



*Stabilize and Grow Businesses*

R E V E N U E   G R O W T H   &   R E F I N A N C I N G   S E R V I C E S

## Why Mid-Market Companies Deal with the Tough Times Differently

By Stuart Morley MBA



There is considerable media coverage of large public companies and small mom and pop businesses but very little coverage of mid-market companies that are key players in every sector of the economy. What do we mean by mid-market companies? Well there several indicators of mid-market including: the number of employees, annual sales and market position.

In Canada a mid-market company normally refers to a company with somewhere between 100-499 according to IPSO and although they only represents about 2% of Canadian businesses they are big spenders when it comes to things like Information Technology accounting for nearly half of all annual Information Technology spending in Canada.

Another way of identifying mid-market companies is they have sales of \$5 million to \$100 million as reported in a study in the US conducted in 2008 by the Indiana Chamber of Commerce Foundation. This study found that these mid-market companies represented 3% of the number of businesses but accounted for 30% of the jobs.

IBM in their 2009 study, defined mid-market companies as having 100 to 1,000 employees while a study by SAP defined mid-market in the US as firms earning between \$30 million and \$500 million. The SAP study found that mid-market companies comprised 1% of the number of all US companies and generates nearly 30% of corporate revenues.

In the UK the Ministry of Industry and Trade uses 50-249 as the number of employees to define a mid-sized firm. This definition indicated that 2% of the firms employed 14% of the workforce and provided 16% of the annual sales.

Therefore mid-market can refer to companies with as few as 50 employees to as many as 1,000 employees or annual sales as low as \$5 million to as high as \$500 million. We find most studies narrow the range of employees to 50 to 500 employees as being mid-market or annual sales of between \$5 million and \$100 million.

Large competitors, especially public companies have a considerable advantage over mid-market companies as they have more influence on market prices, find it easier to attract and retain talented staff, or secure financing and negotiate supplier discounts on more attractive terms than mid-market companies.

Mid-market organizations also have disadvantages compared to smaller companies who can react quickly to changing markets. Therefore, mid-market companies often survive in markets where taking the long term view is a priority rather than short term profits.

Many mid-market companies enjoy a long term view because they have found protected market niches or have been able to find ways to survive by changing slowly. However with the increasing volatility in the global economy, few mid-market companies have the luxury to change slowly. We see a mad scramble by these small mid-market management teams in recent years to find ways to change more quickly to cope with the volume of additional work that market changes have thrust upon them!

### **About the Author**

Stuart Morley MBA is a world renown expert to mid-market companies during their restructuring phase. Find more information on this website includes video clips, articles and order his recently co-authored book.