



MIDDLE MARKET SURVEY 2020

*The next level
of service*



From our CEO

Steven McCarty, UHY Advisors Chairman and CEO

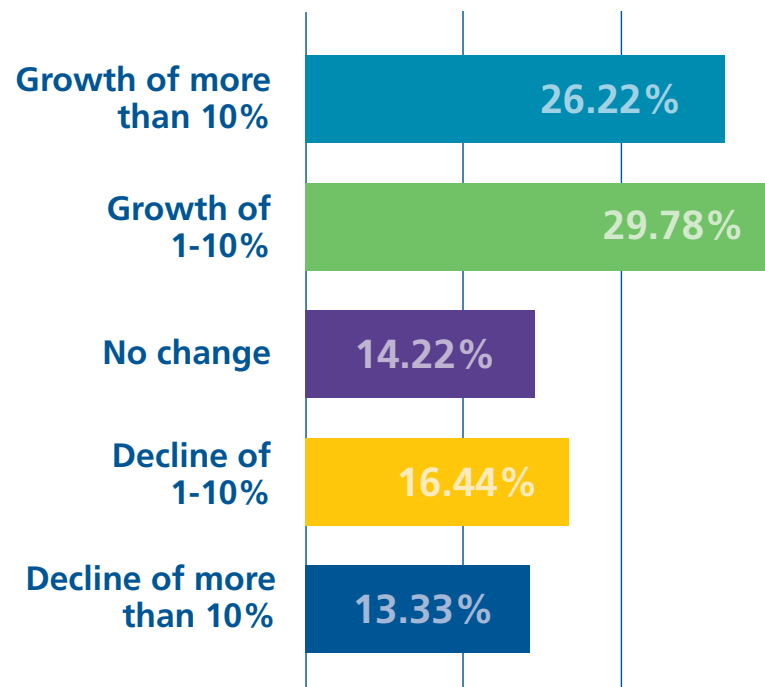


Perspective from fellow business leaders during challenging times may help validate or incubate strategic planning concepts. This year's UHY Middle Market Survey focuses on business performance, strategy, preparation, and execution. Use the results of this survey to have deep discussions with your most trusted advisors as we work together through this pandemic and its related economic challenges. **#UhyTOGETHER**





What level of revenue growth or decline do you expect over the next 12 months?



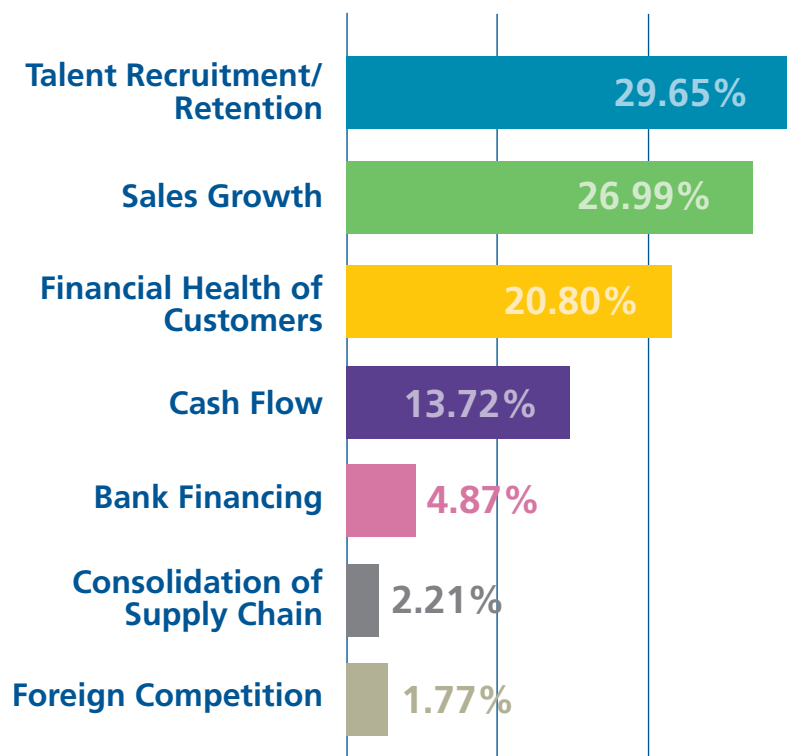
“The majority of our respondents are expecting to recover and grow next year. Middle Market entrepreneurs have once again proven to be resilient even in the toughest of times. At UHY we strategize with business owners to capitalize on operating efficiencies, increase your bottom line, and preserve the wealth you have accumulated.”



Stephen Wolf
UHY Audit and Assurance
Mid Atlantic Region



What do you see as your company's biggest challenge over the next 12 months?



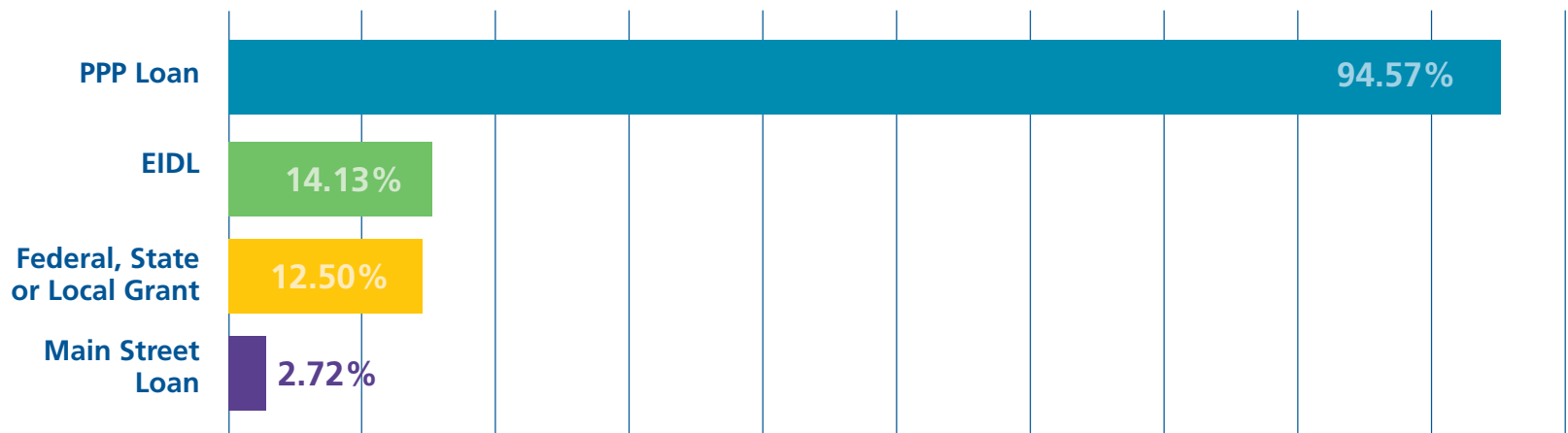
“ Workforce issues continue to present challenges for Middle Market businesses. Often clients need assistance with projects or to smooth peak workloads frequently experienced at year-end. Working remotely has also created stress on internal controls and meeting year-end bank reporting timeline covenants. UHY's Resource Solutions Group secures credentialed finance professionals, typically within 2 business days of receiving a client's request. ”



Stephanie Rosenbaum
UHY Resource Solutions
Great Lakes Region



During the pandemic did your business receive a: (check all that apply)



“ UHY is a leader on PPP loan support and education. Our Crisis Management team worked day and night interpreting technical modifications and helping businesses get financial support to stay afloat. We are actively working with clients right now to maximize loan forgiveness and properly calculate qualifying expenses. Don't submit your forgiveness application without our review. ”



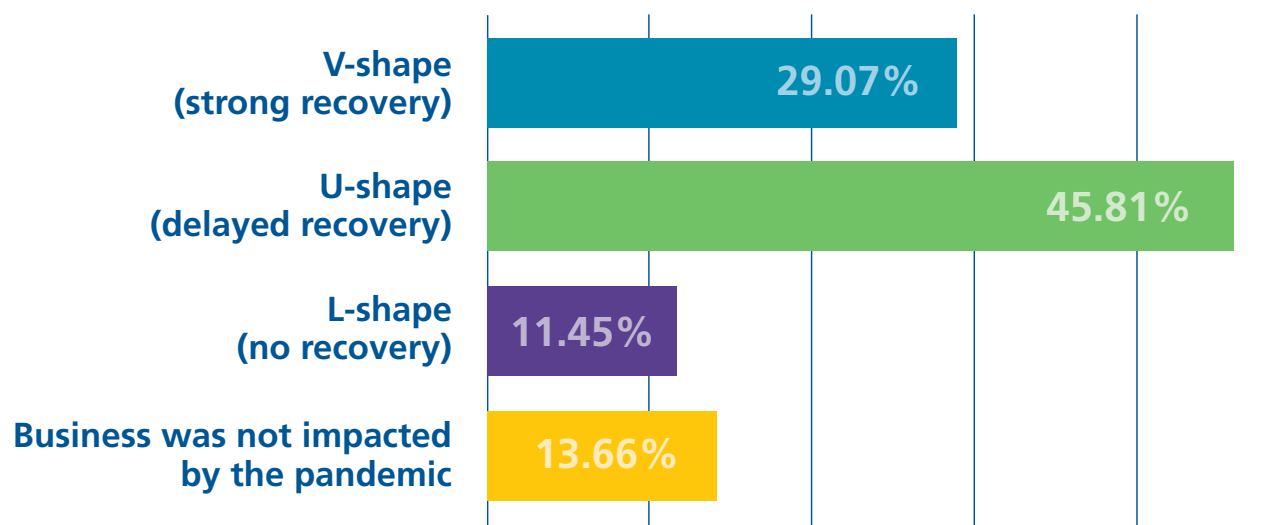
Steven Pinsky
UHY Advisory
Northeast Region



Todd Bensley
National Tax Director



What kind of recovery is your business experiencing?



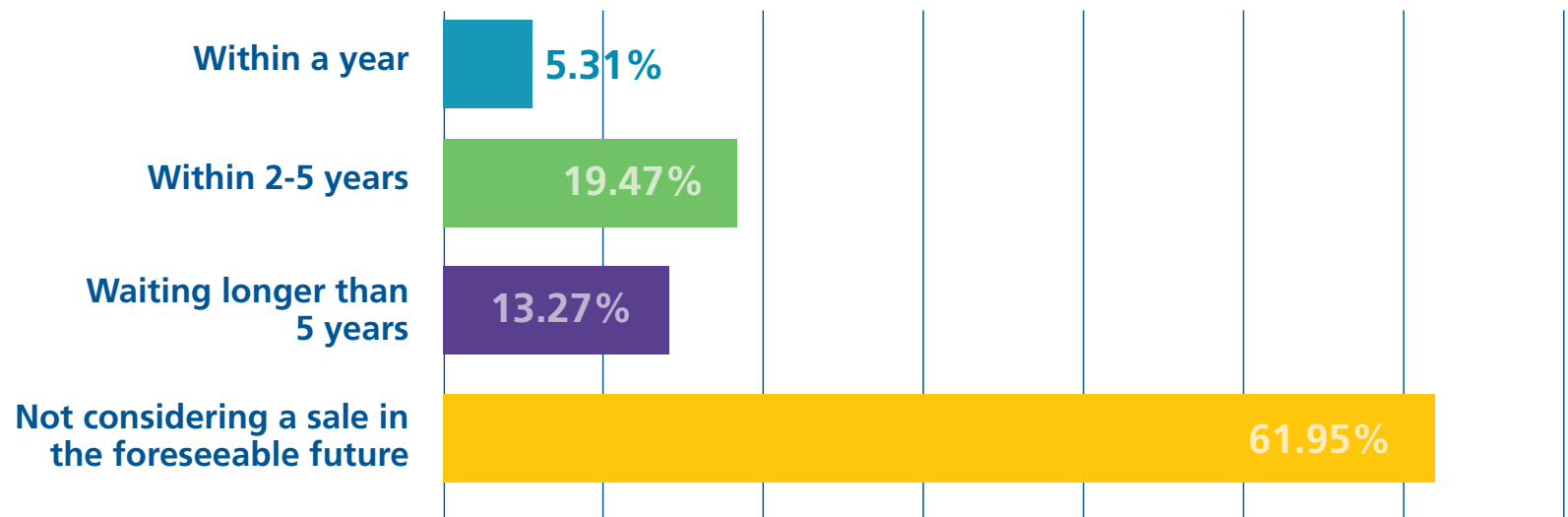
“Our Financial Due Diligence teams are witnessing a dramatic increase in Quality of Earnings requests from both financial and strategic investors. This is often a leading indicator to a very active deal market. We have been effective at honing in on normalized run-rate performance results for our clients as well as isolating the impacts of this episodic pandemic on historical EBITDA.”



Christina Anibal
UHY Corporate Finance



If you are considering the sale of your business, when do you plan to exit?



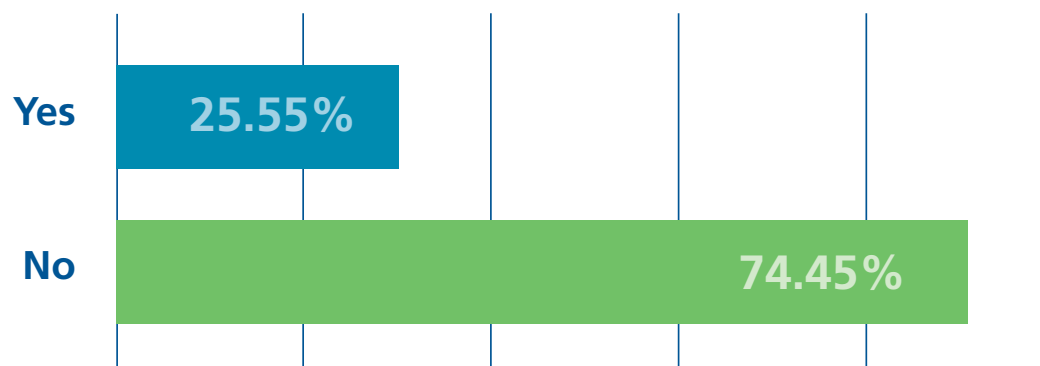
“ There is a perception given the current economic uncertainty that now is not a good time to sell a business. It is actually an incredible time for a liquidity event! Buyers with a long-term view of value are looking past pandemic-related performance declines, and are in bidding wars for great businesses. UHY Corporate Finance has closed 7 deals and counting during this pandemic chapter, all of which closed at very attractive, pre-pandemic valuations, even those that were completely shut down at the time of closing. Great deals are getting done for sellers in this market! ”



Jeremy Falendysz
UHY Corporate Finance



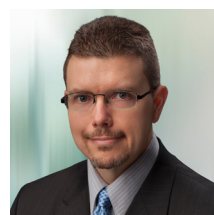
Have you taken advantage of potential lower business valuations to favorably capture strategic estate planning opportunities?



“2020 has been a challenging year, however, it has also provided an opportunity unlikely to repeat: Given political uncertainty, the current estate tax exemption is at risk. Future transfers may be subject to a much lower exemption. When combined with COVID-19’s downward effect on business values, families and business owners have a unique opportunity to transfer a greater share of their wealth, tax-free, before valuations rebound next year.”



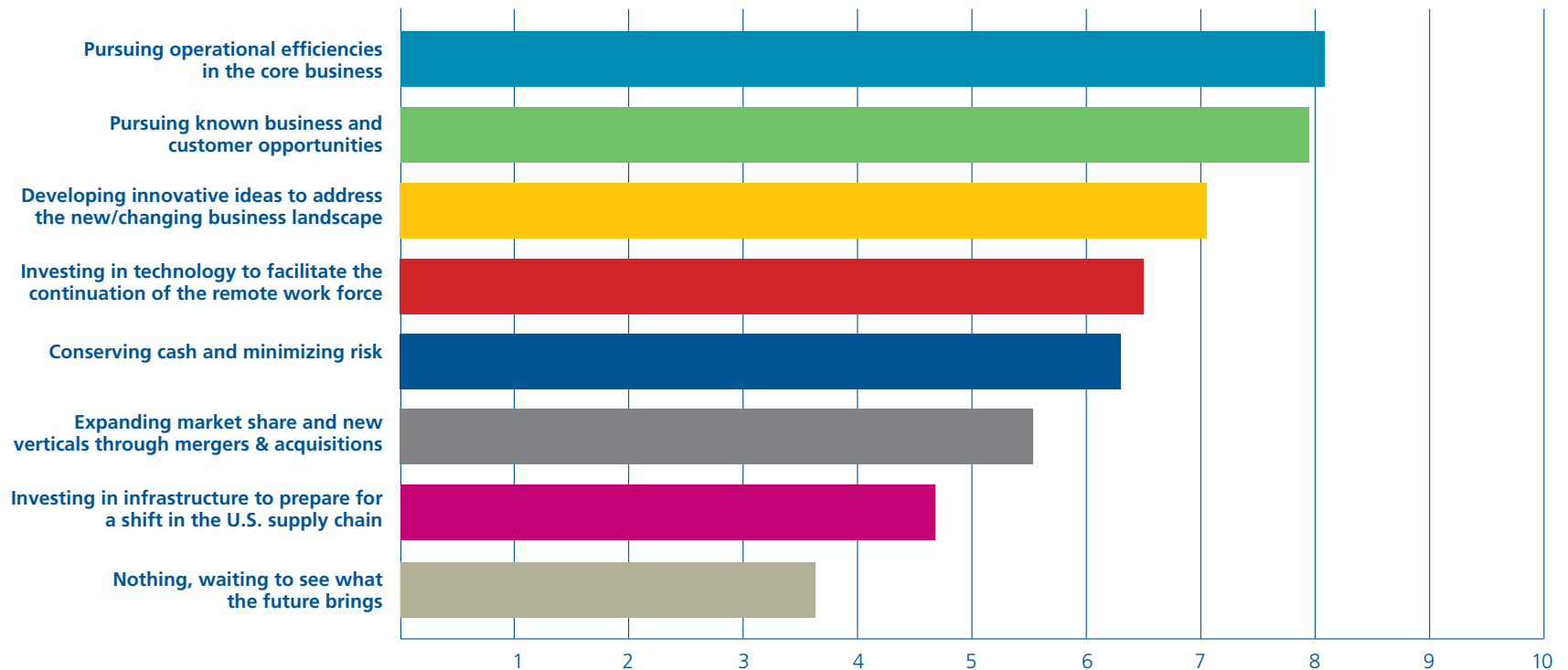
John Bautista
UHY Business Valuation
Northeast Region



Brad Southern
UHY Business Valuation
Great Lakes Region



In which ways are you preparing for the post pandemic road to recovery? Rank your top three.



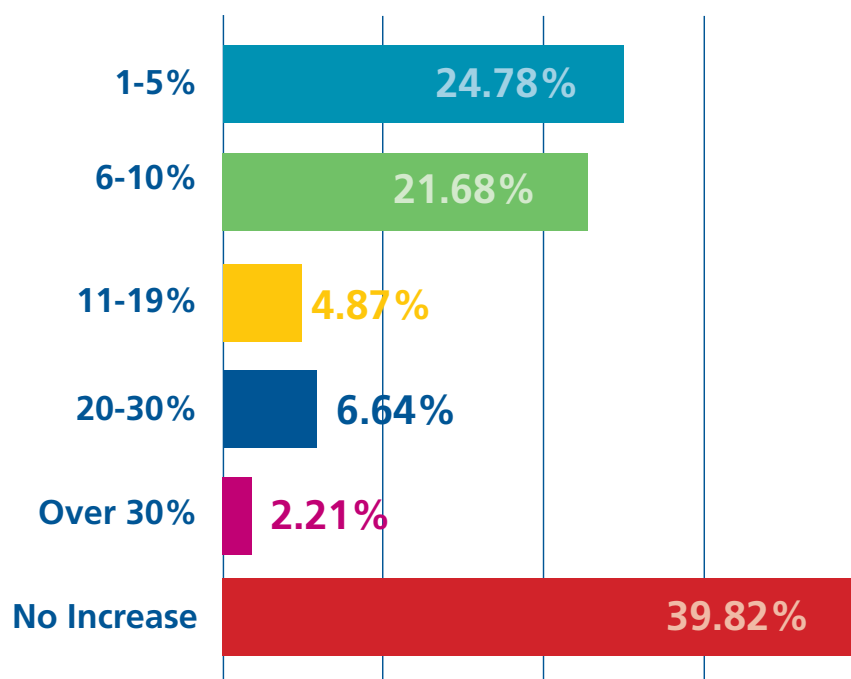
“ A willingness to transform your people, processes and technologies is what’s going to allow for your Middle Market business to come out on top. Creating alignment across your organization’s culture, behaviors, and business objectives begins with strategic development and flows through every area of transformation, including change management, performance management, and continuous improvement. ”



Cindy Hannafey
UHY Consulting
Atlanta



In 2020, how much has your cybersecurity spend increased?



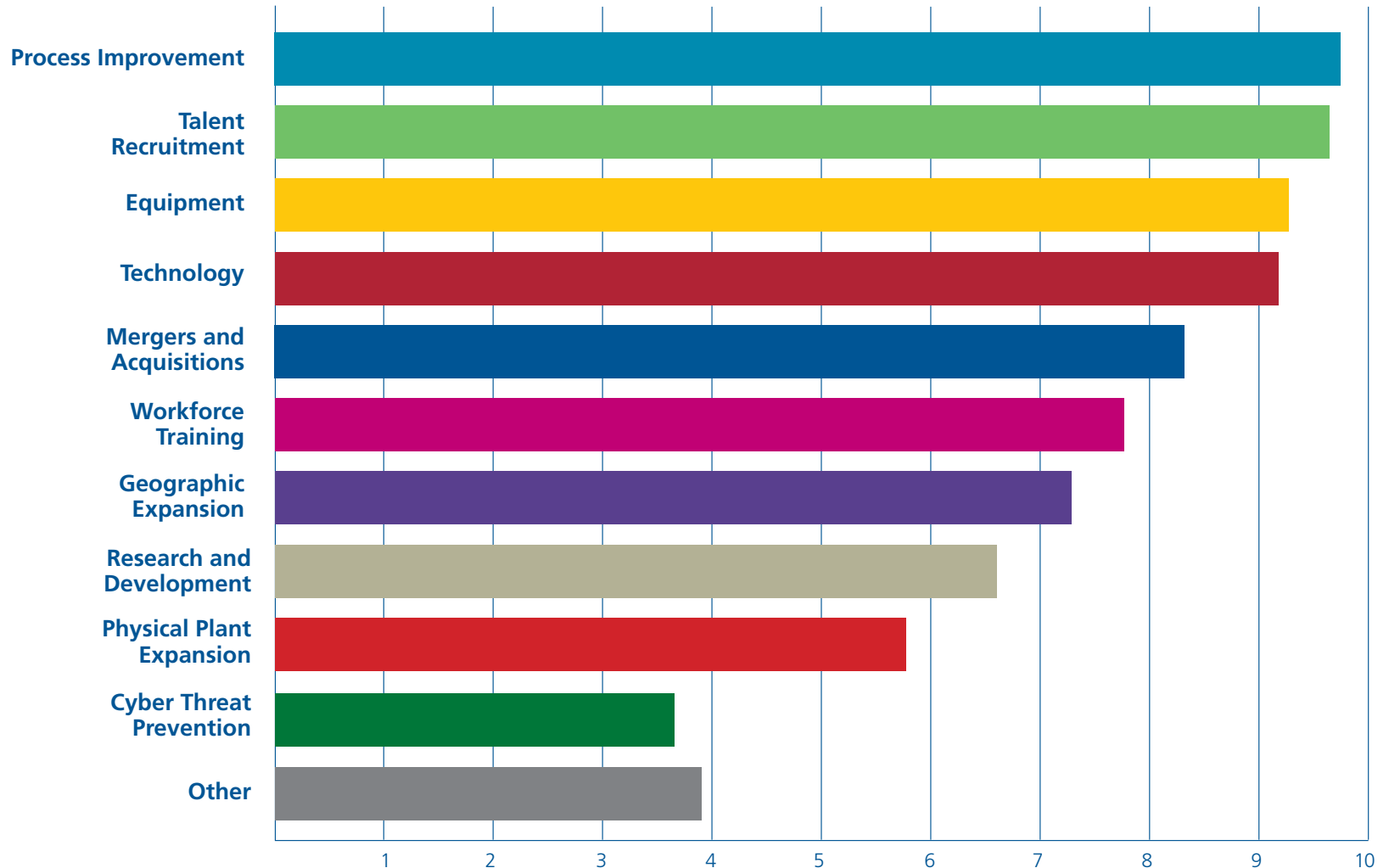
“ While many businesses continue to manage a remote workforce, cyber predators are capitalizing on the vulnerabilities that were previously overlooked. Risks are ever-changing! Although the risk of a cyberattack can never be eliminated, it can be managed. Don’t let your business become an easy victim. UHY can develop a solution that is right for your organization. ”



Kimberly Anderson
UHY Consulting
Midwest Region



In which ways do you plan to invest in your Middle Market business? Rank your top three priorities.



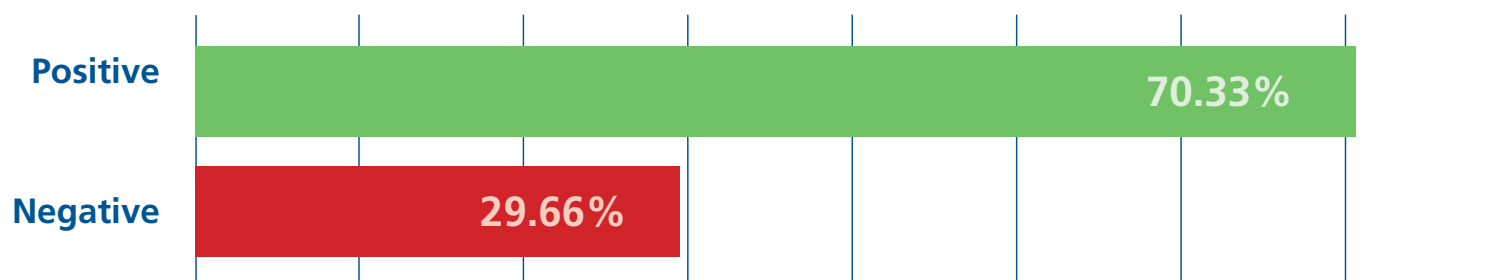
“Business owners have choices to make about growth. The Middle Market demands innovation and growth will be largely technology-driven. Be strategic when it comes to investing in innovation and enhancing business efficiencies. Our team at UHY can help you deploy market-leading strategies.”



Tom Alongi
UHY Audit and Assurance
Great Lakes Region



If the new USMCA trade deal made an impact on your international strategy was it positive or negative?



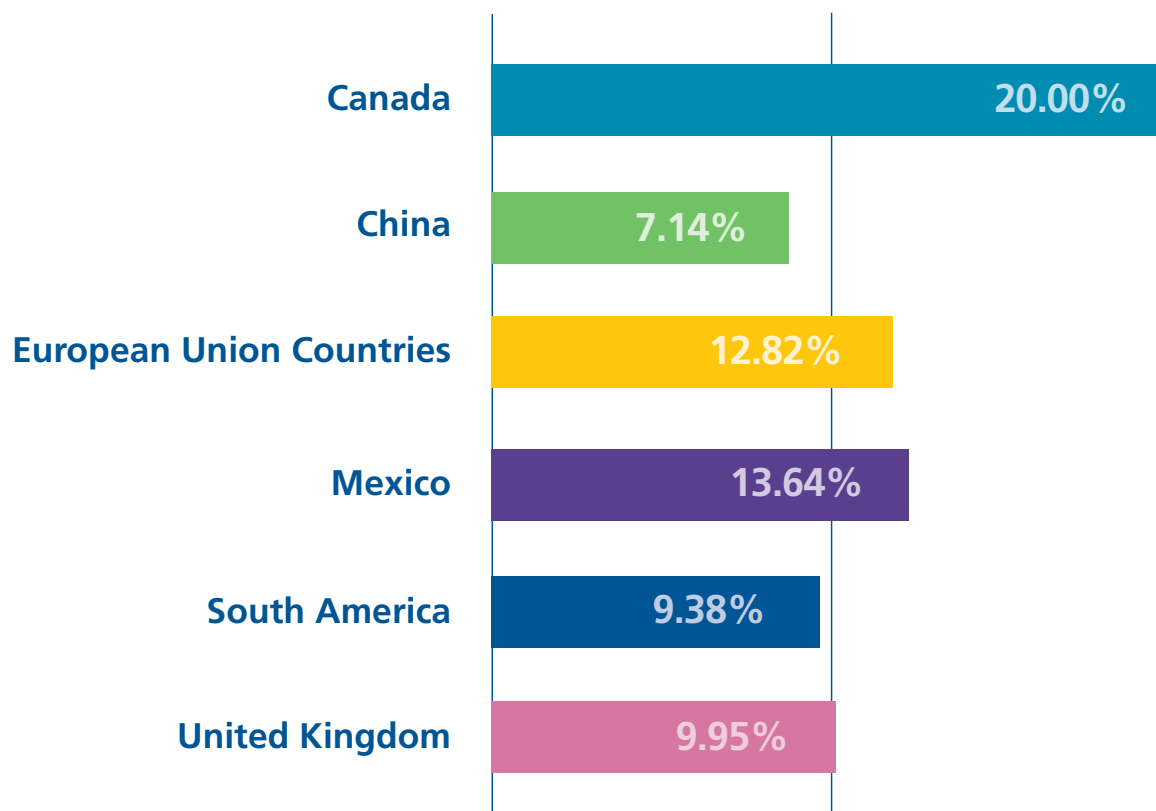
“The USMCA became effective as of July 1, 2020. This agreement creates standards to encourage Middle Market companies to gain a competitive advantage when sourcing products and services with Mexico and Canada. The protection of intellectual property and new export incentives are at the top of the list of improvements over NAFTA. Combined with a favorable tax regime that benefits US exporters, the USMCA should be a key strategic business expansion consideration. UHY is here to help you navigate this enhanced opportunity.”



Matt Martina
UHY International Tax
Gulf Coast Region



For those expecting a change to international operations, which countries would have an increase in activity?



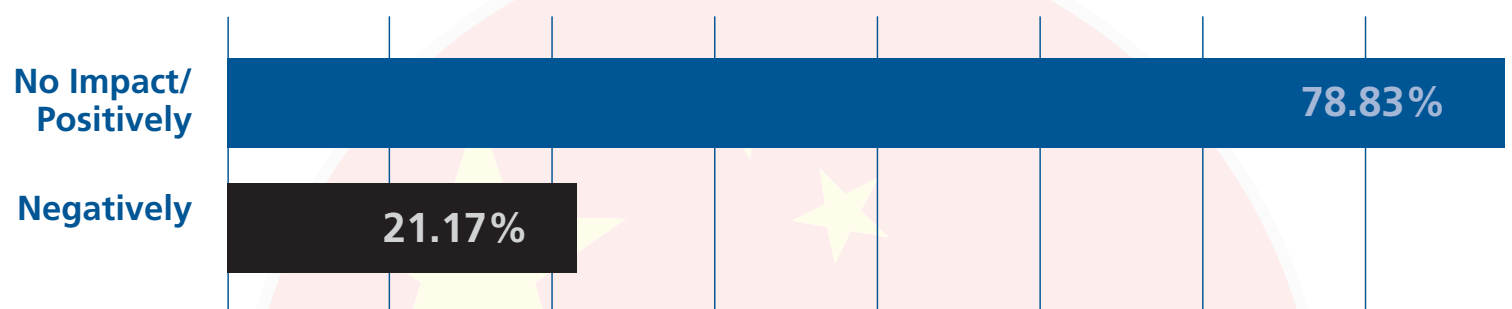
“With UHY International offices in 100 countries, we are helping Middle Market companies everyday with foreign investment and expansion strategies. What used to be a strategy for the Fortune 500 is now readily available for closely-held businesses of all sizes.”



Jerry Townsend
UHY International
Board Member
Midwest Region



How will current trade policies with China impact your business?



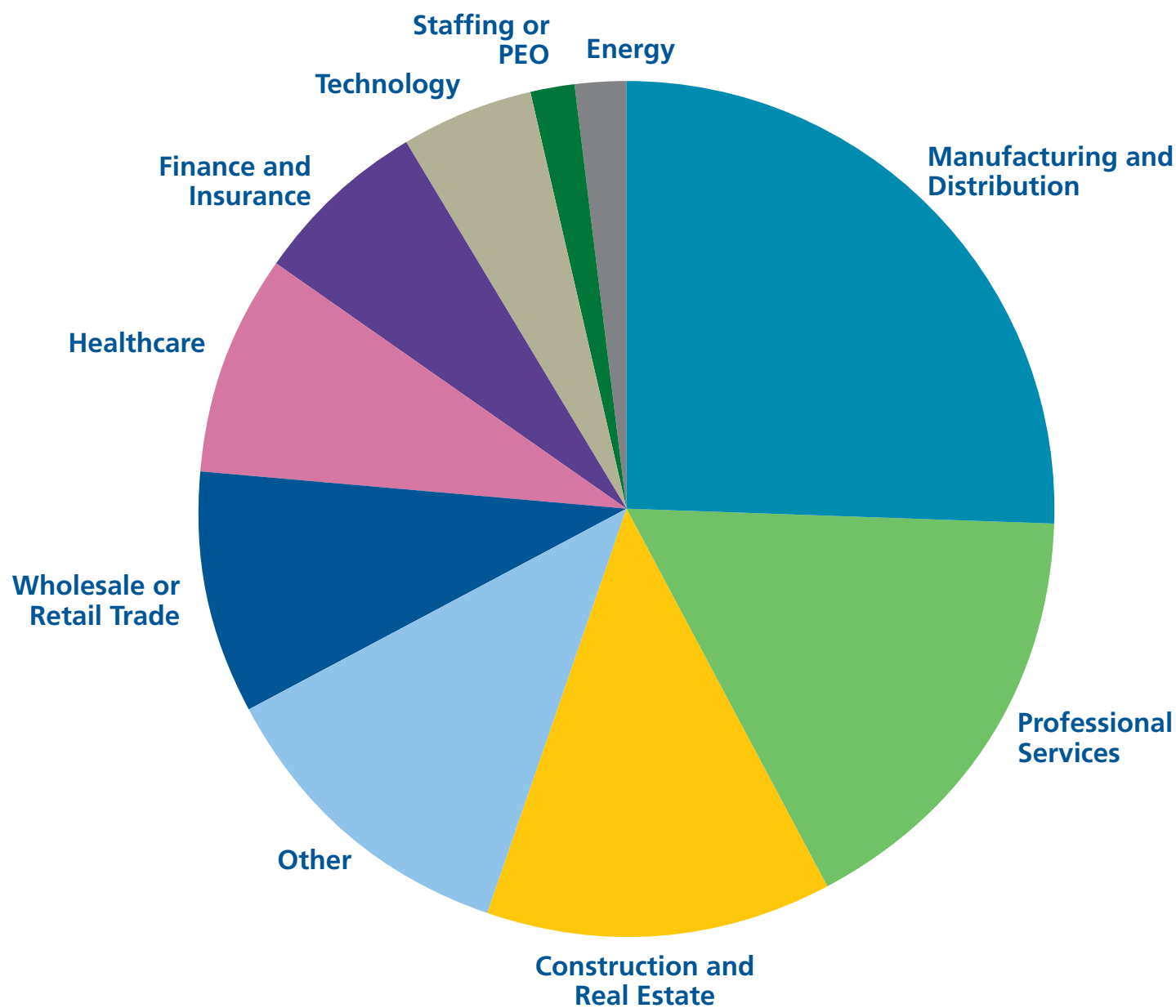
“ Our China Group has seen more activity this past year than ever before. We are helping clients navigate tax and trade policies when doing business with Chinese enterprises. We are forecasting a continued increase in activity for the foreseeable future. UHY is ready to assist. ”



Melanie Chen
UHY China Group
Northeast Region

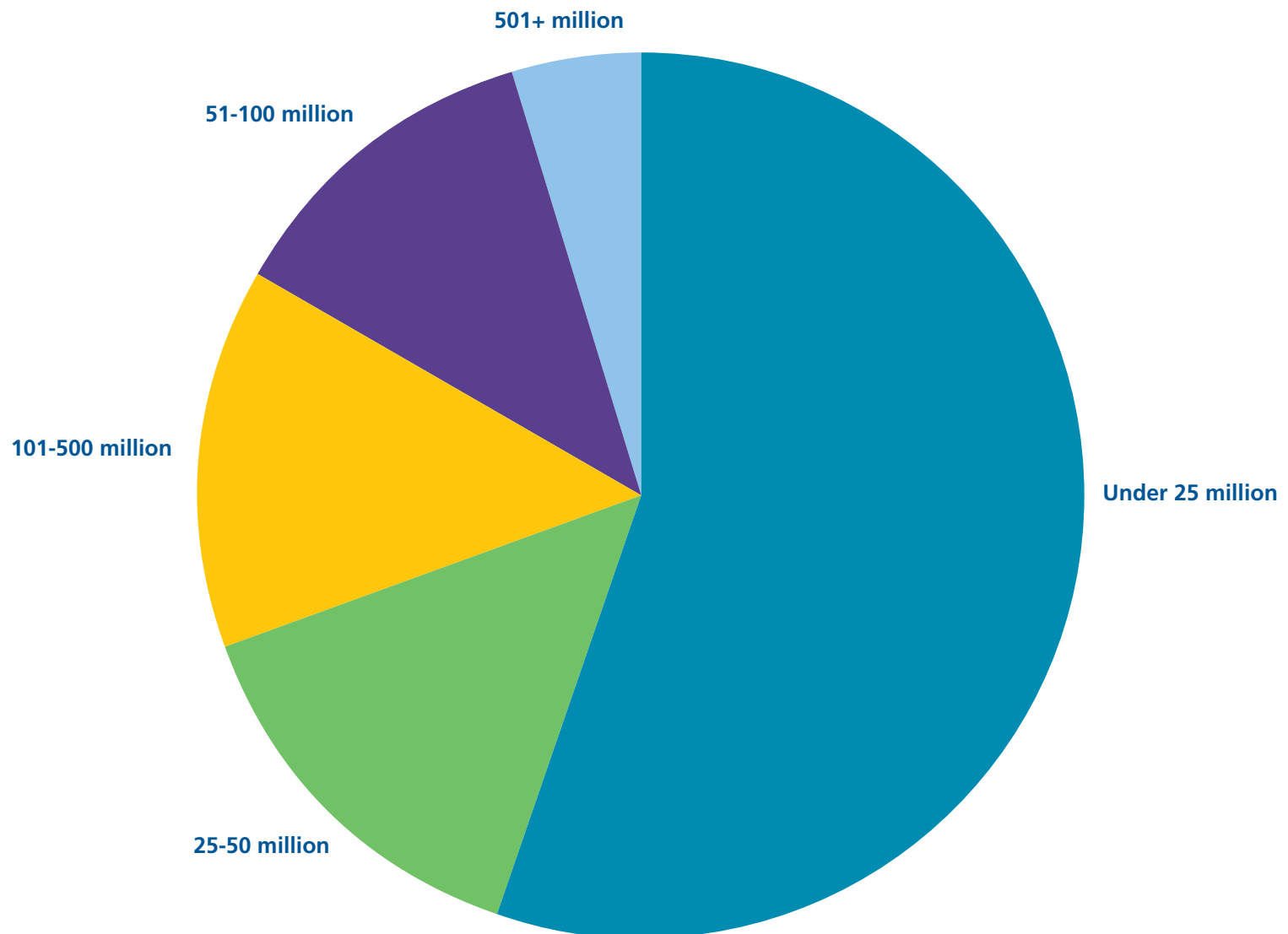


Which industry group best describes your business?





What is your company's approximate annual revenue?





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NATIONAL

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www.uhy-us.com/location

GLOBAL

For a complete listing of UHY International's member
firms, please visit www.uhy.com/locations

If you would like to reference any or all parts of
the results of this survey, please site the source as –
The UHY MIDDLE MARKEY SURVEY 2020

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