

Trendsetter Barometer™

Business outlook 4Q 2007

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Quarterly highlights

PricewaterhouseCoopers interviewed 260 CEOs of privately held, fast-growth companies in the US 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 business outlook to the prior quarter's results to see how the outlook has changed.

While optimism about the US economy was at a 16-year low, the majority of international marketers remained optimistic about the world economy. Overall, fast-growth private firms lowered their revenue growth expectations – especially domestic-only marketers – and they have softened their plans for new investments over the next 12 months.

Key findings:

- Optimism about the 12-month outlook for the US economy tumbled to a 16-year low. Only 29 percent say they feel optimistic, 24 percent are pessimistic and the predominant view – uncertainty – was shared by 47 percent. In contrast, the majority marketing abroad remained optimistic (55 percent) about the world economy's prospects for the next 12 months.
- Revenue growth projections dropped. Overall, own-company growth projections for the next 12 months dropped from an average 18.6 percent in the prior quarter to 15.5 percent. International marketers dropped their previous quarter's projections 6 percent to 19.3 percent, while their domestic-only peers dropped their projections by 22 percent to 13.4 percent. Although a business slowdown is expected, most plan positive revenue growth over the next 12 months – the majority (56 percent) project double-digit growth, and 31 percent project single-digit growth. Only 9 percent anticipate no growth, and 3 percent project a negative rate of growth. One percent did not report their revenue outlook.
- The outlook for new investments slowed, but new hiring maintained its position. Currently, only 32 percent are planning major new investments of capital over the next 12 months, off from 40 percent last year. Mean investment as a percentage of sales is now expected to be a moderately high 13.6 percent compared to 14.2 percent a year ago. In the face of a slowdown, new hiring was off slightly: 68 percent plan to add employees over the next 12 months, but the average planned additions to the composite workforce rose to 8.5 percent, in line with last year's 8.4 percent.
- Concerns about lack of demand remained the chief barrier to growth in the year ahead, rising to 64 percent, or 12 points above last year's 52 percent. Concern about the availability of qualified workers (45 percent) was the next highest potential barrier. Other barriers on the rise this quarter were oil/energy prices (34 percent), profitability (32 percent) and legislation/regulatory pressures (30 percent).
- Differences persisted between fast-growth private companies doing business abroad and their domestic-only peers. (See chart 1.1)

Chart 1.1 International marketers remain ahead of their domestic-only peers

	International marketers (n=90)	Domestic-only peers (n=170)
Business outlook, next 12 months		
Optimistic about US economy	30%	29%
Optimistic about world economy	55%	45%
Revenue growth rate	19.3%	13.4%
International sales (% of total)	17%	N/A
Planning major capital investments	44%	25%
Planning expansion to new markets abroad	34%	4%
Planning new strategic alliances	48%	25%
Plans to increase spending		
• New products/services	48%	27%
• R&D	31%	11%
• Sales promotion	46%	27%
Prior quarter's performance		
• Increased gross margins (net)	+16%	---
• Increased costs (net)	+13%	+27%
• Increased prices (net)	+15%	+15%

Note: International marketers have average revenues of \$56.9 million and their domestic-only peers have average revenues of \$44.9 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 survey question for the previous five quarters of the survey.

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 each quarter. The change column indicates the movement of opinion from the last two quarters.

Business outlook, next 12 months among all Trendsetter companies	2006	2007				Change	Page
	4Q '06	1Q '07	2Q '07	3Q '07	4Q '07	3Q-4Q '07	
Optimistic about US economy	70%	63%	64%	45%	29%	↓	7
Optimistic about world economy	73%	71%	75%	55%	55%	=	9
Expect positive revenue growth	91%	92%	92%	87%	87%	=	11
Average growth rate expected	21.9%	18.3%	21.0%	18.6%	15.5%	↓	11
Planning major new investments	40%	42%	41%	34%	32%	=	25
New investments as a % of sales	14.2%	11.7%	13.8%	11.6%	13.6%	↑	25
Planning to hire	75%	76%	77%	72%	68%	↓	23
New workers as a % of workforce (net)	+8.4%	+10.1%	+10.4%	+8.0%	+8.5%	↑	23
Expected barriers to growth							
• Lack of demand	52%	56%	52%	63%	64%	=	27
• Lack of qualified workers	50%	53%	53%	52%	45%	↓	27
• Oil/ energy prices	26%	25%	31%	25%	34%	↑	27
• Pressure for increased wages	35%	35%	39%	35%	34%	=	27
• Profitability/ decreasing margins	28%	26%	22%	29%	32%	↑	27
• Legislative/ regulatory pressures	28%	34%	28%	26%	30%	↑	27
• Increased taxation	18%	21%	19%	21%	24%	↑	27
• Higher interest rates	26%	30%	26%	28%	21%	↓	27
• Lack of capital for investment	20%	19%	17%	17%	19%	=	27
• Strength of the US dollar	13%	12%	13%	13%	14%	=	27
• Competition from foreign markets	10%	9%	10%	11%	9%	=	27

Economic views

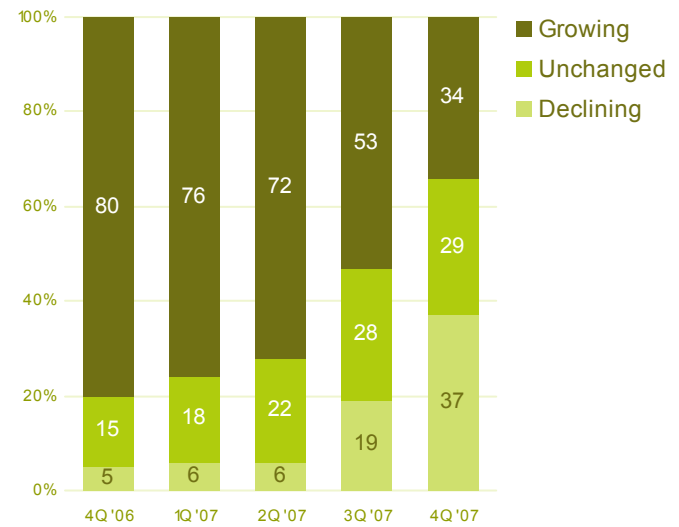
View of the US economy, this quarter

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

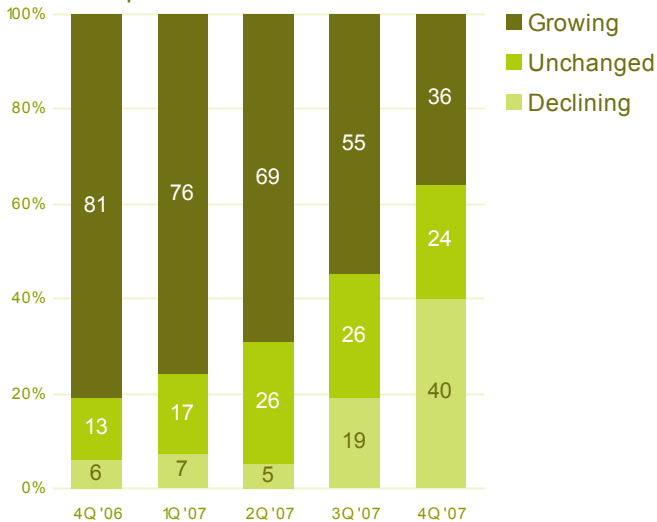
Thirty-four percent of CEOs from America's fastest-growing private companies believe the US economy is growing – a sharp drop-off from the prior quarter's 53 percent and well below last year's 80 percent. Those who think the US economy is declining jumped 18 points to 37 percent, while 29 percent feel it is neither growing nor declining.

Chart 2.1 View of the US economy, this quarter

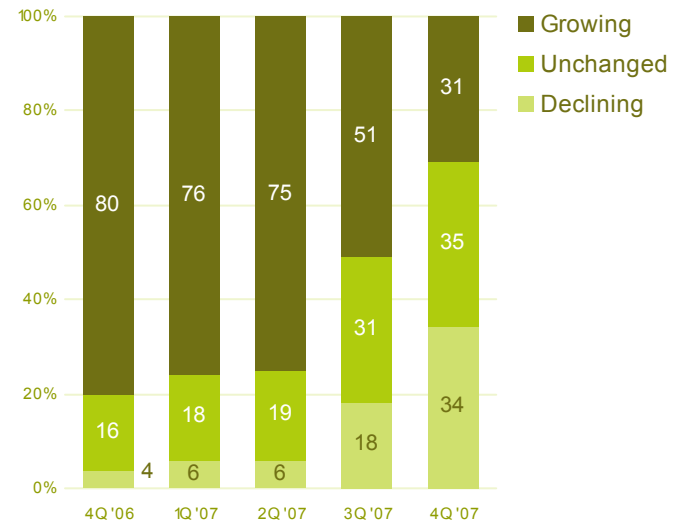
All respondents



Product companies



Service companies



Note: In 4Q 2007 All respondents, n=260, Product companies, n=114, Service companies, n=146

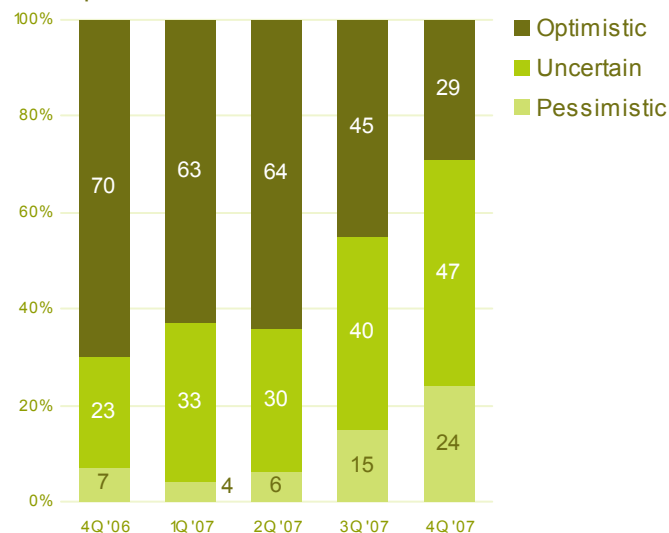
View of the US economy, next 12 months

Looking ahead over the next 12 months, how do you feel about the prospects for the US economy?

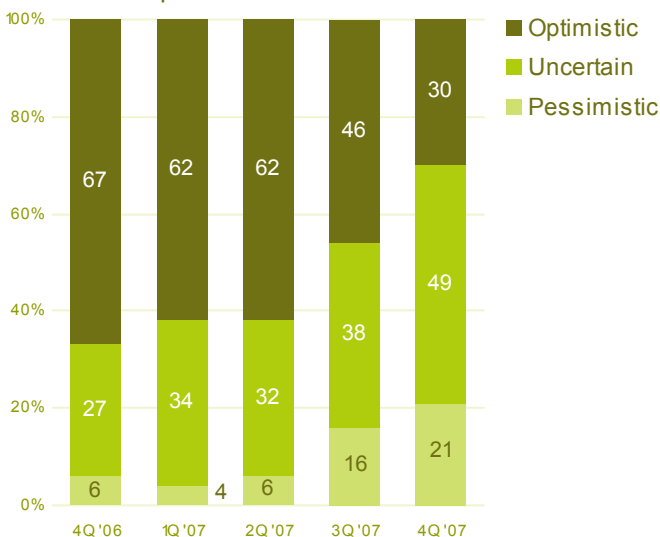
Only 29 percent of Trendsetter CEOs registered optimism about the prospects for the US economy over the next 12 months, off 16 points from the prior quarter's 45 percent and well behind last year's 70 percent. Currently, 24 percent are pessimistic (up 9 points), as the gap between optimism and pessimism continues to narrow.

Chart 2.2 View of the US economy, next 12 months

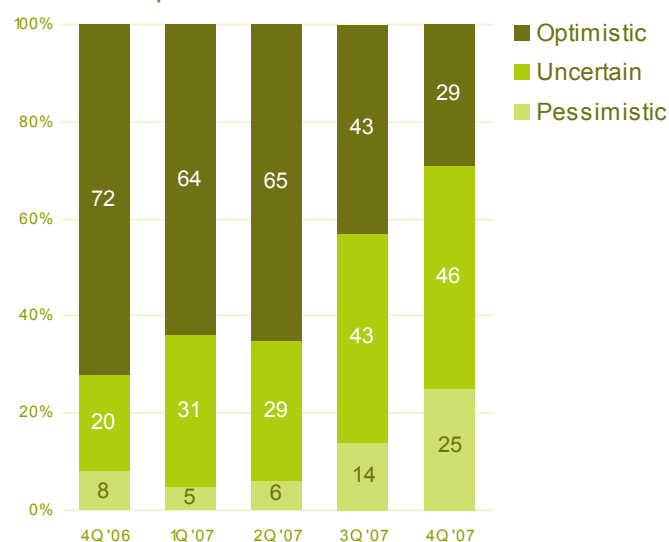
All respondents



Product companies



Service companies



Note: In 4Q 2007 All respondents, n=260, Product companies, n=114, Service companies, n=146

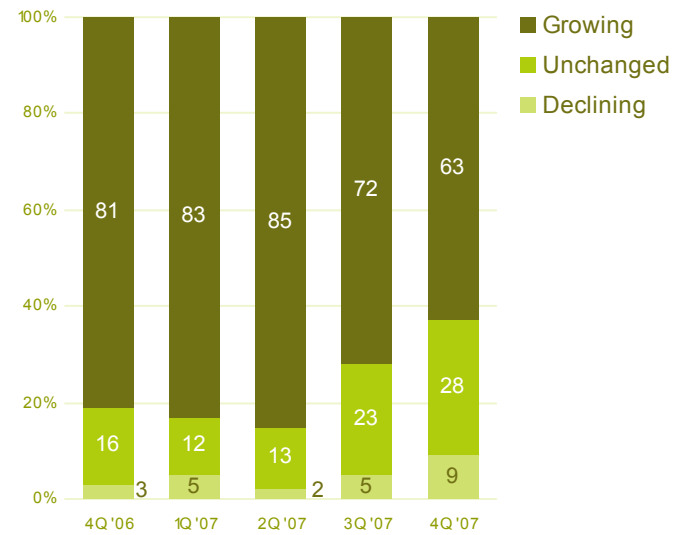
View of the world economy, this quarter

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

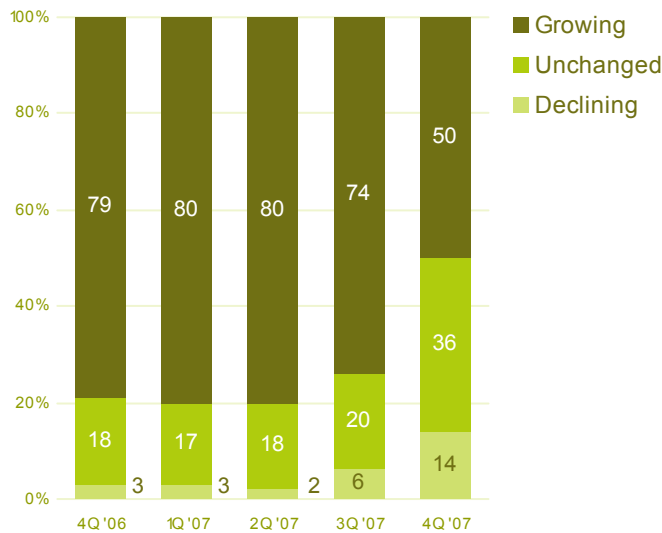
Of the Trendsetter companies marketing abroad, 63 percent view the world economy as growing, off 9 points from 72 percent last quarter and off from 81 percent a year ago. Fewer product firms marketing abroad view the world economy as growing – 50 percent versus 75 percent for service companies with an international presence.

Chart 2.3 View of the world economy, this quarter

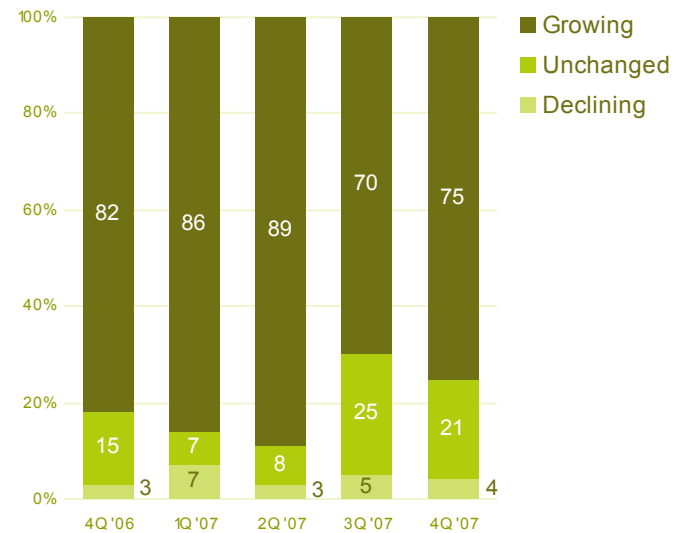
All respondents



Product companies



Service companies



Note: In 4Q 2007 All respondents, n=90, Product companies, n=42, Service companies, n=48

View of the world economy, next 12 months

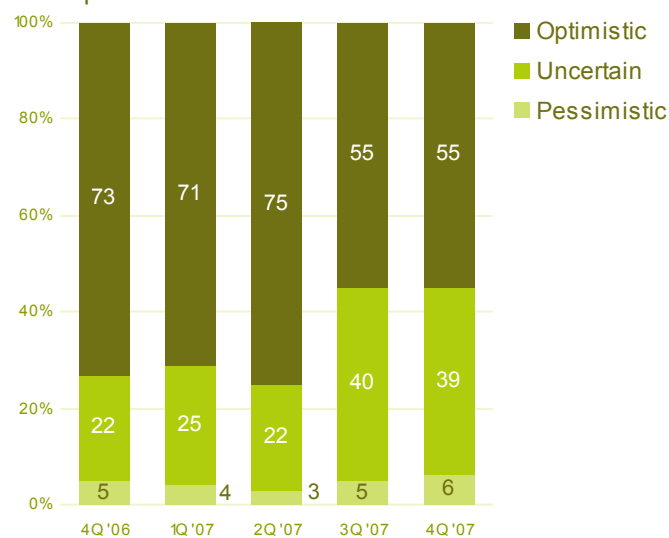
Looking ahead over the next 12 months, how do you feel about the prospects for the world economy? (International marketers only.)

The majority of Trendsetter international marketers (55 percent) are optimistic about the world economy's prospects over the next 12 months, and only 6 percent are pessimistic. Optimism about the world economy was the same as the prior quarter (55 percent), but sharply below (18 points) last year's 73 percent.

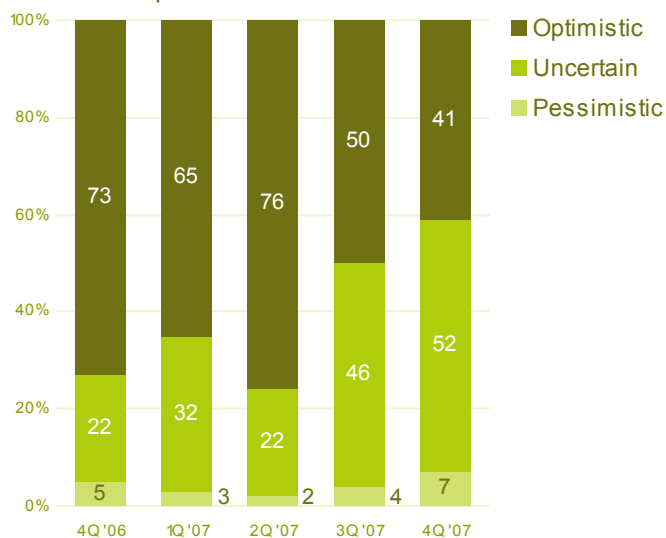
Optimism about the US and world economies was similar (70 percent US, 73 percent world) a year ago, but today, optimism about the world economy is 26 points above the US level.

Chart 2.4 View of the world economy, next 12 months

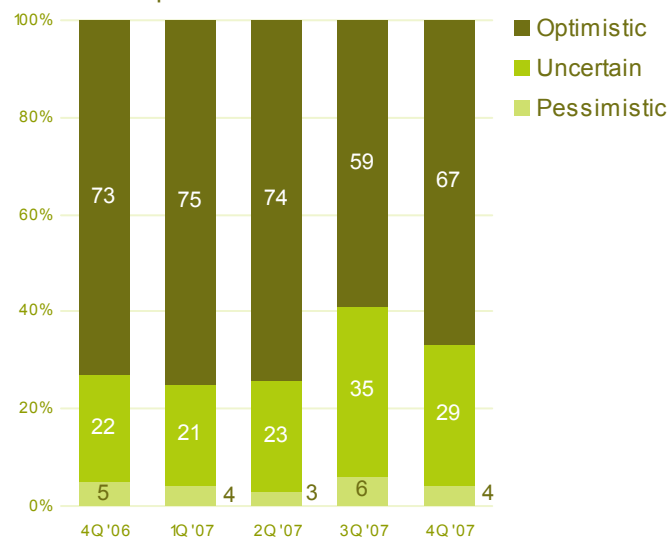
All respondents



Product companies



Service companies



Note: In 4Q 2007 All respondents, n=90, Product companies, n=42, Service companies, n=48

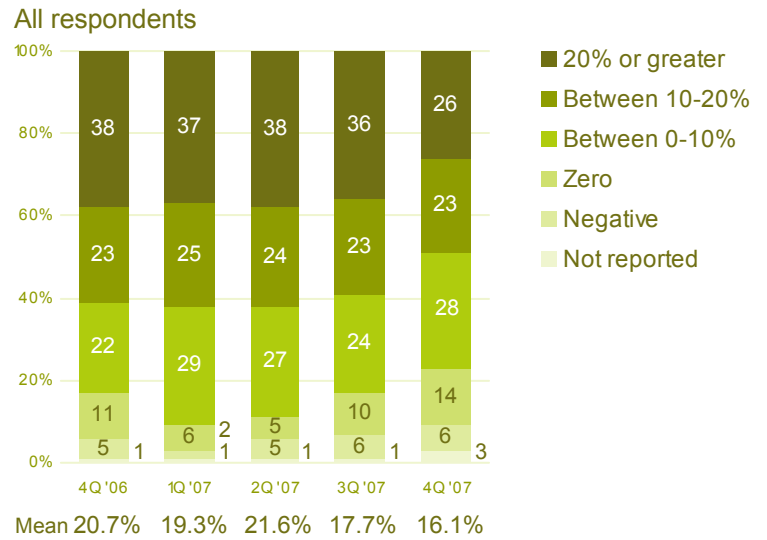
Company performance

Company revenue growth, calendar year

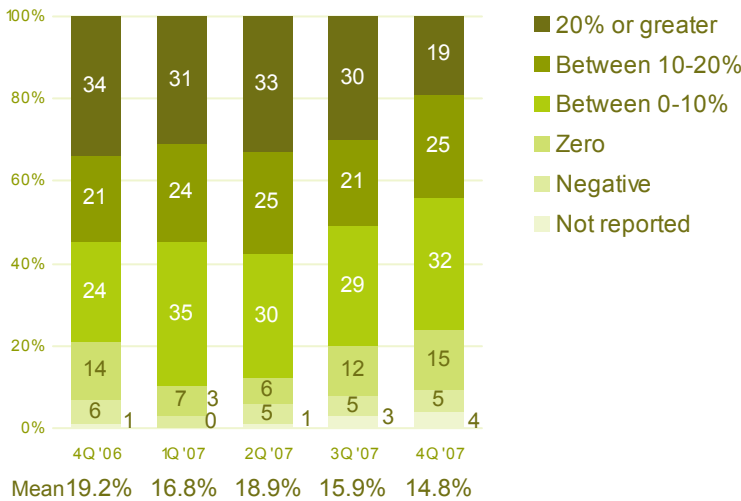
What is your company's estimated revenue growth rate for the calendar year?

Currently, 77 percent of Trendsetter CEOs expect positive revenue growth in 2007, with 49 percent projecting double-digit growth. Overall, the composite average growth estimate has fallen to 16.1 percent from 17.7 percent in the prior quarter and 20.7 percent last year. International marketers (not shown) also project higher 2007 own-company revenue growth rate projections than their domestic-only peers – 19.3 percent versus 13.4 percent, respectively.

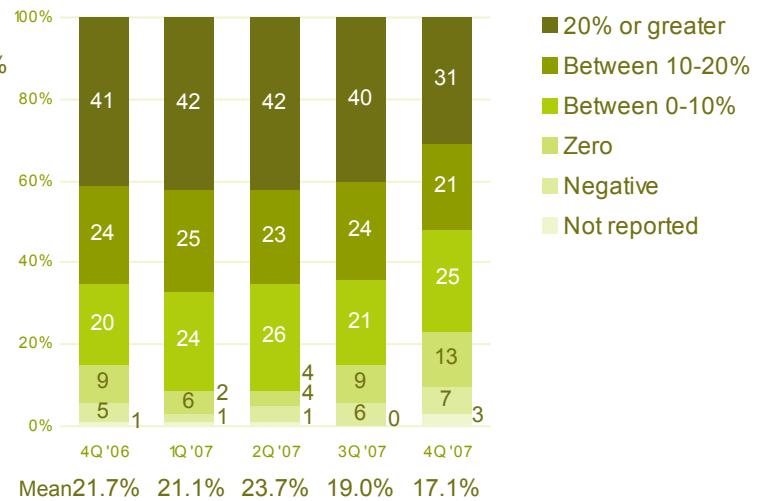
Chart 3.1 Company revenue growth, calendar year



Product companies



Service companies



Note: In 4Q 2007 All respondents, n=260, Product companies, n=114, Service companies, n=146

Industry growth, calendar year

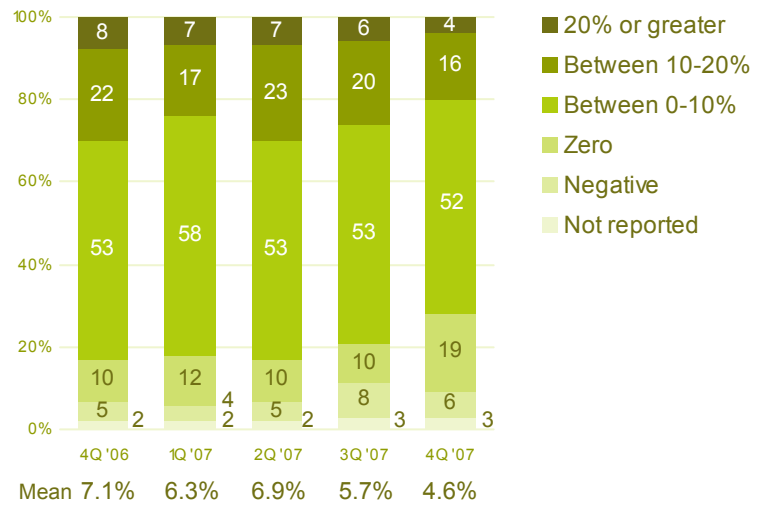
What is your industry's estimated growth rate for the calendar year?

Industry sector growth projections for 2007 dropped to an average of 4.6 percent – below the 5.7 percent last quarter and the 7.1 percent level a year ago.

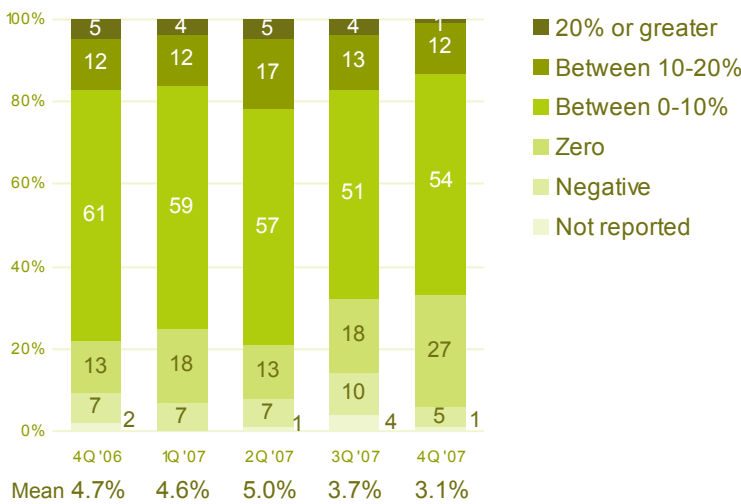
Overall, industry sector growth is less than one-third the level of own-company growth estimates – averaging 4.6 percent versus 16.1 percent for own-company projections. Trendsetter companies are, on average, 3.5 times ahead of their industry-sector peers.

Chart 3.2 Industry growth, calendar year

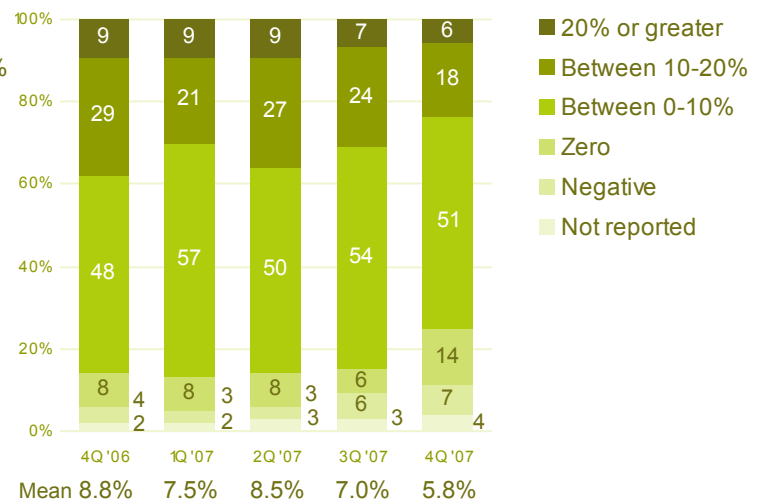
All respondents



Product companies



Service companies



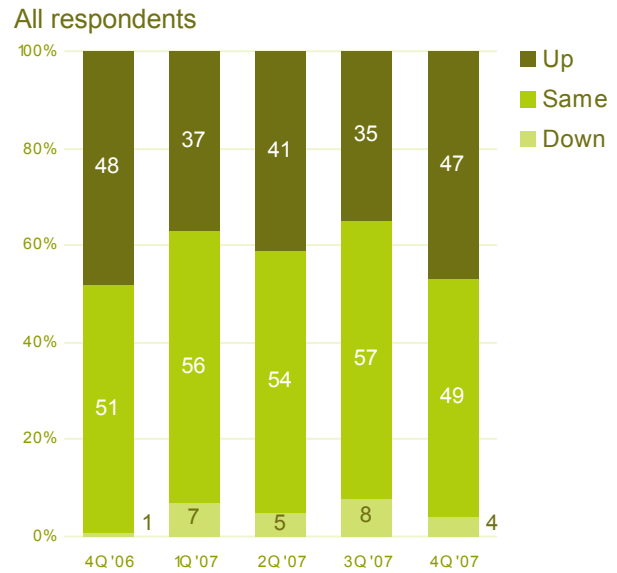
Note: In 4Q 2007 All respondents, n=260, Product companies, n=114, Service companies, n=146

International sales

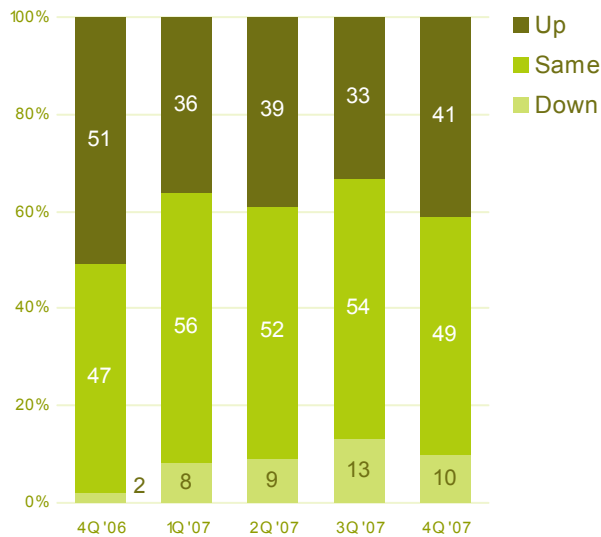
Are international sales up, down or the same compared to three months ago?

International markets continue to be strong for fast-growth private companies that sell abroad. In 4Q 2007, 47 percent of international marketers increased sales abroad, up 12 points from the prior quarter and in line with a year ago (48 percent). Only 4 percent reported fewer sales in 4Q 2007, and 49 percent reported no change from the prior quarter. In 4Q 2007, 52 percent of international service sector companies reported increased international sales (up 16 points), and 41 percent of international product sector companies increased sales (up 8 points).

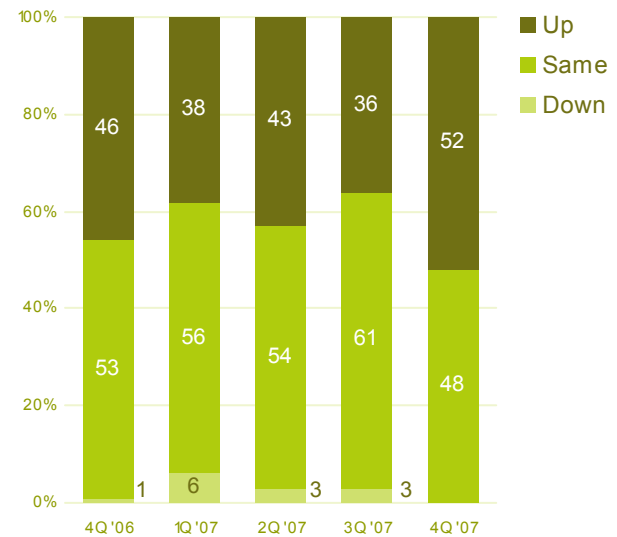
Chart 3.3 International sales



Product companies



Service companies



Note: In 4Q 2007 All respondents, n=90, Product companies, n=42, Service companies, n=48

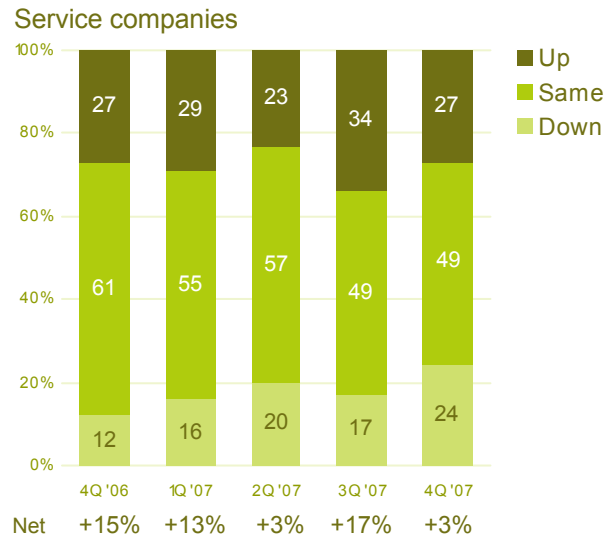
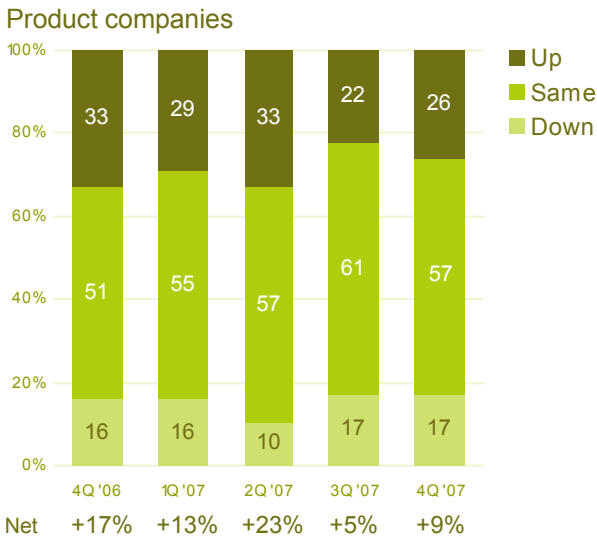
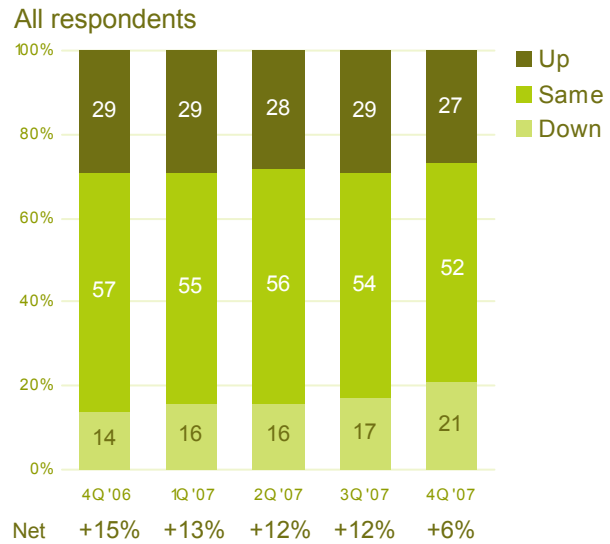
Changes in gross margins

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

Gross margins tightened, but continued to be positive in 4Q 2007 as 27 percent reported higher margins and 21 percent lower, for a net of 6 percent showing an increase. This number is well below the prior quarter's net 12 percent, and below a year ago, when a net 15 percent reported an increase in gross margins.

A look at industry sectors shows product firms reflecting slightly better gross margins while service companies report tighter margins. Both sectors reported higher margins a year ago.

Chart 3.4 Changes in gross margins



Note: In 4Q 2007 All respondents, n=260, Product companies, n=114, Service companies, n=146

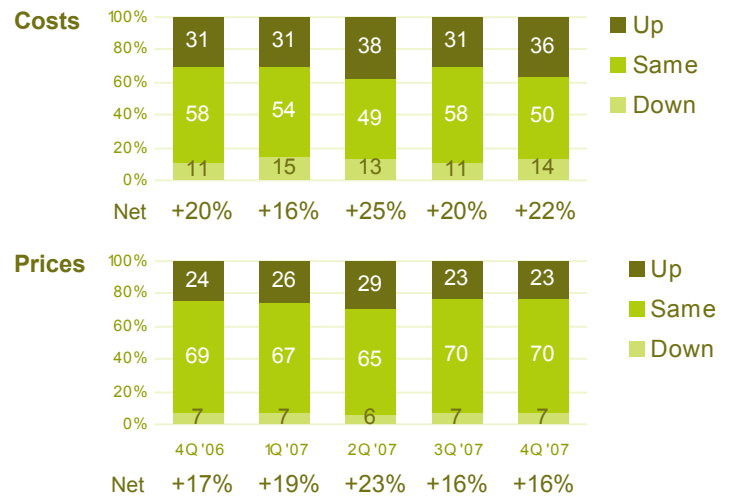
Changes in costs and prices

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

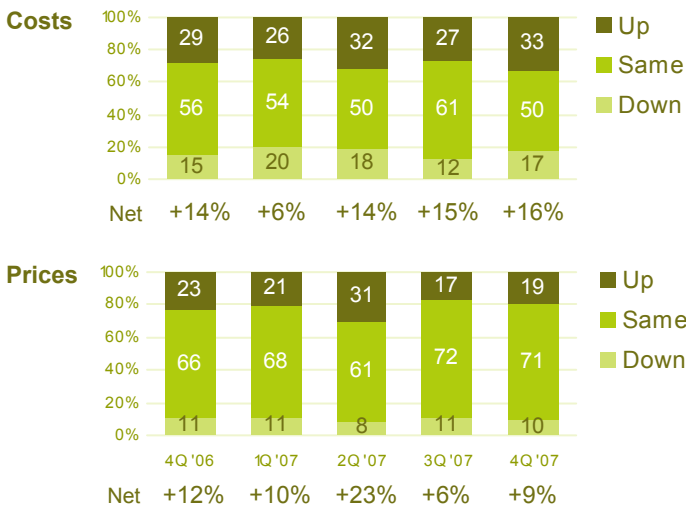
Costs, in 4Q 2007, increased for 36 percent of Trendsetter companies and decreased for 14 percent – a net of 22 percent with higher costs. Directionally, net costs were in line with the prior quarter and a year ago. Prices followed suit with 23 percent raising prices and only 7 percent lowering them – a net of 16 percent with higher prices. Directionally, net prices were the same as the prior quarter and similar to a year ago.

Chart 3.5 Changes in costs and prices

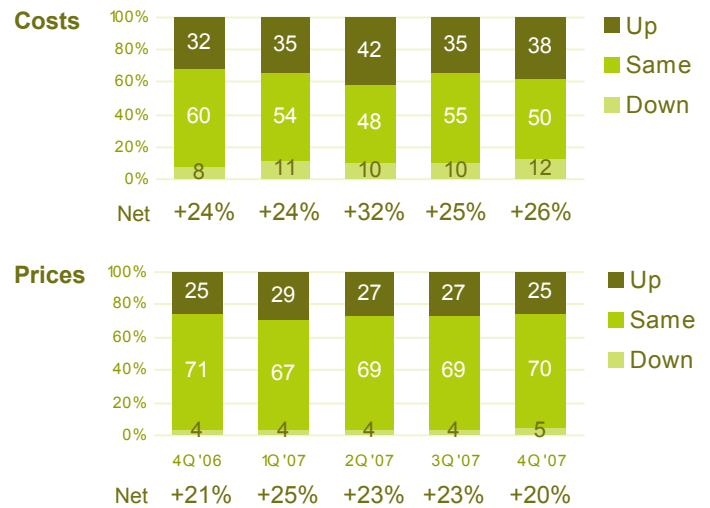
All respondents



Product companies



Service companies



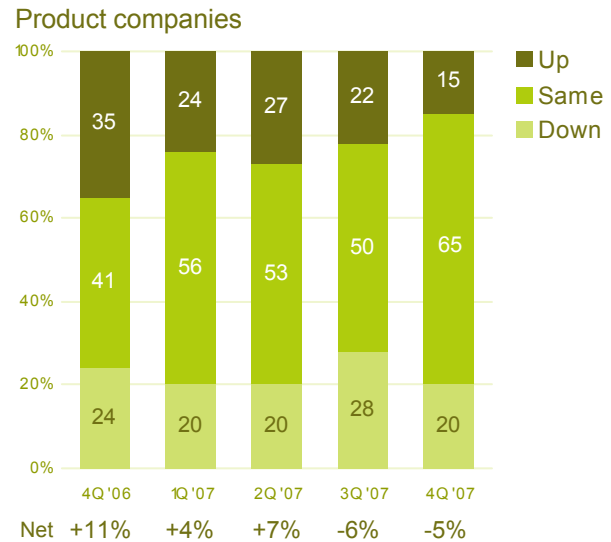
Note: In 4Q 2007 All respondents, n=260, Product companies, n=114, Service companies, n=146

Finished inventories as a percent of sales

Are finished inventories as a percent of sales up, down or the same compared to three months ago? (Product companies only.)

Overall, finished inventories were down for 20 percent of Trendsetter product companies in 4Q 2007, and up for 15 percent – a net 5 percent with lower inventories. Directionally, this is well below a year ago, when net 11 percent reported higher inventories.

Chart 3.6 Finished inventories as a percent of sales



Note: In 4Q 2007 All respondents, n=114, Product companies, n=114

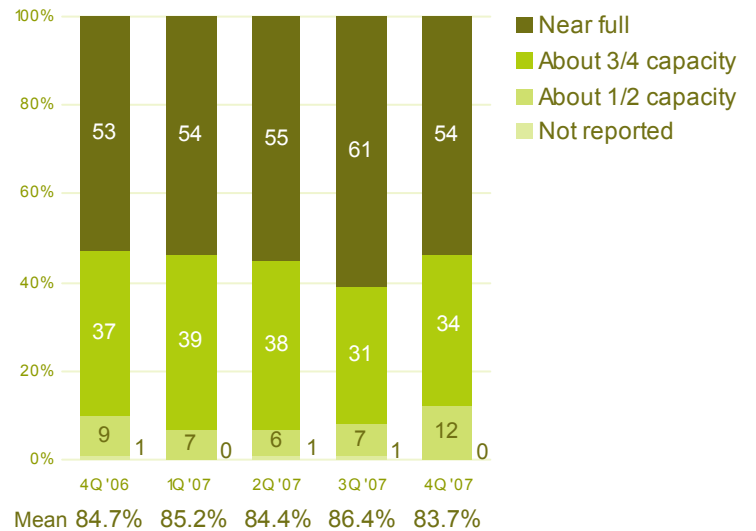
Level of operating capacity

What is your organization's current operating capacity?

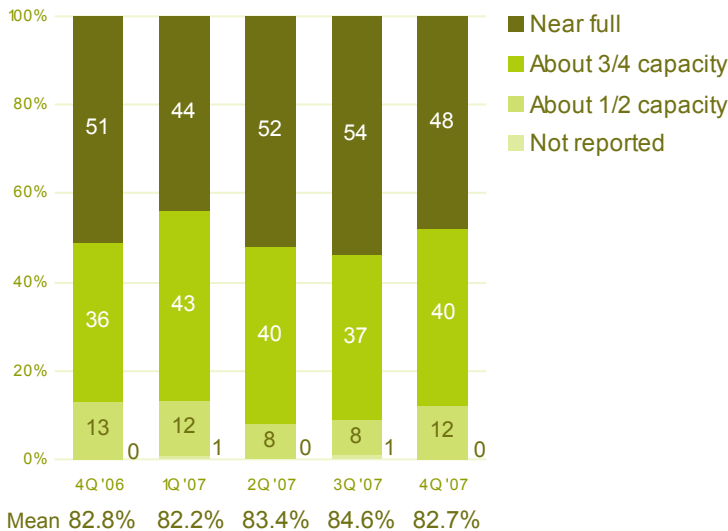
Operating capacity is an estimate of the current level of permanent staffing compared to what is needed for full-capacity output. In 4Q 2007, the average level of operating capacity for Trendsetter companies was an estimated 83.7 percent, below the prior quarter (86.4 percent) and slightly below a year ago (84.7 percent).

Chart 3.7 Level of operating capacity

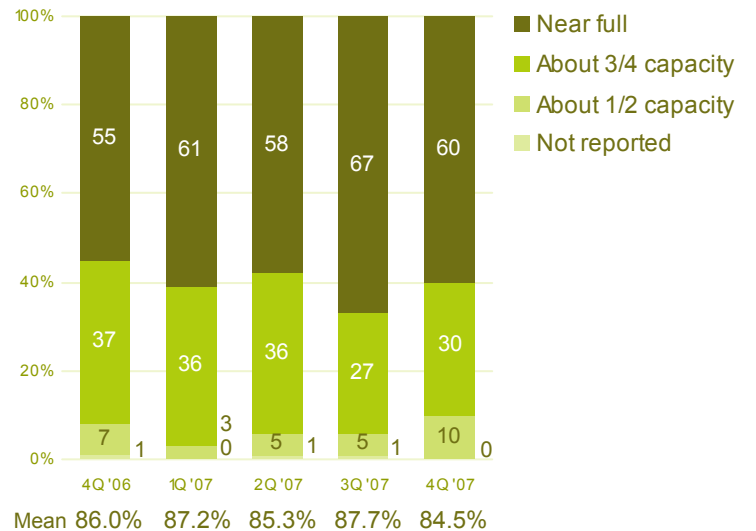
All respondents



Product companies



Service companies



Note: In 4Q 2007 All respondents, n=260, Product companies, n=114, Service companies, n=146

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 4Q 2007, 14 percent of Trendsetter CEOs reported financing activity, chiefly bank loans (13 percent). New bank loans are below a year ago (16 percent), although the mean interest rate paid on all loans by Trendsetter companies is now 7.52 percent, 96 basis points lower than the 8.48 percent a year ago.

Currently, service firms are paying a higher mean interest rate on all loans – 7.70 percent versus 7.32 percent for product firms. (Interest rates are prior to the Fed's lowering of 125 basis points in January 2008.)

Chart 3.8 New bank loans, credit terms and financing

All respondents

	4Q '06	1Q '07	2Q '07	3Q '07	4Q '07
Any activity	17%	14%	15%	14%	14%
• New bank loans	16%	13%	12%	12%	13%
• New credit terms (suppliers)	1%	1%	1%	1%	1%
• All other new financing	3%	2%	3%	3%	2%
• Mean interest rate (all bank loans)	8.48%	8.42%	8.40%	8.09%	7.52%

Product companies

	4Q '06	1Q '07	2Q '07	3Q '07	3Q '07
Any activity	20%	15%	13%	12%	15%
• New bank loans	19%	13%	12%	12%	15%
• New credit terms (suppliers)	2%	3%	2%	1%	1%
• All other new financing	5%	2%	3%	3%	1%
• Mean interest rate (all bank loans)	8.37%	8.42%	8.32%	7.99%	7.32%

Service companies

	4Q '06	1Q '07	2Q '07	3Q '07	4Q '07
Any activity	14%	14%	16%	15%	14%
• New bank loans	13%	13%	12%	12%	12%
• New credit terms (suppliers)	1%	1%	1%	1%	1%
• All other new financing	2%	3%	4%	2%	3%
• Mean interest rate (all bank loans)	8.56%	8.42%	8.47%	8.15%	7.70%

Note: In 4Q 2007 All respondents, n=260, Product companies, n=114, Service companies, n=146

Change in credit availability

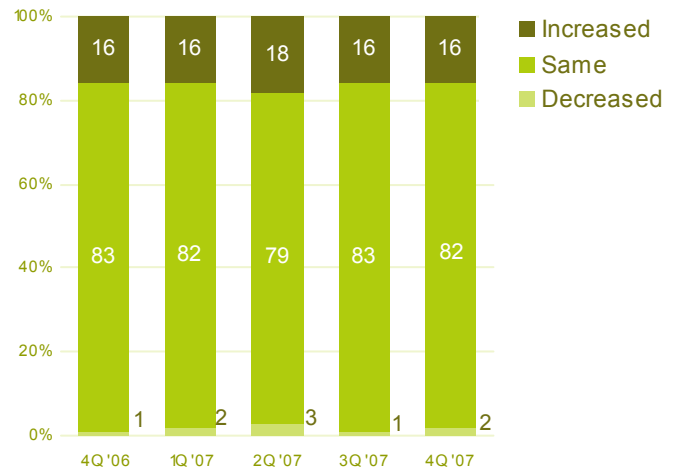
How has credit availability changed in the past three months for your organization? (Based on current banking relationships.)

Credit availability showed little change in 4Q 2007, with 16 percent increasing their credit lines and only 2 percent reporting a decrease. An average increase of 8.5 percent was reported in 4Q 2007, below the prior quarter (10.2 percent).

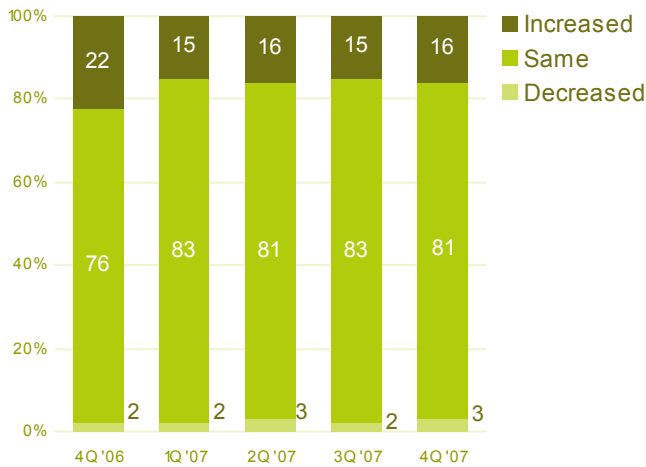
Sixteen percent of service and product firms reported increased credit availability. Higher credit mean uplifts were reported for service firms – 10.4 percent versus 6.0 percent for product firms.

Chart 3.9 Change in credit availability

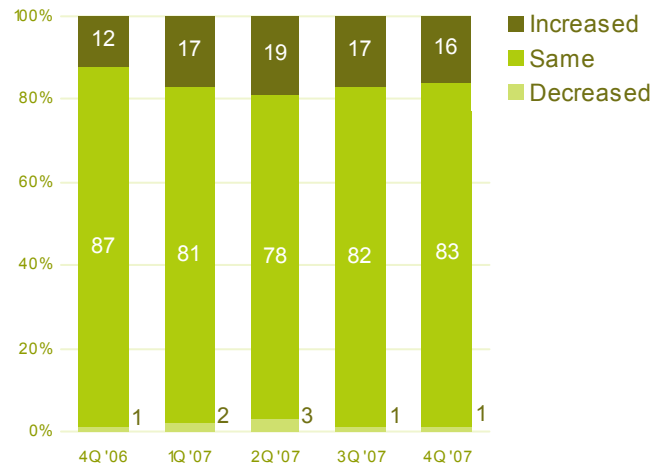
All respondents



Product companies



Service companies



Note: In 4Q 2007 All respondents, n=260, Product companies, n=114, Service companies, n=146

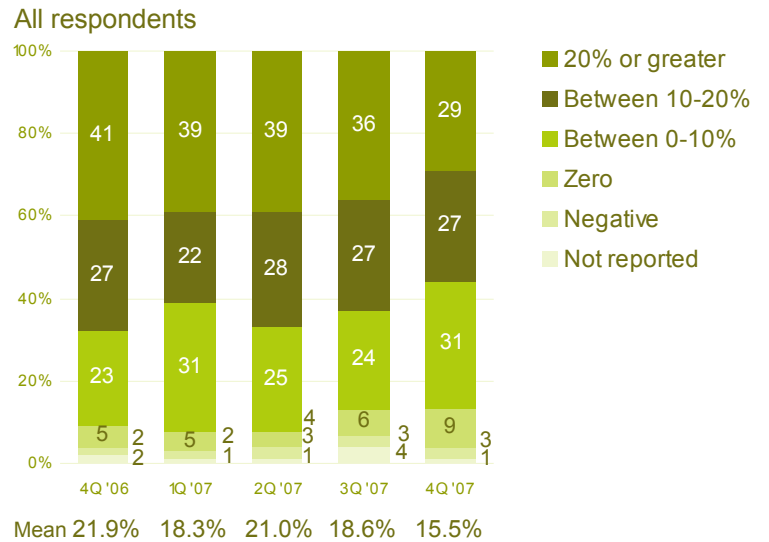
Business outlook, next 12 months

Revenue growth, next 12 months

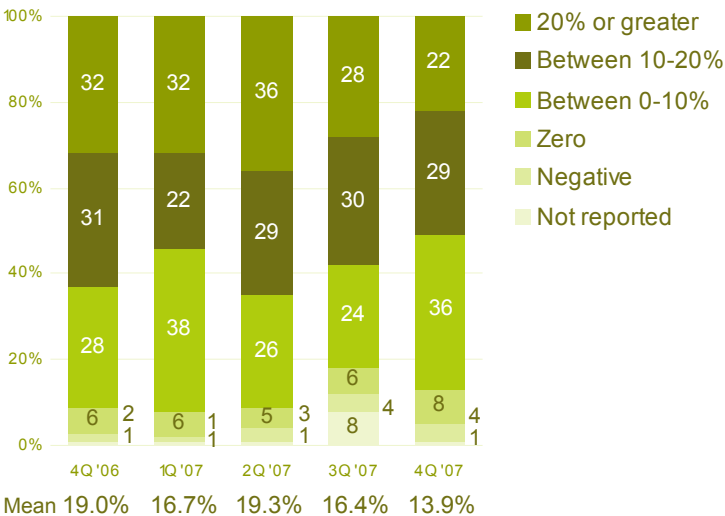
What is your organization's estimated revenue growth rate for the next 12 months?

With low levels of optimism toward the US economy, fast-growth CEOs now project a lower average revenue growth rate for their own companies over the next 12 months. The current 15.5 percent projection slid from 18.6 percent the prior quarter and 21.9 percent a year ago. Service firms continue to project higher growth rates – 16.7 percent versus 13.9 percent for product firms, or 20 percent higher. Once again, international marketers projected higher revenue growth rates – 19.3 percent versus 13.4 percent projections, or 44 percent higher.

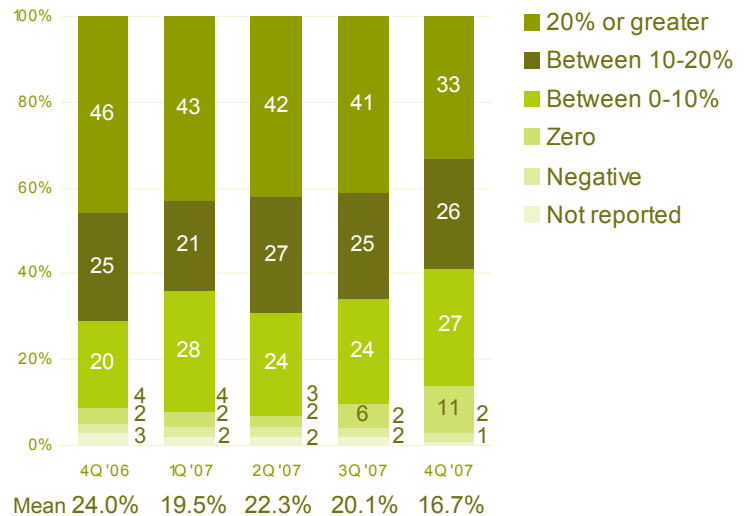
Chart 4.1 Revenue growth, next 12 months



Product companies



Service companies



Note: In 4Q 2007 All respondents, n=260, Product companies, n=114, Service companies, n=146

International sales, next 12 months

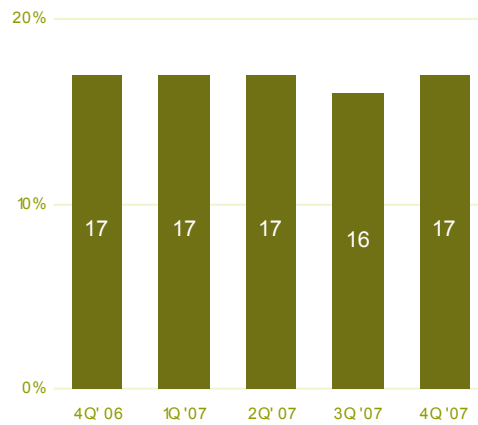
What percent of your business' total revenues over the next 12 months do you expect to be derived from international sales? (International marketers only.)

Of those fast-growing companies selling abroad, the contribution of international sales to total revenues is projected at 17 percent – 19 percent among product firms and 14 percent among service firms. (Note that 37 percent of product sector firms and 33 percent of service firms sell internationally.)

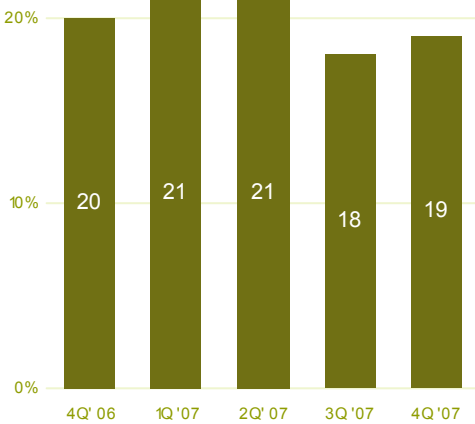
By enterprise size, the majority (53 percent) of larger Trendsetter companies (\$100 million enterprise sales or more) are marketing abroad versus 33 percent of Trendsetter enterprises under \$100 million. Average enterprise revenues were \$56.9 million for international marketers and \$44.9 million for domestic-only marketers.

Chart 4.2 International sales, next 12 months

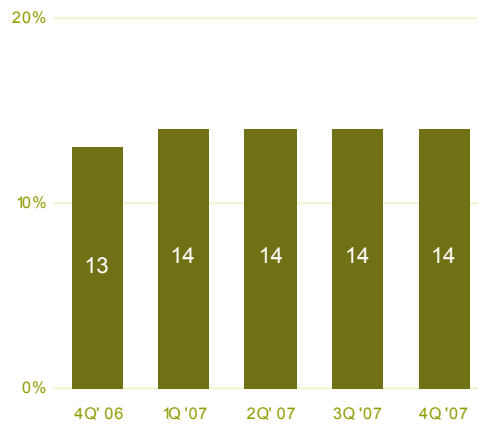
All respondents



Product companies



Service companies



Note: In 4Q 2007 All respondents, n=90, Product companies, n=42, Service companies, n=48

Percent planning to hire

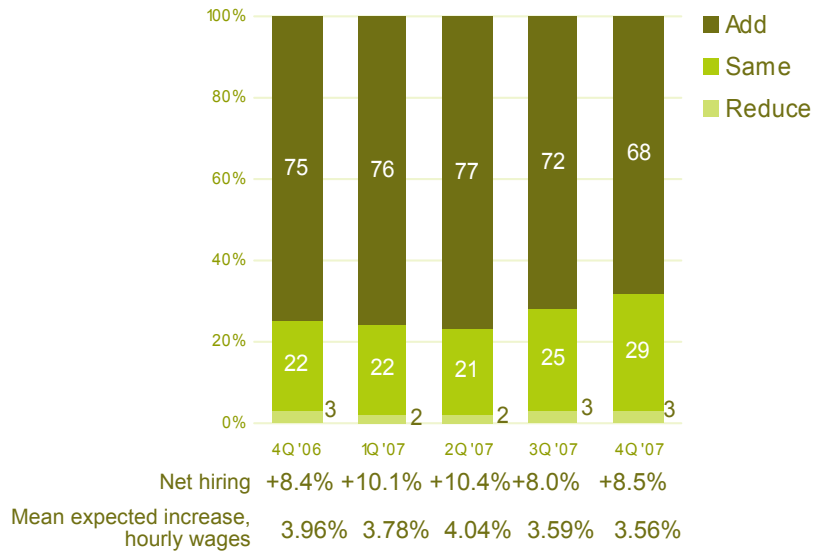
Do you plan to add or reduce the number of full-time equivalent employees over the next 12 months? Do you plan to increase hourly wages?

Looking ahead, 68 percent of Trendsetter companies plan to add employees to their workforces over the next 12 months, 4 points below the prior quarter (72 percent) and 7 points below a year ago (75 percent). Only 3 percent plan to reduce workers, and 29 percent will stay about the same.

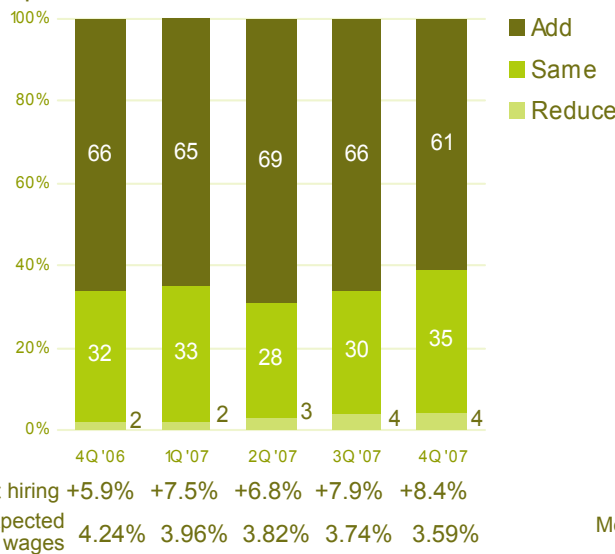
An overall increase of 8.5 percent is planned for the composite Trendsetter workforce – 6.6 percent for full-time employees and 1.9 percent FTE part-time or contract employees. Prospective workforce expansion is off from the double-digit increases planned earlier in the year, but in line with a year ago (8.4 percent).

Chart 4.3 Percent planning to hire

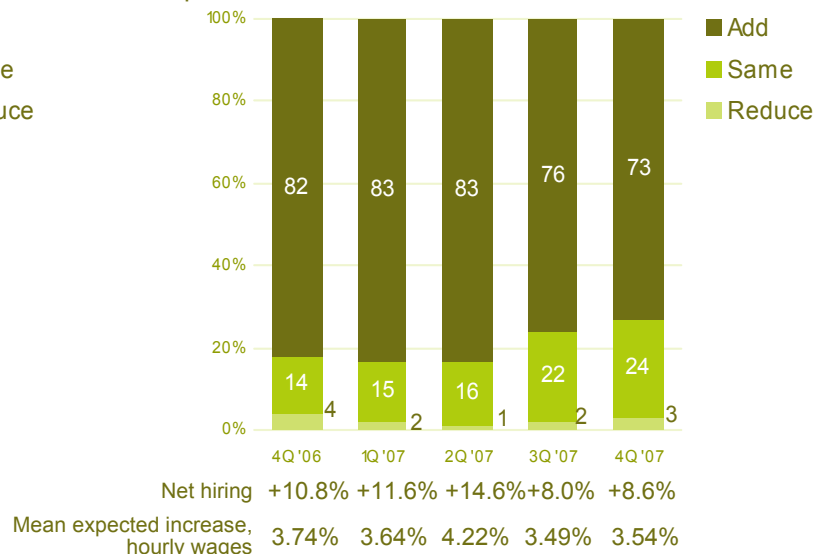
All respondents



Product companies



Service companies



Note: In 4Q 2007 All respondents, n=260, Product companies, n=114, Service companies, n=146

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, Trendsetter businesses primarily will be looking for professionals/technicians (45 percent, off 4 points) and, to a lesser extent, sales/marketing executives (27 percent, off 3 points).

Many more service firms will be hiring professionals/technicians – 59 percent versus 27 percent of product firms – and more product companies will be seeking blue-collar production workers (23 percent, 18 points higher than service firms).

Chart 4.4 Percent planning to hire by type of employee

All respondents

	4Q '06	1Q '07	2Q '07	3Q '07	4Q '07
Planning to hire (net)	75%	76%	77%	72%	68%
• Professionals/technicians	50%	51%	47%	49%	45%
• Sales/marketing	35%	35%	36%	30%	27%
• White collar support	21%	23%	24%	19%	17%
• Production workers	12%	12%	13%	12%	13%
• Skilled labor	12%	14%	16%	15%	12%

Product companies

	4Q '06	1Q '07	2Q '07	3Q '07	4Q '07
Planning to hire (net)	66%	65%	69%	66%	61%
• Professionals/technicians	34%	32%	32%	32%	27%
• Sales/marketing	31%	30%	34%	27%	21%
• White collar support	20%	22%	23%	21%	18%
• Production workers	20%	19%	23%	23%	23%
• Skilled labor	20%	11%	21%	23%	13%

Service companies

	4Q '06	1Q '07	2Q '07	3Q '07	4Q '07
Planning to hire (net)	82%	83%	83%	70%	73%
• Professionals/technicians	61%	64%	60%	62%	59%
• Sales/marketing	39%	38%	38%	32%	32%
• White collar support	22%	23%	24%	18%	17%
• Production workers	6%	7%	4%	4%	5%
• Skilled labor	7%	15%	12%	9%	10%

Note: In 4Q 2007 All respondents, n=260, Product companies, n=114, Service companies, n=146

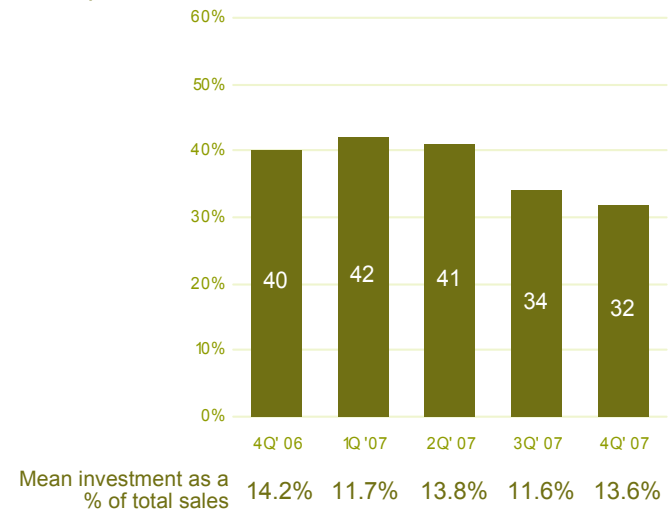
Percent planning major new investments of capital

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?

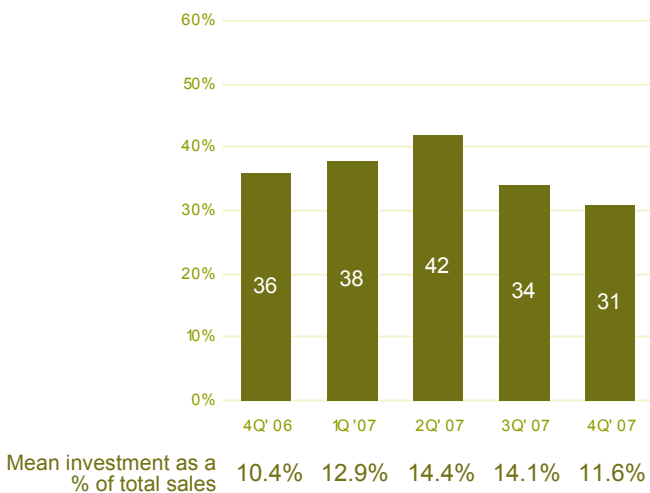
Thirty-two percent of Trendsetter companies now plan for major new investments of capital for business growth over the next 12 months. This is slightly lower than last quarter's 34 percent and significantly below the 40 percent level of a year ago. The mean investment rose to 13.6 percent of sales, up from last quarter but below a year ago.

Chart 4.5 Percent planning major new investments of capital

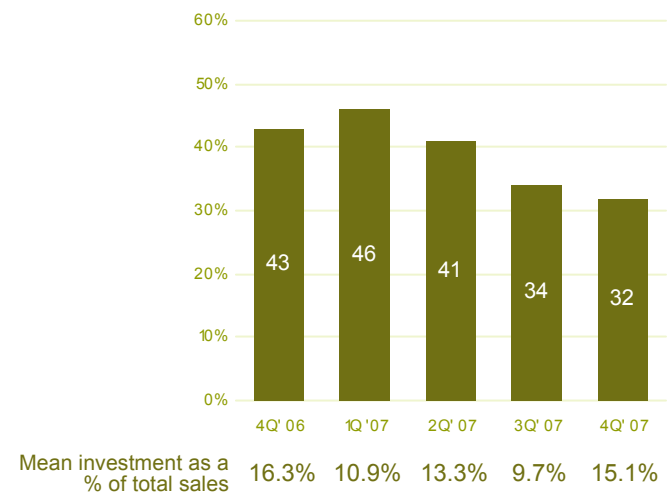
All respondents



Product companies



Service companies



Note: In 4Q 2007 All respondents, n=260, Product companies, n=114, Service companies, n=146

Percent planning to increase operational spending

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

Looking ahead over the next 12 months, increased expenditures among fast-growth businesses are planned for information technology, new product or service introductions, and marketing and sales promotion. Research and development was low again this quarter.

More service firms will be increasing expenditures for IT, facilities and geographic expansion, while slightly more product firms will be increasing expenditures in new product or service introductions, and R&D.

Product companies

	4Q '06	1Q '07	2Q '07	3Q '07	4Q '07
Percent planning to increase spending (net)	81%	78%	70%	74%	75%
• Information technology	45%	36%	37%	33%	33%
• New product or service introduction	37%	40%	35%	40%	37%
• Marketing & sales promotion	35%	39%	29%	30%	33%
• Advertising	25%	27%	19%	24%	27%
• Facilities expansion	31%	24%	23%	26%	19%
• Geographic expansion	16%	21%	15%	16%	14%
• Research and development	23%	23%	24%	22%	20%
• Business acquisition	14%	16%	18%	19%	14%
• Internet commerce	6%	12%	11%	8%	7%

Chart 4.6 Percent planning to increase operational spending

All respondents

	4Q '06	1Q '07	2Q '07	3Q '07	4Q '07
Percent planning to increase spending (net)	82%	79%	78%	79%	77%
• Information technology	47%	42%	44%	40%	36%
• New product or service introduction	35%	38%	38%	36%	34%
• Marketing & sales promotion	36%	34%	32%	34%	33%
• Advertising	28%	25%	22%	25%	26%
• Facilities expansion	28%	27%	28%	26%	25%
• Geographic expansion	26%	24%	22%	24%	21%
• Research and development	20%	23%	24%	21%	18%
• Business acquisition	14%	15%	19%	19%	15%
• Internet commerce	8%	9%	9%	8%	6%

Service companies

	4Q '06	1Q '07	2Q '07	3Q '07	4Q '07
Percent planning to increase spending (net)	82%	79%	84%	82%	78%
• Information technology	49%	47%	50%	45%	38%
• New product or service introduction	34%	35%	40%	33%	32%
• Marketing & sales promotion	37%	30%	35%	37%	34%
• Advertising	29%	24%	24%	26%	25%
• Facilities expansion	27%	28%	31%	26%	30%
• Geographic expansion	32%	27%	27%	29%	26%
• Research and development	17%	23%	25%	21%	16%
• Business acquisition	14%	14%	19%	20%	15%
• Internet commerce	9%	6%	8%	7%	5%

Note: In 4Q 2007 All respondents, n=260, Product companies, n=114, Service companies, n=146

Expected barriers to business growth

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

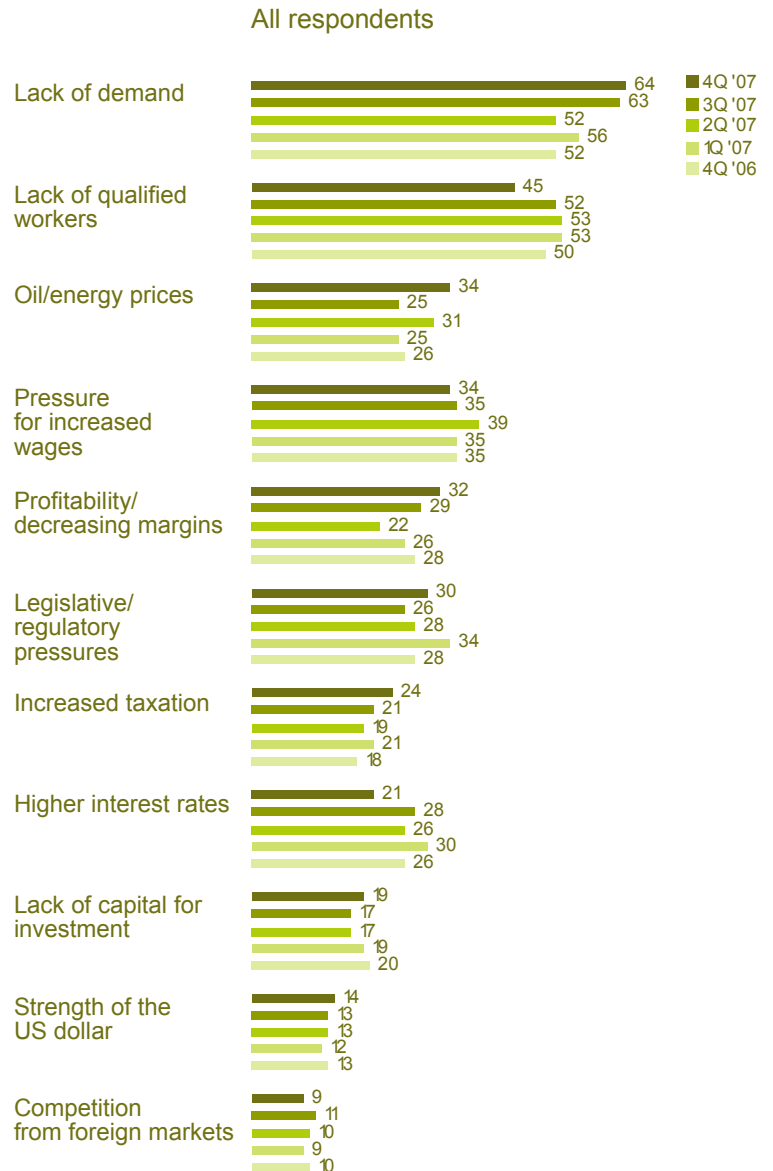
The major potential barrier to business growth over the next 12 months for fast-growth private businesses continues to be lack of demand, followed by lack of qualified workers.

Concern about lack of demand rose 1 point to 64 percent, reflecting uncertainty about the US and world economies. Many of these fast-growth businesses continue to cite lack of qualified workers as a potential barrier to growth (45 percent, off 7 points). Also on the rise this quarter was concern about oil/energy prices (34 percent, up 9 points).

Concern about higher interest rates was down to 21 percent (off 7 points).

More service firms are concerned about lack of qualified workers and pressure for increased wages. In contrast, more product companies are anxious about higher oil/energy prices and lack of demand.

Chart 4.7 Expected barriers to business growth



Note: In 4Q 2007 All respondents, n = 260

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 ahead, 60 percent of Trendsetter firms expect to participate in new business initiatives over the next 12 months. Overall, the most prevalent expected initiatives include new strategic alliances (33 percent), new joint ventures (23 percent), purchase of another business (17 percent) and expansion to new markets abroad (15 percent).

Product companies

	4Q '06	1Q '07	2Q '07	3Q '07	4Q '07
New business initiatives (net)	65%	63%	58%	59%	60%
• New strategic alliance	28%	39%	28%	27%	30%
• New joint venture	23%	26%	22%	19%	20%
• Purchase of another business	22%	18%	24%	22%	14%
• Expand to new markets abroad	20%	23%	18%	17%	15%
• Sale part/all of own business	13%	15%	12%	11%	17%
• Bring in new partners	16%	10%	12%	12%	12%
• Restructure debt	15%	14%	15%	14%	12%
• “Angel” investors	13%	8%	12%	9%	8%
• Private placement	9%	8%	7%	7%	8%
• Venture capital	9%	13%	6%	3%	5%
• New facilities abroad	4%	3%	5%	3%	3%
• IPO offering	5%	3%	2%	3%	3%

Chart 4.8 Plans for M&A and other business initiatives

All respondents

	4Q '06	1Q '07	2Q '07	3Q '07	4Q '07
New business initiatives (net)	67%	67%	62%	62%	60%
• New strategic alliance	36%	40%	33%	34%	33%
• New joint venture	27%	25%	25%	23%	23%
• Purchase of another business	20%	20%	23%	22%	17%
• Expand to new markets abroad	19%	19%	19%	16%	15%
• Sale part/all of own business	16%	14%	12%	14%	14%
• Bring in new partners	20%	15%	14%	15%	12%
• Restructure debt	11%	11%	14%	11%	11%
• “Angel” investors	12%	9%	10%	9%	8%
• Private placement	12%	10%	7%	10%	7%
• Venture capital	12%	11%	7%	7%	6%
• New facilities abroad	2%	2%	3%	1%	2%
• IPO offering	4%	2%	1%	3%	2%

Service companies

	4Q '06	1Q '07	2Q '07	3Q '07	4Q '07
New business initiatives (net)	69%	70%	65%	63%	60%
• New strategic alliance	40%	41%	37%	39%	36%
• New joint venture	29%	24%	27%	26%	25%
• Purchase of another business	19%	22%	22%	22%	19%
• Expand to new markets abroad	18%	17%	20%	15%	14%
• Sale part/all of own business	16%	14%	12%	15%	11%
• Bring in new partners	22%	18%	16%	17%	11%
• Restructure debt	8%	10%	14%	10%	10%
• “Angel” investors	11%	10%	9%	9%	8%
• Private placement	14%	12%	8%	12%	6%
• Venture capital	14%	10%	8%	9%	7%
• New facilities abroad	1%	1%	1%	X	2%
• IPO offering	3%	2%	1%	2%	2%

Note: In 4Q 2007 All respondents, n=260, Product companies, n=114, Service companies, n=146

Survey demographics and research methodology

Demographics

Who	Fast-growth private companies		
Interview dates	November 7, 2007 to February 4, 2008		
	All (260)	Product (114)	Service (146)
Average number of employees	199	166	226
Average business unit revenues	\$41.8 million	\$47.7million	\$37.2 million
Average enterprise revenues	\$49.0 million	\$52.4 million	\$46.4 million
5-year growth rate	189%	120%	245%
Industry sectors	Products 44% Manufacturing 25% Trade/Distribution 9% All other 10% Services 56%		

Methodology

PricewaterhouseCoopers' 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 fast-growth, private companies in the United States as identified in the business media.

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About the research:

The Trendsetter Barometer is one in a series of quarterly business outlook surveys from PricewaterhouseCoopers. 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.barometersurveys.com.

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