9%	18%	14%	21%	↑	27
• Lack of capital for investment	21%	20%	19%	17%	20%	↑	27
• Pressure for increased wages	16%	12%	18%	15%	19%	↑	27
• Competition from foreign markets	11%	12%	9%	10%	10%	=	27

1. Reflects responses from international marketers only.

Economic views

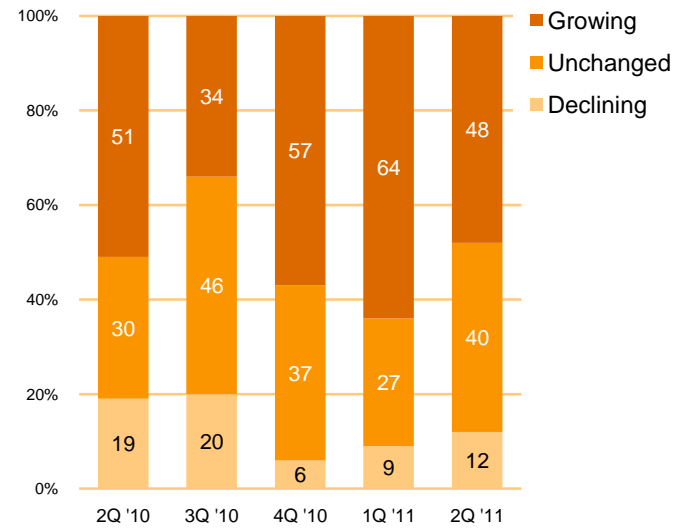
View of the US economy, this quarter

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

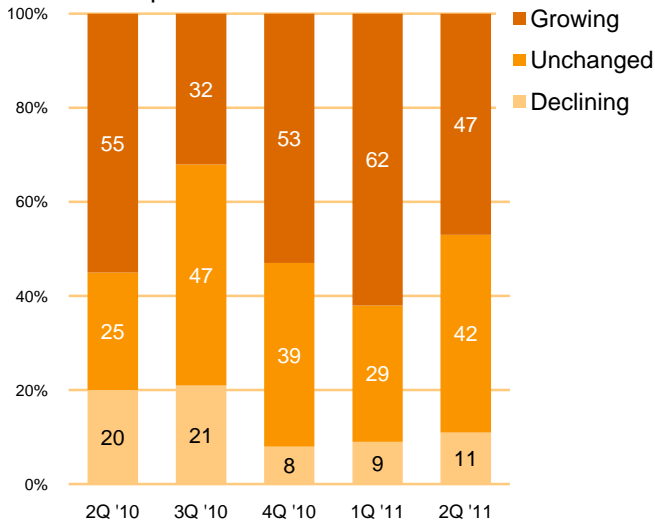
In second-quarter 2011, 48 percent of panelists said they believed the US economy was growing, down 16 points from the prior quarter. Twelve percent said the US economy was declining, and 40 percent felt it was about the same.

Chart 2.1 View of the US economy, this quarter

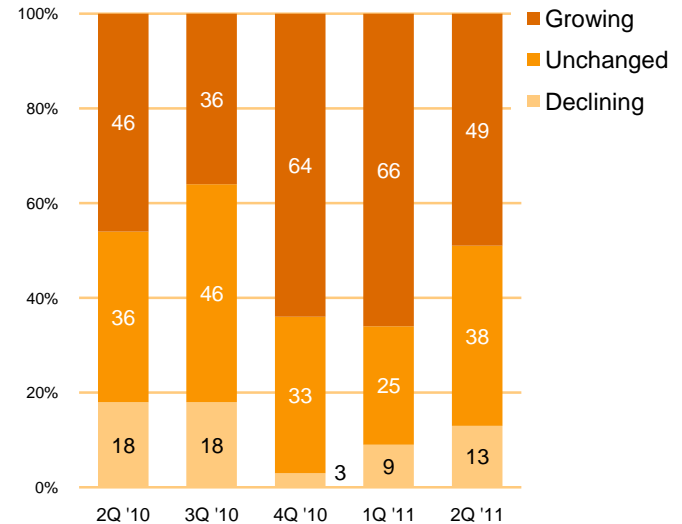
All respondents



Product companies



Service companies



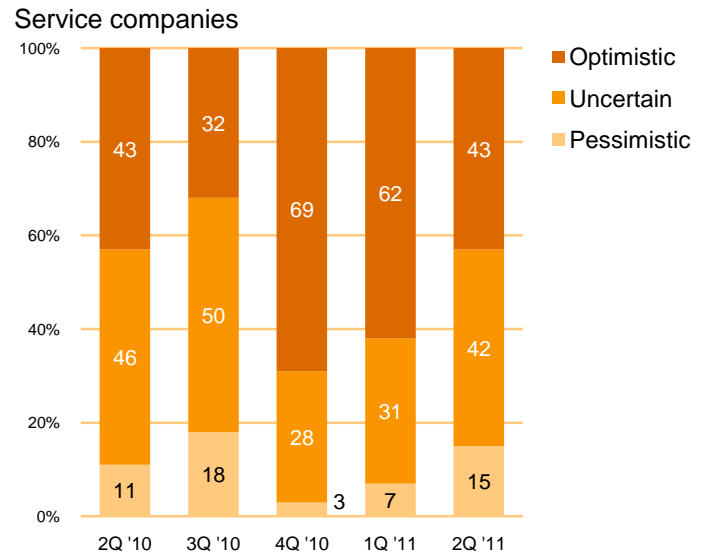
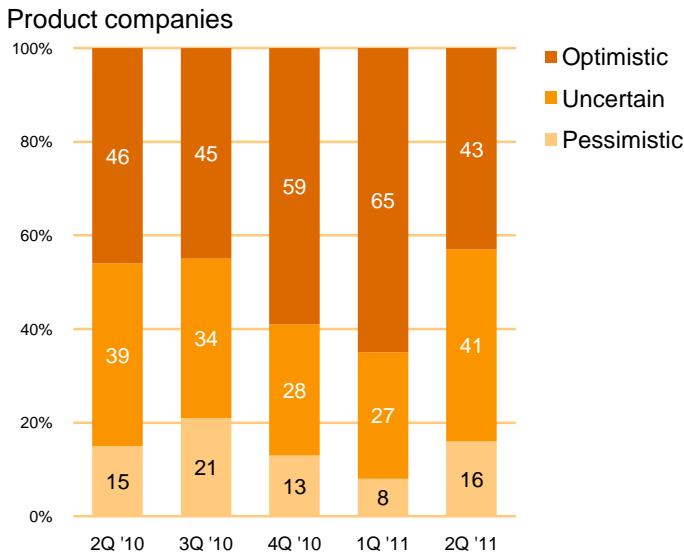
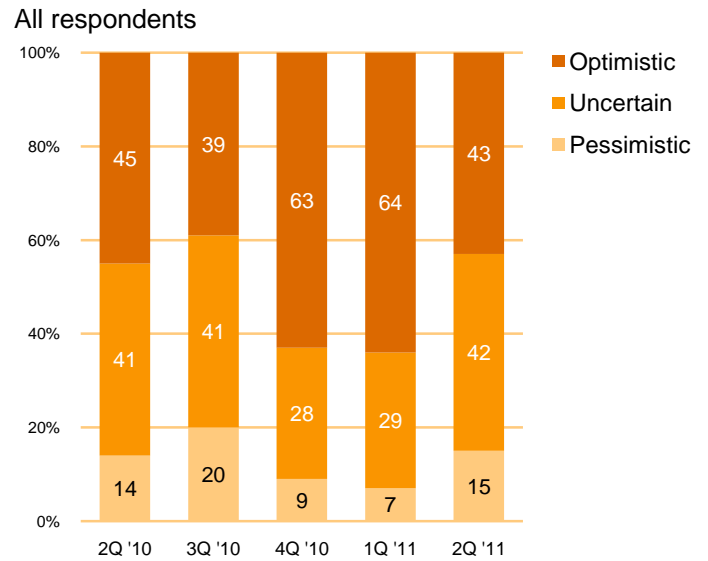
Note: In 2Q 2011 All respondents, n=240, Product companies, n=132, Service companies, n=108

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?

Looking ahead, the percentage of panelists who are optimistic about the US economy over the next 12 months dropped 21 points to 43 percent. Those expressing pessimism increased 8 points to 15 percent, and 42 percent said they were uncertain.

Chart 2.2 View of the US economy, next 12 months



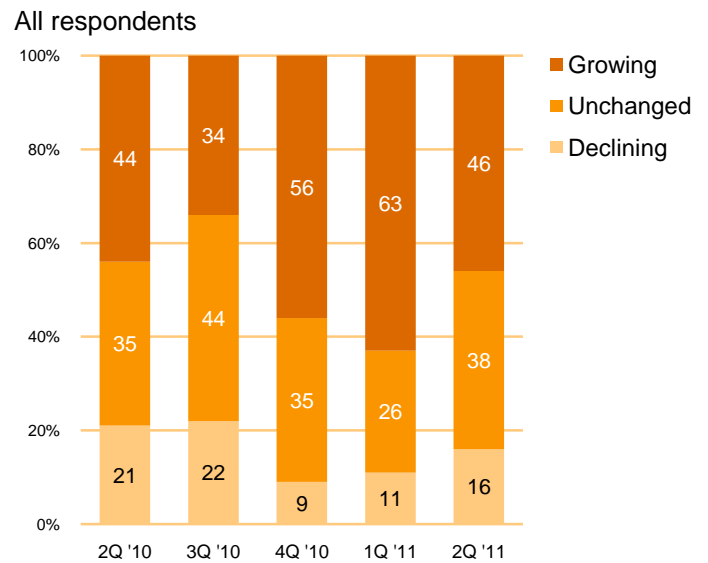
Note: In 2Q 2011 All respondents, n=240, Product companies, n=132, Service companies, n=108

View of the world economy, this quarter

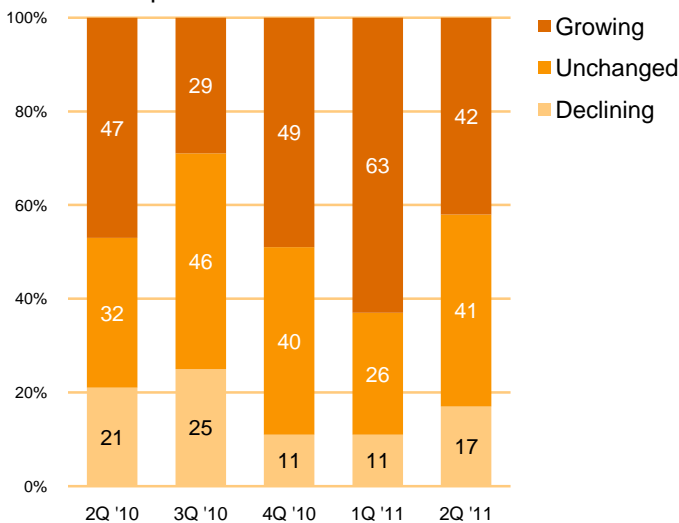
Which best describes your view of the world economy this quarter? (international marketers only)

In second-quarter 2011, 46 percent of respondents who market abroad viewed the world economy as growing, down 17 points from the previous quarter. Sixteen percent viewed the world economy as declining, and 38 percent viewed it as unchanged.

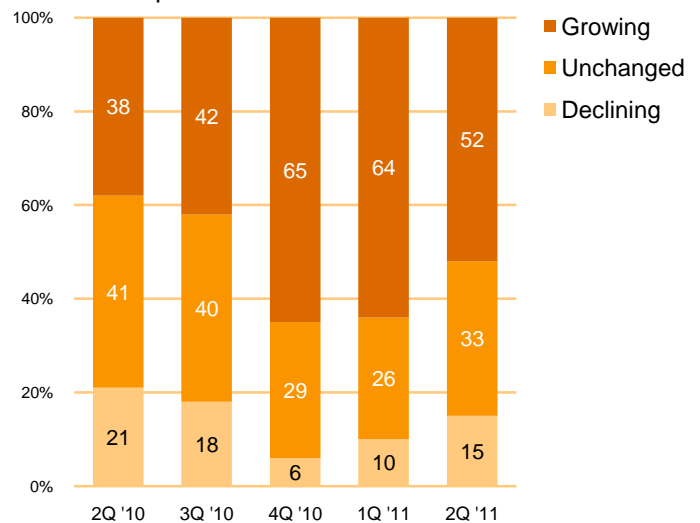
Chart 2.3 View of the world economy, this quarter



Product companies



Service companies



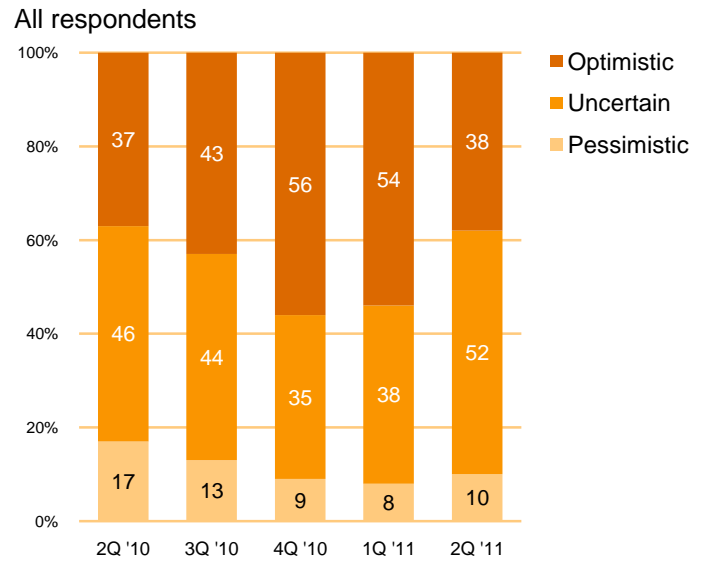
Note: In 2Q 2011 All international marketers, n=112, Product companies, n=66, Service companies, n=46

View of the world economy, next 12 months

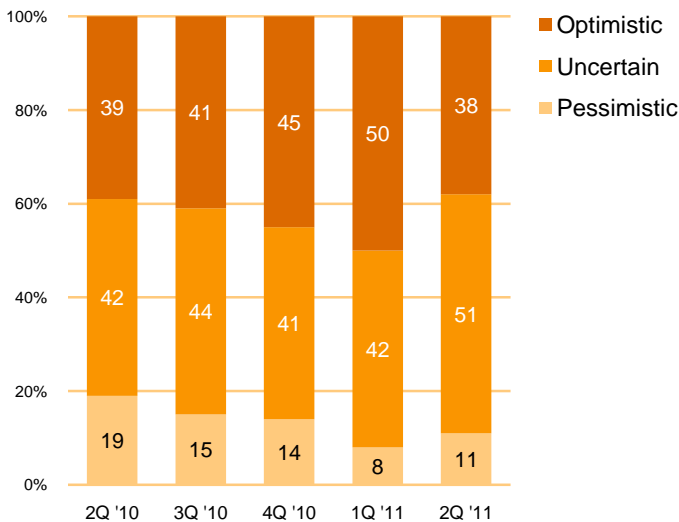
Looking ahead at the next 12 months, how do you feel about the prospects for the world economy? (international marketers only)

Of international marketers surveyed in the second quarter, 38 percent expressed optimism about the world economy's prospects over the next 12 months, down 16 points from the prior quarter. The percentage expressing pessimism inched up 2 points to 10 percent, and 52 percent were uncertain.

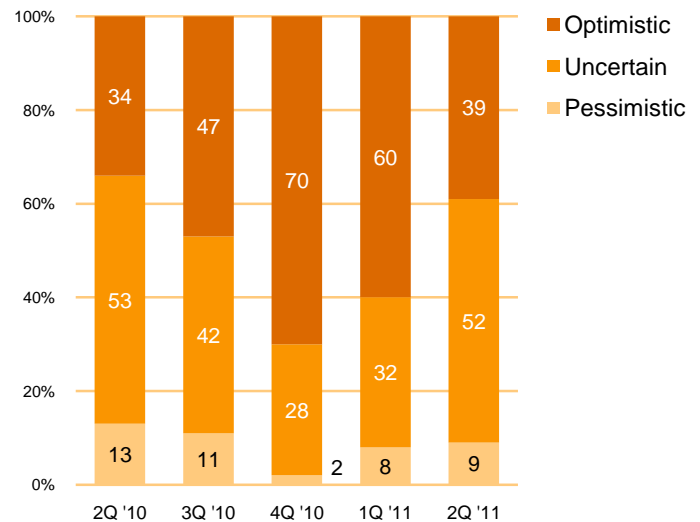
Chart 2.4 View of the world economy, next 12 months



Product companies



Service companies



Note: In 2Q 2011 All international marketers, n=112, Product companies, n=66, Service companies, n=46

Company performance

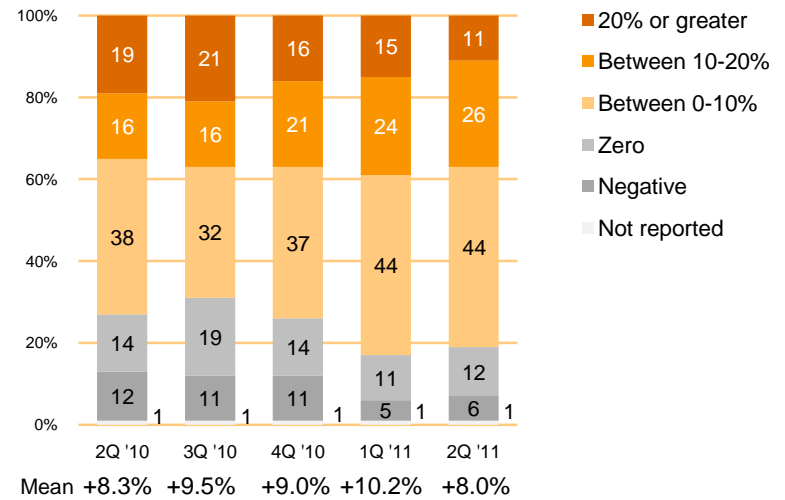
Company revenue growth, calendar year

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

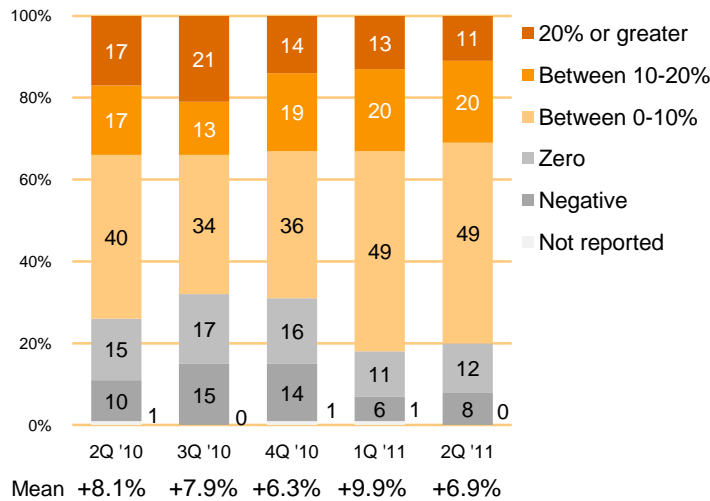
For calendar-year 2011, the composite average own-company growth estimate dropped from 10.2 percent in the first quarter to 8.0 percent in the second quarter. Of executive officers interviewed, 81 percent expected positive revenue growth through the calendar year, with 37 percent expecting double-digit growth and 44 percent single-digit growth. Only 6 percent expected negative revenue growth, 12 percent forecasted zero growth, and 1 percent did not respond.

Chart 3.1 Company revenue growth, calendar year

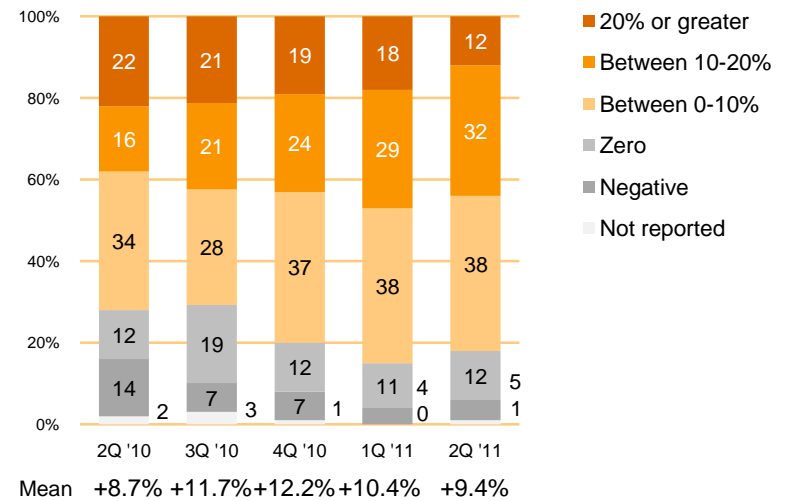
All respondents



Product companies



Service companies



Note: In 2Q 2011 All respondents, n=240, Product companies, n=132, Service companies, n=108

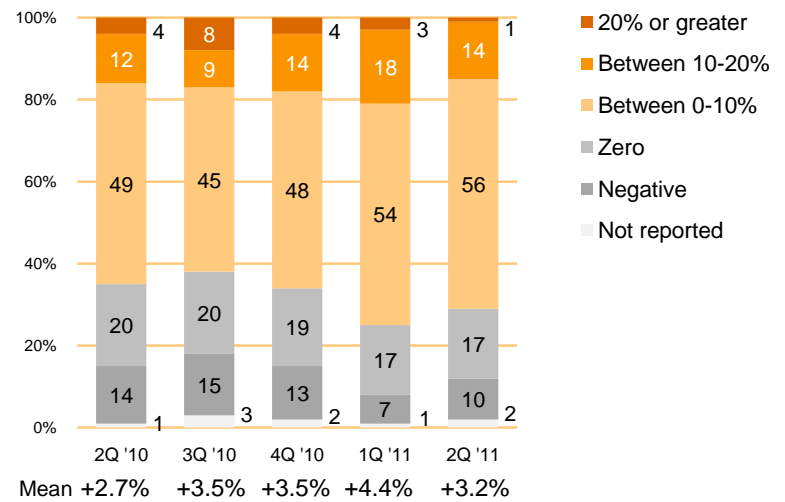
Industry growth, calendar year

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

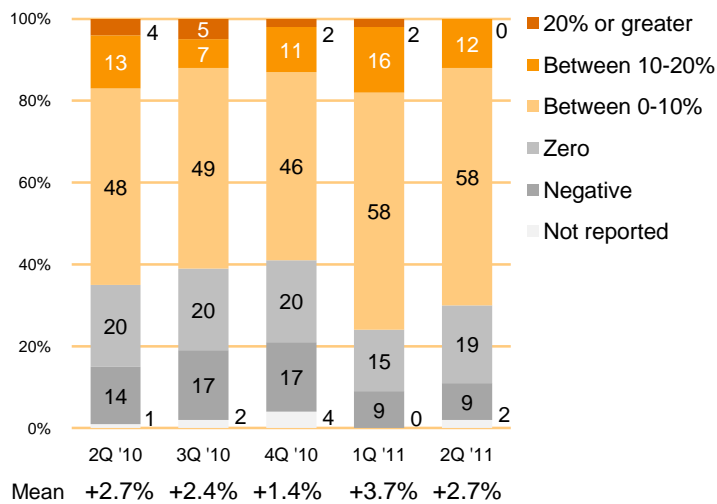
Industry sector growth projections for calendar-year 2011 averaged 3.2 percent in second-quarter 2011, down from an average 4.4 percent calendar-year projection in first-quarter 2011.

Chart 3.2 Industry growth, calendar year

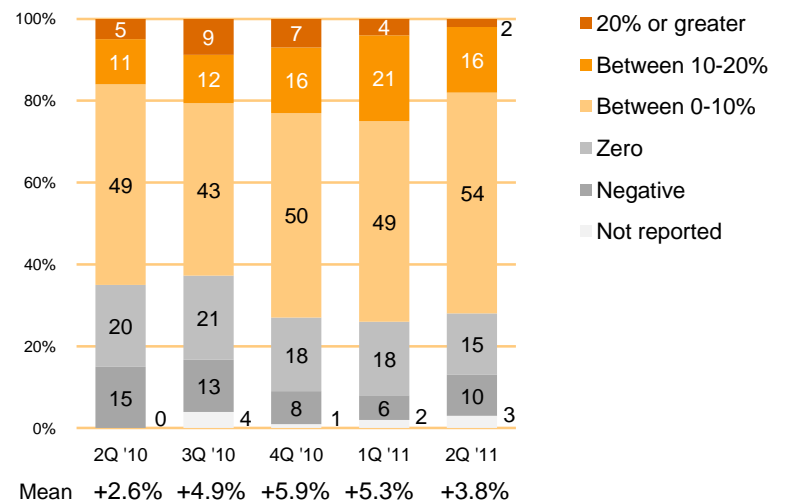
All respondents



Product companies



Service companies



Note: In 2Q 2011 All respondents, n=240, Product companies, n=132, Service companies, n=108

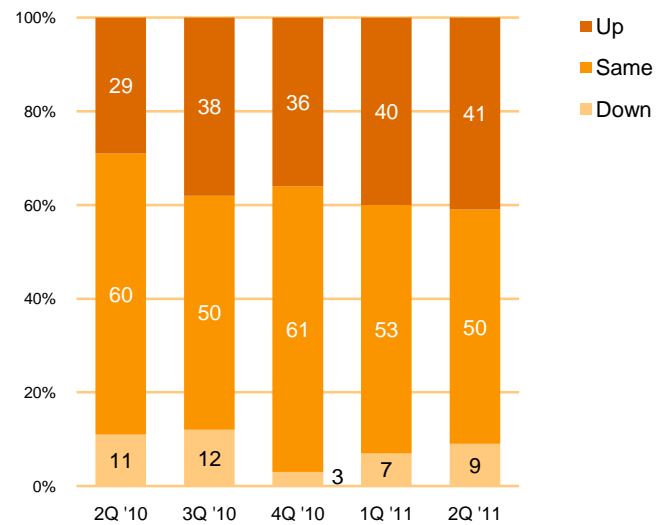
International sales

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

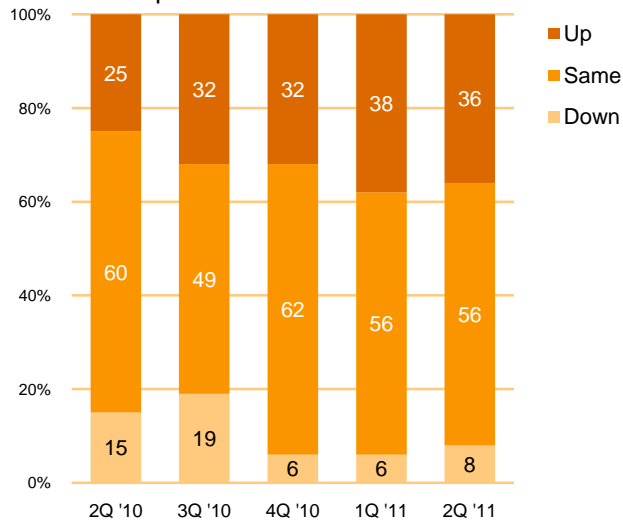
In the second quarter, 41 percent of international marketers increased sales abroad, up 1 point from the prior quarter and up 12 points from a year ago. Nine percent reported fewer sales, and 50 percent reported no change.

Chart 3.3 International sales

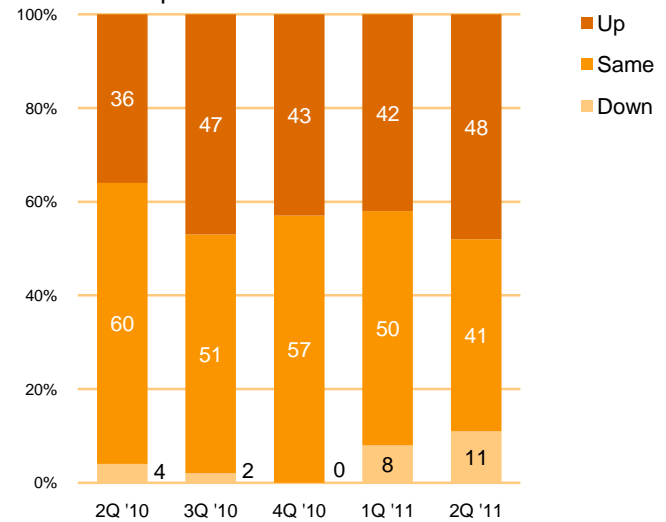
All respondents



Product companies



Service companies



Note: In 2Q 2011 All international marketers, n=112, Product companies, n=66, Service companies, n=46

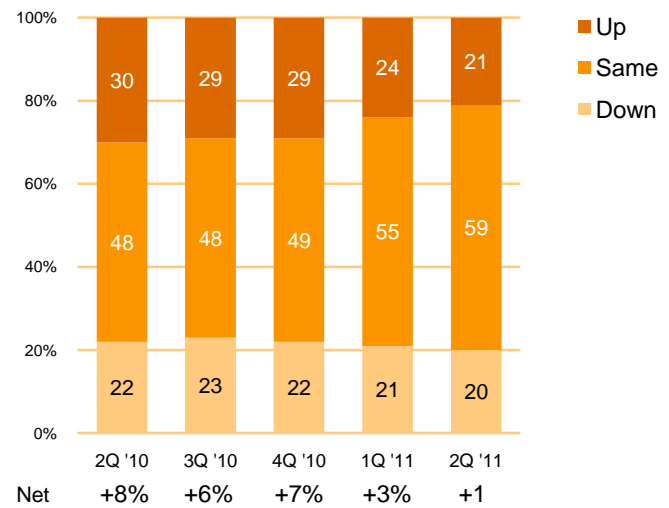
Changes in gross margins

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

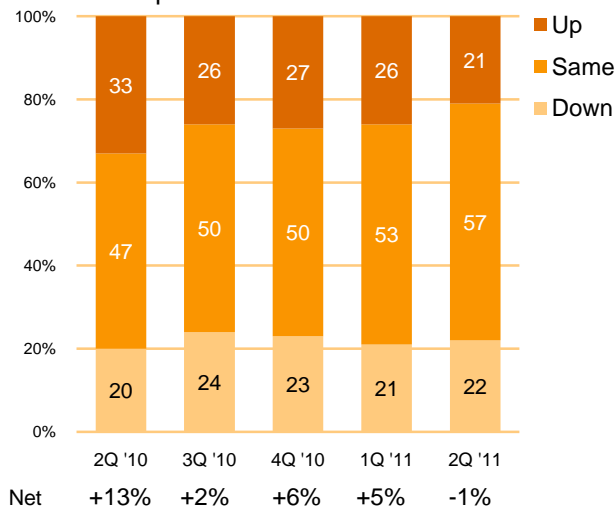
Gross margins were flat in the second quarter, as 21 percent reported higher margins and 20 percent reported lower margins, for a plus 1 percent net change, down 2 points from the previous quarter.

Chart 3.4 Changes in gross margins

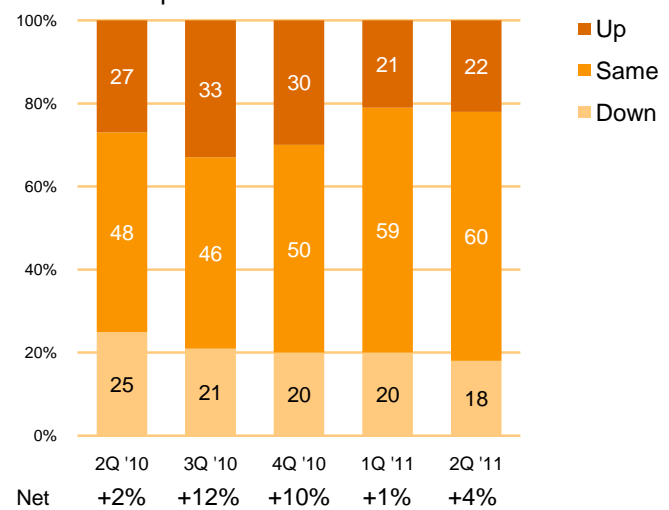
All respondents



Product companies



Service companies



Note: In 2Q 2011 All respondents, n=240, Product companies, n=132, Service companies, n=108

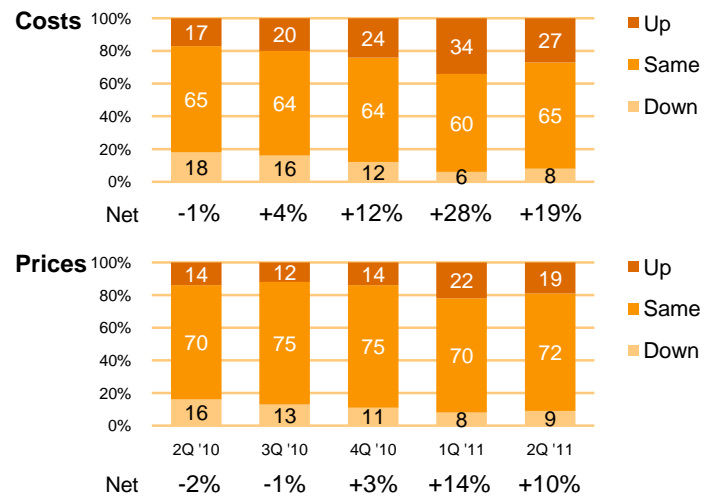
Changes in costs and prices

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

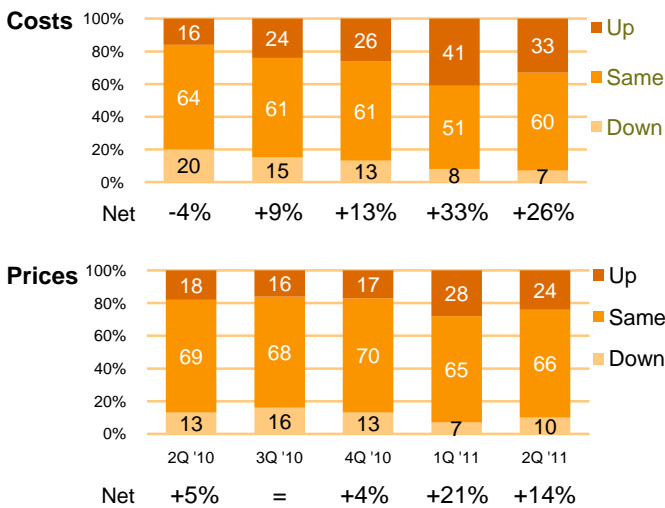
In second-quarter 2011, costs and prices continued to rise. Costs increased for a net 19 percent, as 27 percent reported higher costs and 8 percent reported lower costs. Prices were up for a net 10 percent, as 19 percent reported they were up and 9 percent said they were down.

Chart 3.5 Changes in costs and prices

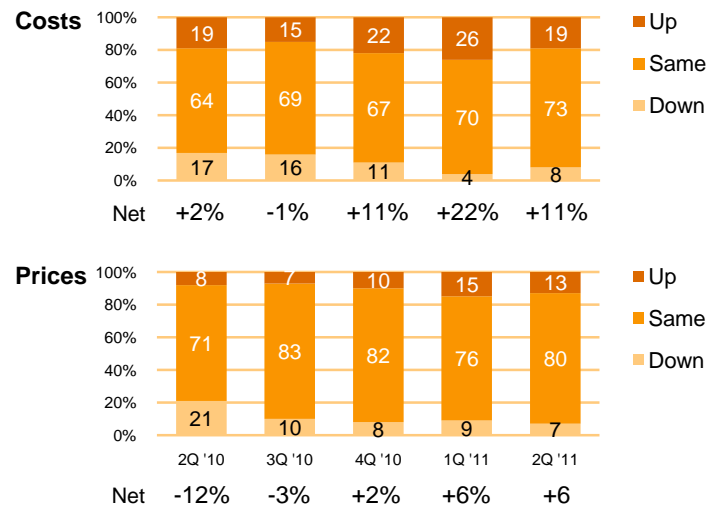
All respondents



Product companies



Service companies



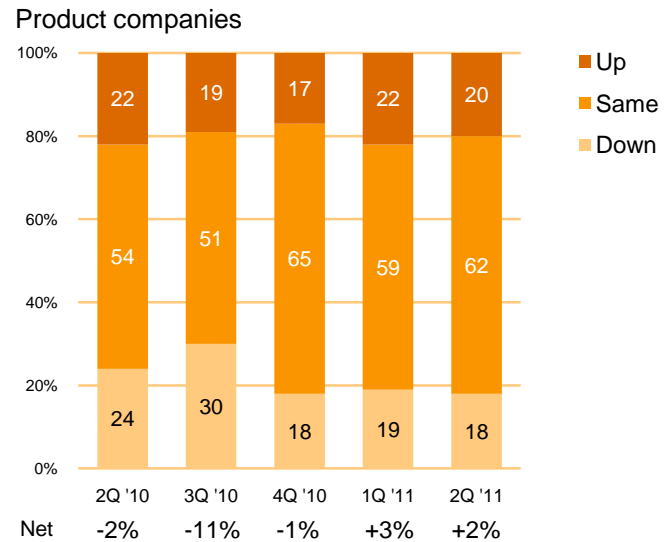
Note: In 2Q 2011 All respondents, n=240, Product companies, n=132, Service companies, n=108

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 up for 20 percent of product companies and down for 18 percent, with a net plus 2 percent reporting higher inventories. Sixty-two percent of respondents said their inventories remained about the same.

Chart 3.6 Finished inventories as a percent of sales



Note: In 2Q 2011 Product companies, n=132

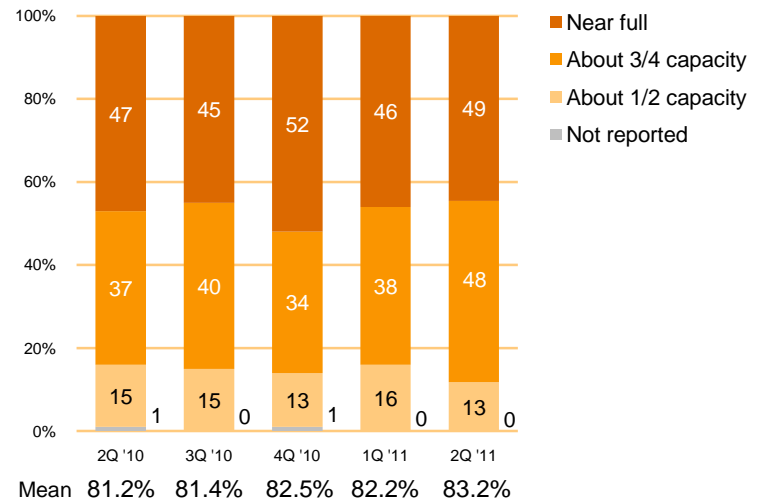
Level of operating capacity

What is your organization's current operating capacity?

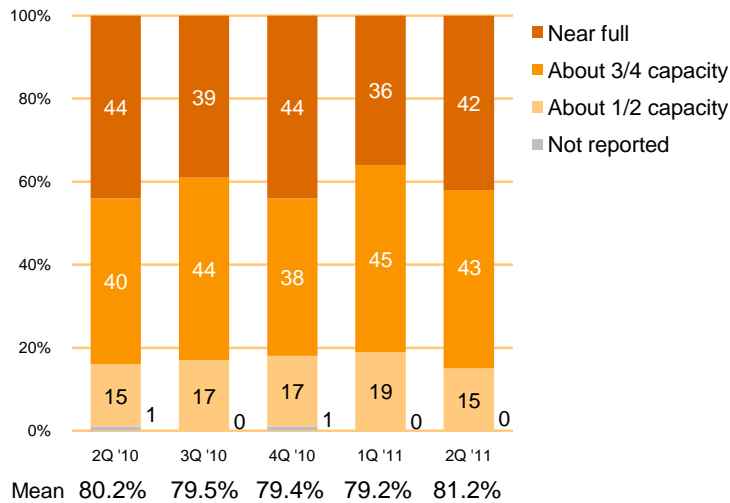
Operating capacity is an estimate of the current level of permanent staffing compared with what is needed for full-capacity output. In the second quarter, the average level of operating capacity for respondents was an estimated 83.2 percent, up 1 point from the prior quarter. Forty-nine percent reported near full capacity.

Chart 3.7 Level of operating capacity

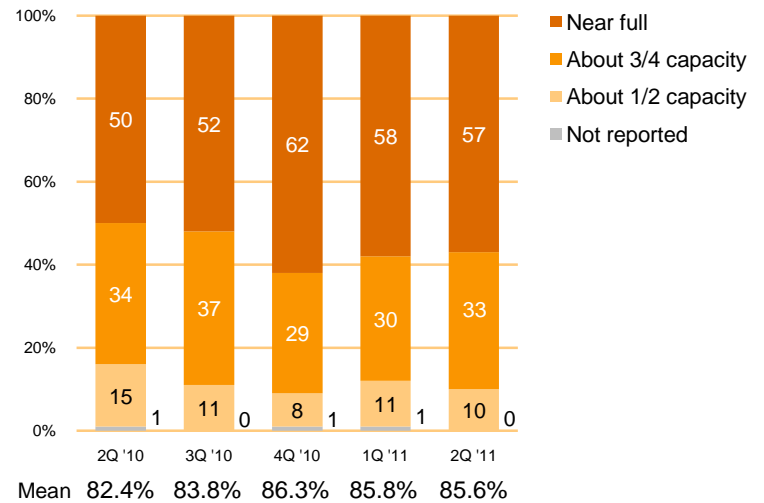
All respondents



Product companies



Service companies



Note: In 2Q 2011 All respondents, n=240, Product companies, n=132, Service companies, n=108

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?

In the second quarter, 8 percent of panelists reported financing activity. Seven percent reported new bank loans, same as the prior quarter. The mean interest rate paid on loans by these companies was 3.83 percent, 40 basis points lower than a year ago.

Chart 3.8 New bank loans, credit terms and financing

All respondents

	2Q '10	3Q '10	4Q '10	1Q '11	2Q '11
Any activity	7%	11%	8%	8%	8%
• New bank loans	6%	10%	7%	7%	7%
• New credit terms (suppliers)	2%	2%	1%	1%	1%
• All other new financing	1%	1%	1%	1%	1%
• Mean interest rate (all bank loans)	4.23%	4.08%	4.03%	3.81%	3.83%

Product companies

	2Q '10	3Q '10	4Q '10	1Q '11	2Q '11
Any activity	7%	12%	9%	8%	5%
• New bank loans	6%	10%	7%	6%	5%
• New credit terms (suppliers)	1%	3%	1%	1%	1%
• All other new financing	---	1%	2%	1%	0%
• Mean interest rate (all bank loans)	4.16%	4.07%	4.07%	3.67%	3.73%

Service companies

	2Q '10	3Q '10	4Q '10	1Q '11	2Q '11
Any activity	8%	10%	8%	8%	11%
• New bank loans	6%	10%	8%	7%	10%
• New credit terms (suppliers)	2%	---	1%	1%	1%
• All other new financing	3%	---	---	---	1%
• Mean interest rate (all bank loans)	4.30%	4.08%	4.00%	3.98%	3.94%

Note: In 2Q 2011 All respondents, n=240, Product companies, n=132, Service companies, n=108

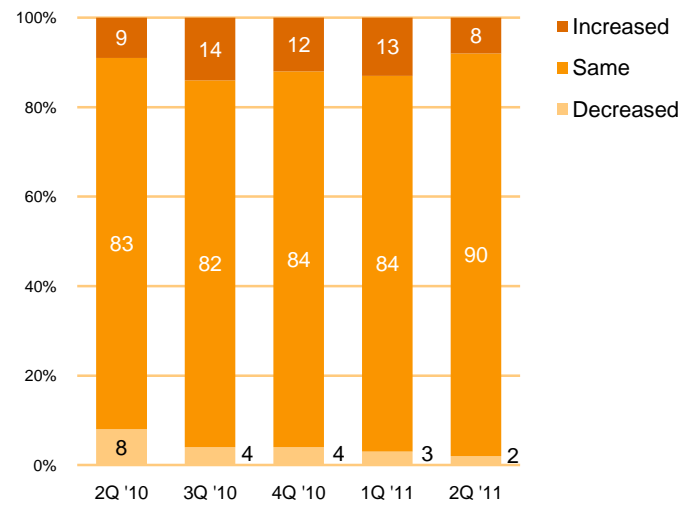
Change in credit availability

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

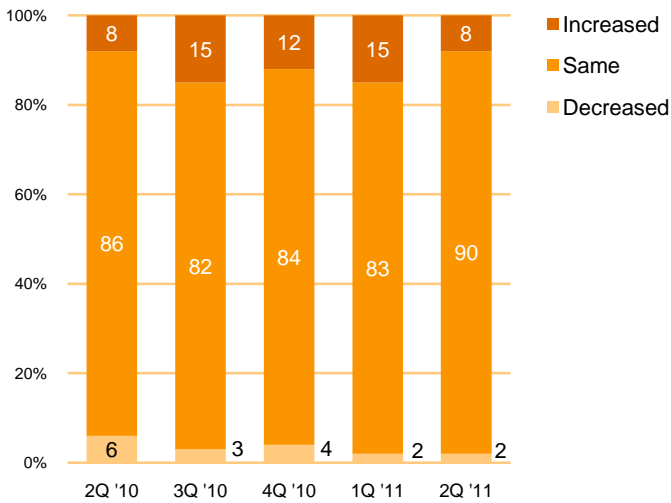
Credit availability was down in the second quarter, with only 8 percent of panelists reporting an increase. Only 2 percent reported a decrease, and 90 percent reported no change.

Chart 3.9 Change in credit availability

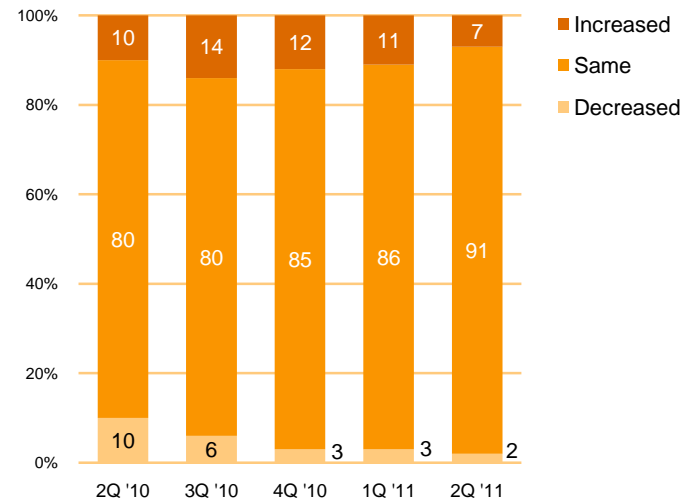
All respondents



Product companies



Service companies



Note: In 2Q 2011 All respondents, n=240, Product companies, n=132, Service companies, n=108

Business outlook, next 12 months

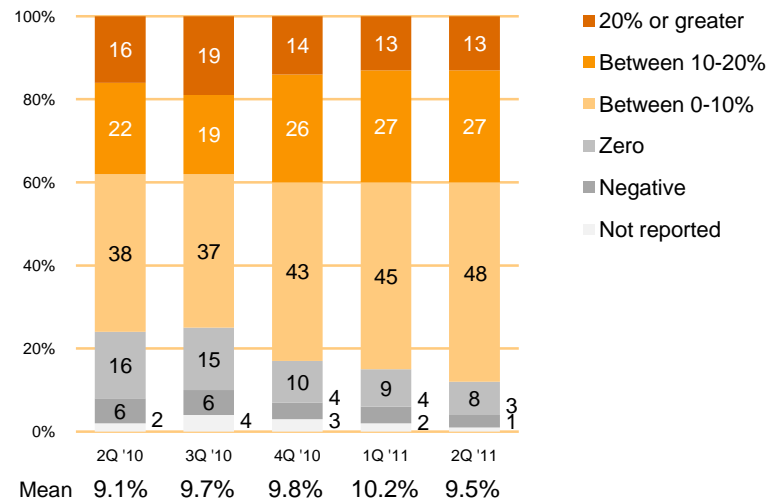
Revenue growth, next 12 months

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

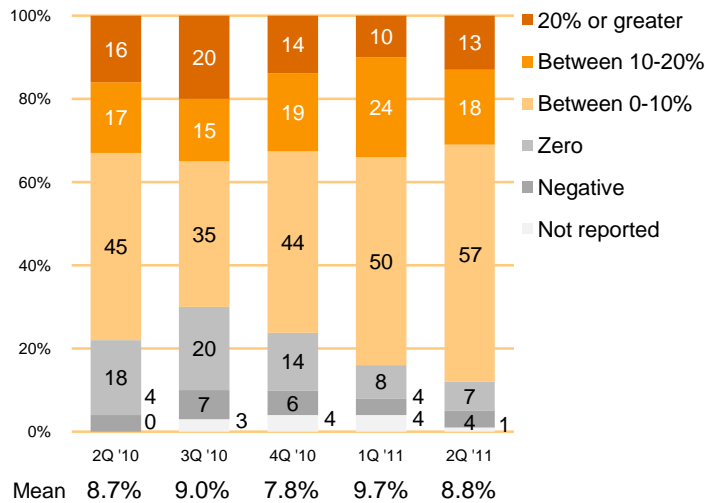
Respondents' projected average revenue growth rates for their own companies over the next 12 months decreased in the second quarter, dropping from 10.2 percent to 9.5 percent. Eighty-eight percent said they expected positive own-company growth, with 40 percent projecting double-digit revenue growth and 48 percent single-digit growth. Only 3 percent expected negative growth over the next 12 months, 8 percent expected zero growth, and 1 percent did not respond.

Chart 4.1 Revenue growth, next 12 months

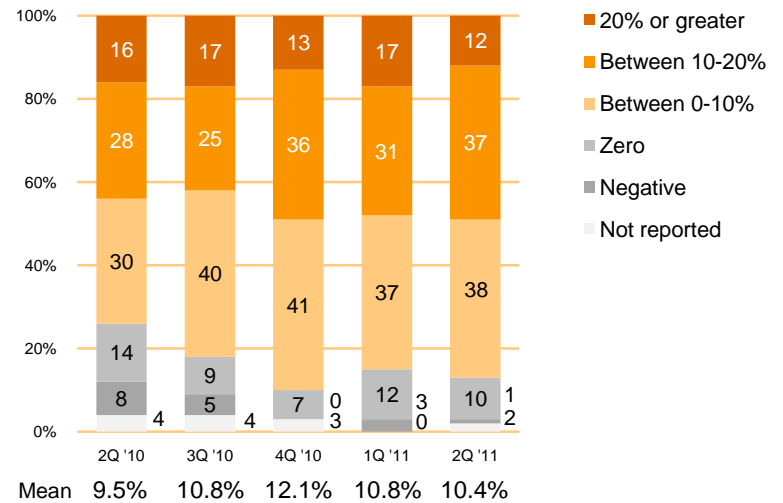
All respondents



Product companies



Service companies



Note: In 2Q 2011 All respondents, n=240, Product companies, n=132, Service companies, n=108

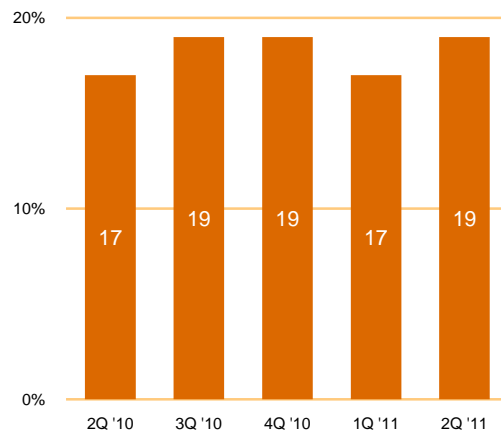
International sales, next 12 months

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

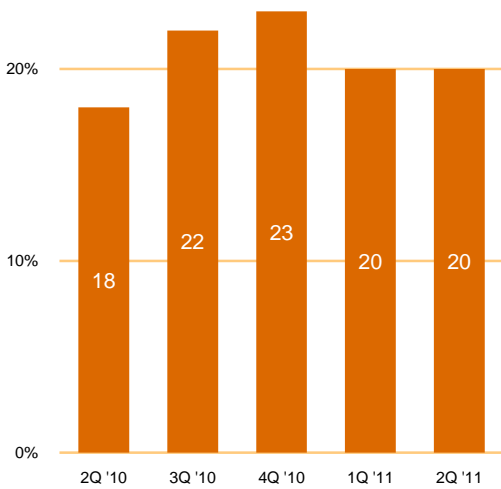
Panelists marketing abroad projected that the average contribution of international sales to total revenue over the next 12 months would be 19 percent, 2 points above both the prior quarter and a year ago.

Chart 4.2 International sales, next 12 months

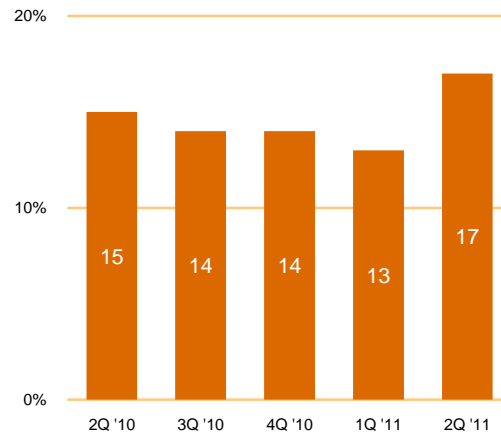
All respondents



Product companies



Service companies



Note: In 2Q 2011 All international marketers, n=112, Product companies, n=66, Service companies, n=46

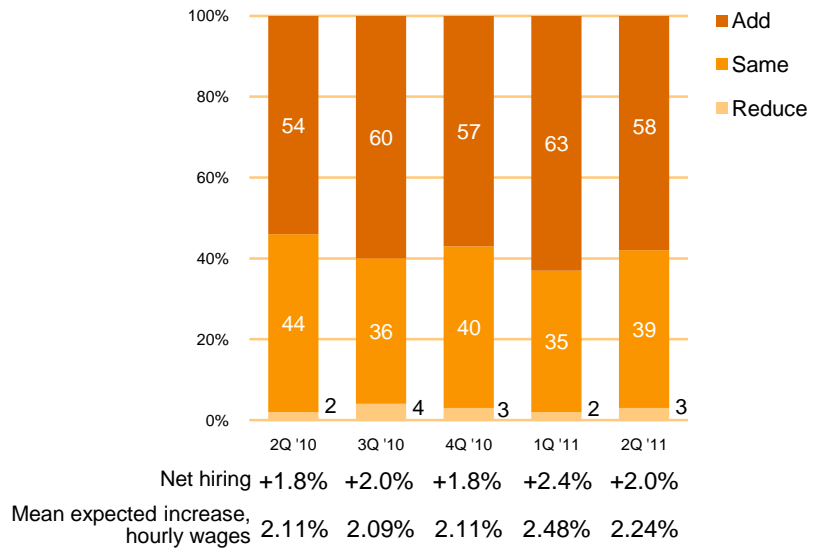
Percent planning to hire

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

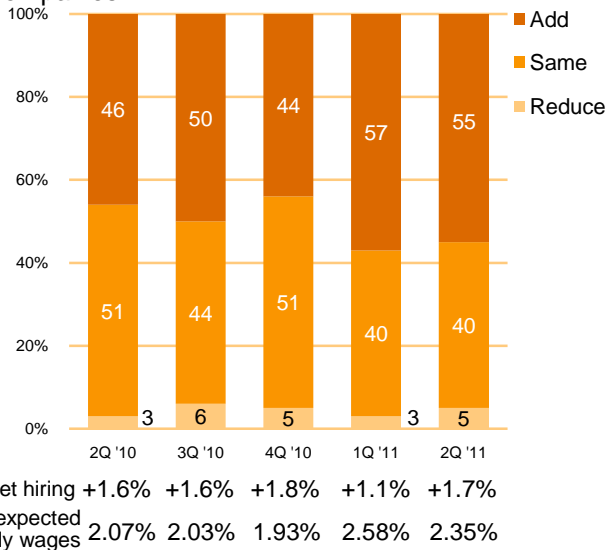
Looking ahead, 58 percent of panelists plan to add employees to their workforces over the next 12 months, down 5 points from 63 percent in the prior quarter. Only 3 percent plan to reduce workers, and 39 percent will stay about the same. An overall increase of 2.0 percent is planned for the panel's composite workforce, down from 2.4 percent last quarter.

Chart 4.3 Percent planning to hire

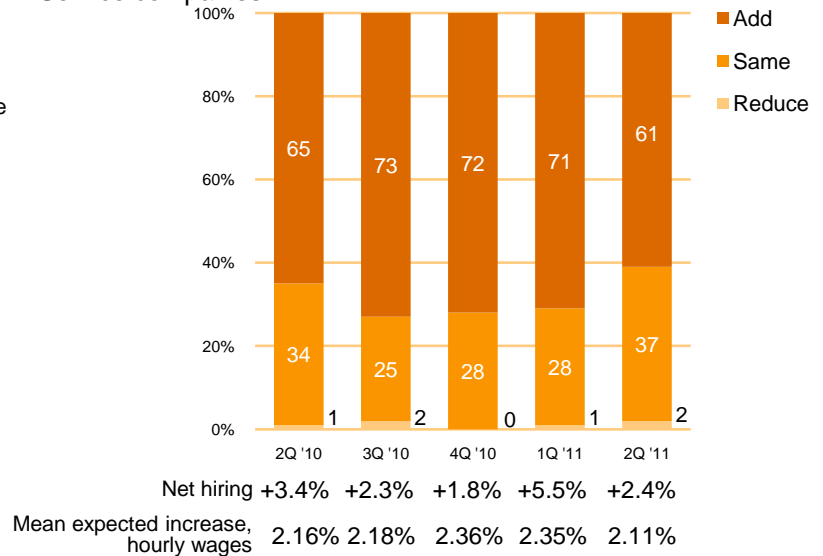
All respondents



Product companies



Service companies



Note: In 2Q 2011 All respondents, n=240, Product companies, n=132, Service companies, n=108

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, 31 percent of panelists will be looking primarily for professionals/technicians, down 7 points from last quarter. The percentage of panelists interested in hiring sales/marketing executives (20 percent) and production workers (12 percent) was also lower this quarter, down 4 and 8 points, respectively.

Chart 4.4 Percent planning to hire by type of employee

All respondents

	2Q '10	3Q '10	4Q '10	1Q '11	2Q '11
Planning to hire (net)	54%	60%	57%	63%	58%
• Professionals/technicians	31%	29%	32%	38%	31%
• Sales/marketing	17%	21%	23%	24%	20%
• White collar support	8%	18%	15%	19%	15%
• Production workers	13%	13%	15%	20%	12%
• Skilled labor	9%	10%	9%	12%	10%

Product companies

	2Q '10	3Q '10	4Q '10	1Q '11	2Q '11
Planning to hire (net)	45%	50%	44%	57%	55%
• Professionals/technicians	20%	21%	21%	30%	26%
• Sales/marketing	13%	17%	14%	18%	14%
• White collar support	6%	18%	10%	20%	15%
• Production workers	20%	18%	23%	28%	20%
• Skilled labor	12%	12%	8%	14%	12%

Service companies

	2Q '10	3Q '10	4Q '10	1Q '11	2Q '11
Planning to hire (net)	65%	73%	72%	71%	61%
• Professionals/technicians	47%	40%	46%	47%	38%
• Sales/marketing	22%	26%	33%	30%	28%
• White collar support	10%	17%	21%	18%	15%
• Production workers	5%	7%	6%	10%	3%
• Skilled labor	6%	6%	10%	10%	8%

Note: In 2Q 2011 All respondents, n=240, Product companies, n=132, Service companies, n=108

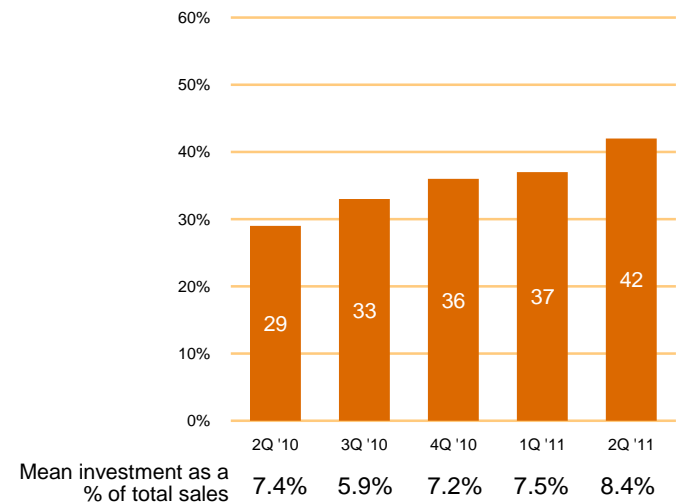
Percent planning major new investments of capital

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?

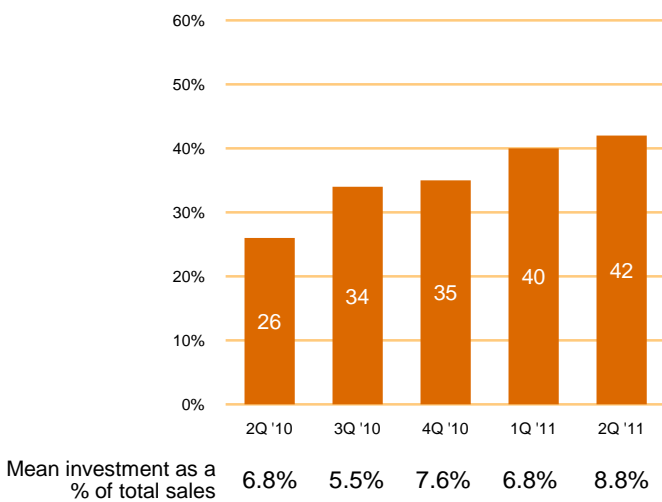
Over the next 12 months, 42 percent of those surveyed are planning for major new investments of capital for business growth, up 5 points from the prior quarter. A year ago, only 29 percent were planning major new investments of capital. The mean level of investment is notably higher than the previous quarter, jumping from 7.5 percent to 8.4 percent of sales.

Chart 4.5 Percent planning major new investments of capital

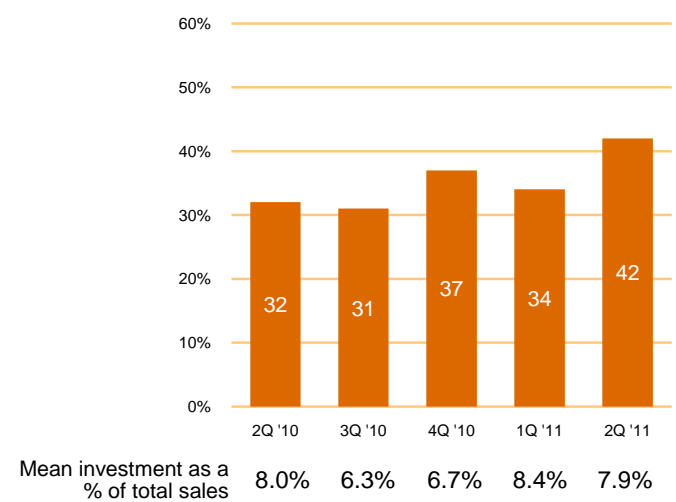
All respondents



Product companies



Service companies



Note: In 2Q 2011 All respondents, n=240, Product companies, n=132, Service companies, n=108

Percent planning to increase operational spending

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

In the second quarter, 73 percent of panelists were planning to increase operational spending over the next 12 months, up 3 points from the previous quarter. Information technology and new product or service introductions will lead the way in budget increases, followed by marketing and sales promotion. Geographic expansion was up 3 points to 24 percent, while R&D dropped 4 points from the prior quarter to 12 percent.

Product companies

	2Q '10	3Q '10	4Q '10	1Q '11	2Q '11
Percent planning to increase spending (net)	59%	63%	74%	65%	70%
• Information technology	25%	24%	29%	37%	36%
• New product or service introduction	25%	28%	31%	29%	32%
• Marketing & sales promotion	15%	19%	26%	25%	27%
• Geographic expansion	16%	13%	21%	20%	21%
• Facilities expansion	17%	19%	26%	21%	25%
• Advertising	11%	19%	19%	25%	20%
• Business acquisition	13%	12%	15%	18%	20%
• Research and development	13%	15%	14%	18%	14%
• Internet commerce	5%	4%	4%	3%	6%

Chart 4.6 Percent planning to increase operational spending

All respondents

	2Q '10	3Q '10	4Q '10	1Q '11	2Q '11
Percent planning to increase spending (net)	58%	63%	74%	70%	73%
• Information technology	26%	25%	32%	40%	36%
• New product or service introduction	25%	26%	31%	32%	33%
• Marketing & sales promotion	16%	24%	27%	25%	28%
• Geographic expansion	17%	16%	23%	21%	24%
• Facilities expansion	17%	18%	25%	21%	23%
• Advertising	12%	15%	20%	23%	22%
• Business acquisition	17%	13%	15%	19%	20%
• Research and development	12%	13%	11%	16%	12%
• Internet commerce	5%	3%	6%	5%	6%

Service companies

	2Q '10	3Q '10	4Q '10	1Q '11	2Q '11
Percent planning to increase spending (net)	57%	64%	74%	76%	76%
• Information technology	29%	27%	35%	43%	35%
• New product or service introduction	25%	25%	32%	35%	34%
• Marketing & sales promotion	16%	31%	28%	26%	29%
• Geographic expansion	18%	19%	27%	22%	28%
• Facilities expansion	17%	17%	23%	21%	20%
• Advertising	13%	11%	21%	21%	25%
• Business acquisition	22%	14%	16%	20%	20%
• Research and development	11%	11%	7%	12%	9%
• Internet commerce	6%	2%	7%	8%	6%

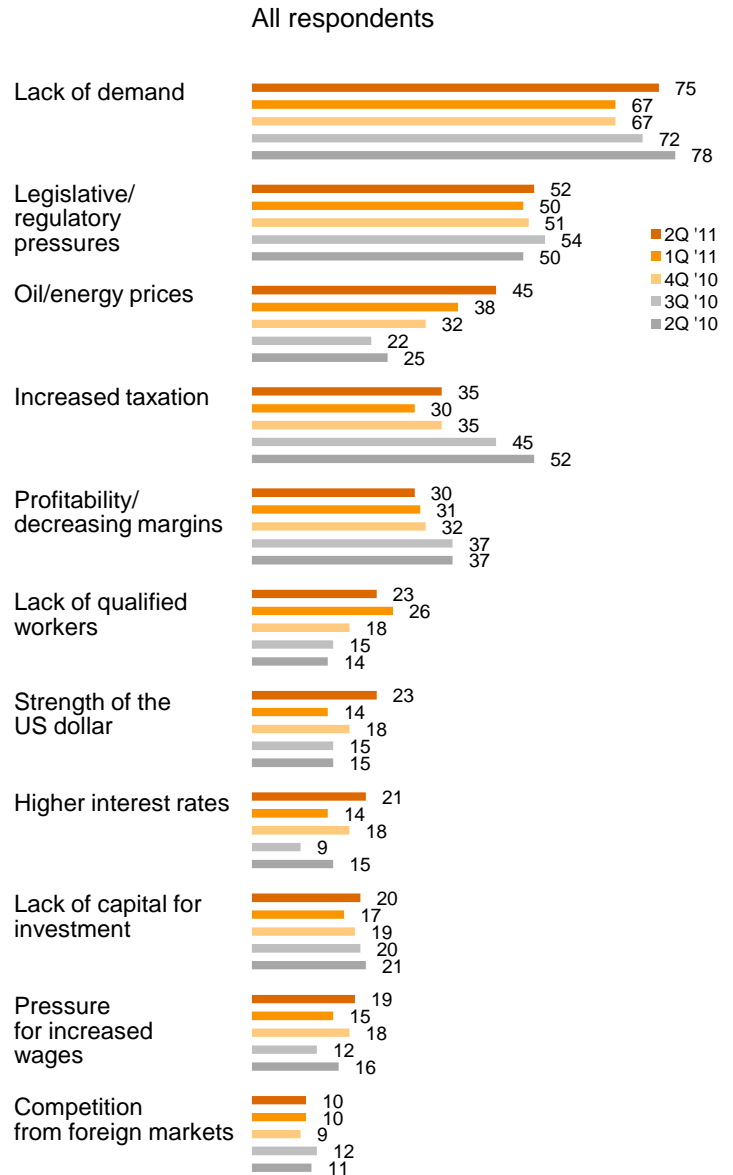
Note: In 2Q 2011 All respondents, n=240, Product companies, n=132, Service companies, n=108

Expected barriers to business growth

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

Lack of demand remained the most-cited hurdle to business growth over the next 12 months, jumping 8 points to 75 percent. Fifty-two percent of panelists said legislative/regulatory pressures might be a barrier. The percentage of those concerned about oil/energy prices climbed 7 points to 45 percent. Other perceived obstacles to growth included the strength of the US dollar (9 percent of panelists) and higher interest rates (21 percent), up 9 points and 7 points, respectively.

Chart 4.7 Expected barriers to business growth



Note: In 2Q 2011 All respondents, n=240

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 at the next 12 months, 62 percent of respondents said they expected to participate in new business initiatives, up 8 points from the prior quarter. Overall, the most prevalent expected initiatives included new strategic alliances, which climbed 10 points, as well as new joint ventures, purchases of another business, expansion to new markets abroad, and restructuring of debt.

Product companies

	2Q '10	3Q '10	4Q '10	1Q '11	2Q '11
New business initiatives (net)	36%	54%	55%	48%	59%
• New strategic alliance	18%	29%	22%	21%	34%
• New joint venture	14%	23%	20%	17%	26%
• Purchase of another business	13%	15%	18%	14%	21%
• Expand to new markets abroad	12%	15%	18%	14%	17%
• Restructure debt	11%	8%	11%	14%	13%
• Bring in new partners	5%	7%	10%	9%	7%
• Sale part/all of own business	5%	3%	4%	4%	2%
• “Angel” investors	7%	7%	5%	6%	6%
• Private placement	1%	---	---	---	2%
• New facilities abroad	4%	4%	8%	4%	7%
• Venture capital	2%	1%	4%	1%	1%
• IPO offering	---	2%	1%	1%	---

Chart 4.8 Plans for M&A and other business initiatives

All respondents

	2Q '10	3Q '10	4Q '10	1Q '11	2Q '11
New business initiatives (net)	43%	56%	59%	54%	62%
• New strategic alliance	19%	33%	28%	26%	36%
• New joint venture	18%	21%	20%	19%	23%
• Purchase of another business	16%	16%	18%	17%	20%
• Expand to new markets abroad	14%	15%	19%	15%	18%
• Restructure debt	9%	7%	10%	12%	13%
• Bring in new partners	8%	9%	11%	11%	11%
• Sale part/all of own business	5%	5%	6%	5%	6%
• “Angel” investors	7%	6%	5%	5%	5%
• Private placement	1%	1%	2%	3%	4%
• New facilities abroad	3%	2%	5%	3%	4%
• Venture capital	2%	2%	4%	1%	2%
• IPO offering	---	2%	1%	1%	1%

Service companies

	2Q '10	3Q '10	4Q '10	1Q '11	2Q '11
New business initiatives (net)	52%	58%	63%	61%	66%
• New strategic alliance	22%	37%	34%	32%	38%
• New joint venture	22%	18%	21%	21%	20%
• Purchase of another business	18%	18%	19%	21%	20%
• Expand to new markets abroad	16%	15%	20%	17%	19%
• Restructure debt	8%	5%	9%	10%	12%
• Bring in new partners	13%	12%	13%	12%	16%
• Sale part/all of own business	5%	7%	8%	6%	10%
• “Angel” investors	6%	6%	5%	3%	5%
• Private placement	2%	2%	4%	6%	7%
• New facilities abroad	2%	--	2%	1%	1%
• Venture capital	2%	5%	3%	---	3%
• IPO offering	1%	2%	1%	1%	1%

Note: In 2Q 2011 All respondents, n=240, Product companies, n=132, Service companies, n=108

Survey demographics and research methodology

Demographics

Who	Leading privately held businesses in the US		
Interview dates	April 28, 2011 to July 22, 2011		
	All (240)	Product (132)	Service (108)
Average number of employees	1,061	1,098	1,017
Average business unit revenues	\$192.8 million	\$239.8 million	\$134.9 million
Average enterprise revenues	\$293.1 million	\$383.8 million	\$181.0 million
5-year growth rate	71%	81%	61%
Industry sectors	Products 55% Manufacturing 28% Trade/Distribution 15% All other 12% Services 45%		

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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About the research:

The Private Company Trendsetter Barometer is one in a series of quarterly business outlook surveys from PwC. The survey provides a view on the 12-month outlook for revenue growth, new investments, new hiring plans, emerging business barriers and more. In addition to the business outlook, we hear from our panelists about special issues they face as the business climate changes. Results of the quarterly business outlook surveys and special issue surveys are available from www.pwc.com/us/pcs and www.barometersurveys.com.

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