



The Middle Market Power Index: Taking the Global Stage

American Express and Dun & Bradstreet are collaborating to increase public understanding of the vital role that middle market enterprises (firms with between \$10 million and \$1 billion in revenues) are playing in the American economy. Drawing upon detailed information available only from Dun & Bradstreet's proprietary databases of commercially-active firms, this series of reports will shed light on the number, characteristics and growth of middle market firms.

The [first report](#) in the series focused on the characteristics and economic impact of middle market firms, and how they have fared in the years since the 2007-2008 recession.

This report investigates the extent to which U.S. middle market firms, in comparison with smaller and larger enterprises, are engaged in exporting their products or services internationally – and which middle market enterprises are the most likely to be engaged in exporting. Achieving a positive trade balance (having more exports than imports) is a key to a healthy economy.

Middle Market Exporters at a Glance

A SLIGHT PERCENTAGE OF ENTERPRISES ARE EXPORTING

5% of U.S. middle market firms export their goods or services. Middle market firms represent 18% of all exporting firms.

MANUFACTURERS, WHOLESALE TRADERS MOST LIKELY TO EXPORT

Middle market manufacturers are nearly three times more likely (14% vs. 5% of all middle market firms) and those in wholesale trade are twice as likely (12% vs. 5% of all middle market firms) to be exporting than the average middle market firm.

MIDDLE MARKET EXPORTERS LOCATED ACROSS THE COUNTRY

Few states diverge from the average level of exporting activity among middle market firms. However, middle market firms in Florida, New Jersey, Puerto Rico and the U.S. Virgin Islands are more likely than average to export.

MOST MIDDLE MARKET FIRMS GAIN DOMESTIC EXPERIENCE BEFORE TESTING GLOBAL WATERS

Just 5% of exporting firms have been in business for less than a decade; fully two-thirds (68%) of exporters have been in business for 25+ years.

GROWING SMART AMERICAN EXPRESS GLOBAL CORPORATE PAYMENTS

Key Findings:

Growing Firms Go Global

Among middle market firms, only 5% export, while 34% of large market firms engage in exporting.

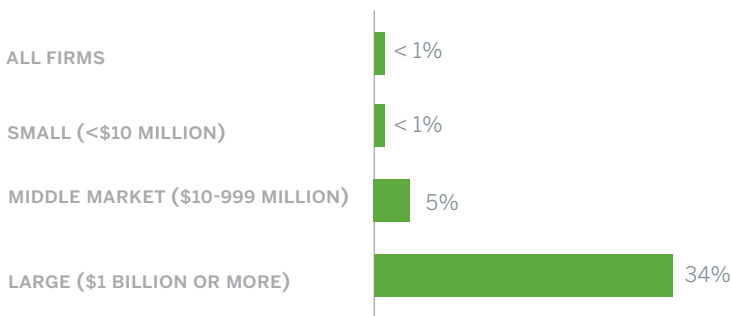
Middle market firms, while representing less than one percent of all U.S. businesses, account for 18% of commercially active firms engaged in exporting. Five percent (5%) of middle market firms export goods or services, as do 34% of large (\$1B+) firms. Thus, the larger the enterprise, the more likely they are to be engaged in exporting.

According to a recent report from the U.S. International Trade Administration,¹ 304,223 U.S. businesses exported goods in 2013. The total value of exported goods or services was \$2.3 trillion as of 2014. Fully 11.7 million U.S. workers are employed in a job that is supported by exporting, and between 2009 and 2014 the number of jobs being supported by exporting increased in 43 out of 50 states. So, by any measure, engaging in global commerce plays an important role in U.S. economic health and job creation.

Among the nearly 19 million commercially-active businesses in the United States in 2014 that comprise the Dun & Bradstreet commercial database, less than 1% of them (39,470 firms) are exporting.² This includes 7,066 exporting middle market enterprises – firms generating between \$10 million and \$1 billion in revenues. However, while middle market firms account for 29% of U.S. business revenues, they account for just 9% of the value of U.S. exports according to the U.S. Census Bureau – highlighting an important market opportunity for middle market firms.

EXPORTING ACTIVITY RISES SIGNIFICANTLY WITH FIRM SIZE

Percent of Firms That Export:



- Engagement in exporting increases with firm size. Overall, less than 1% of commercially-active firms in the Dun & Bradstreet database are confirmed as exporting, including that same share of small firms. Further up the size continuum, 5% of middle market enterprises and 34% of firms with \$1 billion or more in revenues are engaged in exporting products or services.
- Looking at the distribution of exporting companies by size finds that 80% of exporters are firms with less than \$10 million in revenues (which is less than their overall 99% share of the total firm population). Nearly one in five (18%) exporting firms are middle market enterprises with between \$10 million and \$1 billion in revenues (representing significantly more than their 0.7% share of the firm population), and 2% are large enterprises with \$1 billion or more in revenues (representing far more than their 0.001% share of the commercially-active firm population). Thus, larger businesses are over-represented among exporters relative to their overall share of the business population.

¹ See The [United States of Trade](#), published April 2015.

² This number is lower than the number reported by the ITA due to non-responses among some firms in the Dun & Bradstreet database. The analysis in this report is thus conducted among firms that are [confirmed](#) to be trading internationally.

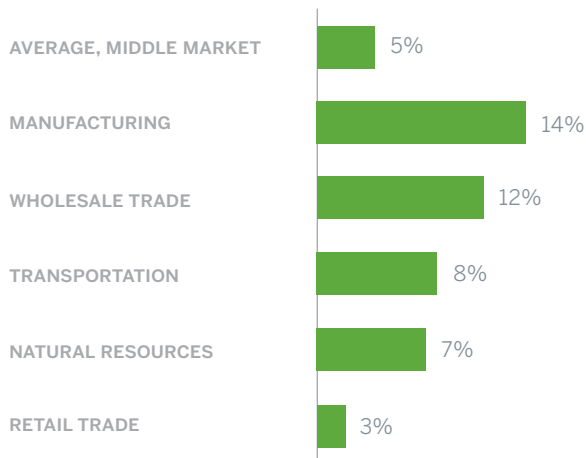
Key Findings:

Product-Focused Firms are More Likely to Export

Middle market manufacturers are nearly three times more likely (14% vs. 5% of all middle market firms) and those in wholesale trade are twice as likely (12% vs. 5% of all middle market firms) to be exporting than the average middle market firm.

MIDDLE MARKET MANUFACTURERS, WHOLESALE TRADERS MOST LIKELY TO BE EXPORTING

Percent of Firms That Export:



- Some industry sectors are more active in the global marketplace than others. Not surprisingly, U.S. middle market manufacturing firms are nearly three times as likely as the average middle market firm to be engaged in exporting: fully 14% are exporting their goods or services compared to the 5% seen among all middle market enterprises as a whole.
- In addition, 12% of middle market enterprises in wholesale trade are engaged in exporting, making them twice as likely as the average middle market enterprise to be exporting goods or services.
- At the other end of the spectrum, 1% or fewer middle market firms in educational services, health services or social services are engaged in export activities.
- Women-owned and minority-owned middle market firms are just as likely as the average middle market enterprise to be engaged in exporting. Five percent (5%) of majority women-owned middle market firms are exporting goods or services, as are 7% of firms that are majority-owned by one or more minority owners.

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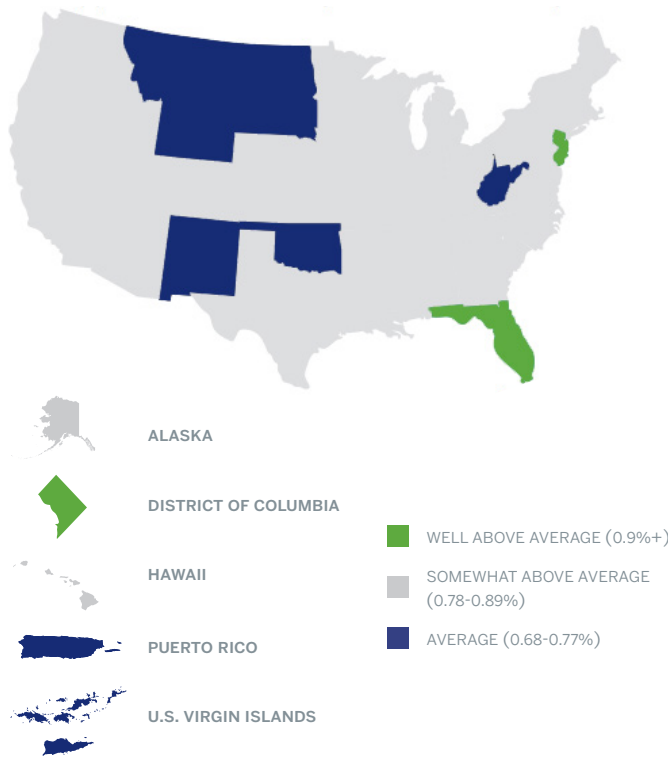
Key Findings:

Head-quartered Throughout the Country

For the most part, middle market exporters are equally spread across the U.S. However, middle market firms in Florida – particularly in Miami and Tampa – and New Jersey are more likely than average to export.

FEW STATES DEVIATE FROM AVERAGE LEVEL OF MIDDLE MARKET EXPORTING ACTIVITY

Upper Plains Less Likely, FL & NJ More Likely



- Nationally, 5% of middle market firms are engaged in exporting. And in the vast majority of states between 3% and 7% of middle market firms are exporting. In the vast majority of states, between 3% and 7% of middle market firms are exporting.
- In addition, middle market firms in Puerto Rico and the U.S. Virgin Islands are significantly more likely than average to have scaled their firms through exporting. Fully 26% of middle market firms in Puerto Rico are exporters, as are 14% of middle market firms in the U.S. Virgin Islands.
- At the other end of the spectrum, with 2% or fewer middle market firms exporting, are the Upper Plains states of Montana, North Dakota, South Dakota and Wyoming – as well as the District of Columbia, New Mexico, Oklahoma, and West Virginia.
- Looking at the propensity to export in the country's most populous metropolitan areas³ finds that middle market enterprises in four metro areas are more likely than average to be engaged in exporting. Topping the list are middle market firms in Miami, Florida, 20% of which are exporting. Other metro areas in which middle market exporters are more likely to be found are Houston, Texas (9% of middle market firms there are exporting), Tampa-St. Petersburg, Florida (9%) and Los Angeles-Long Beach, California (8%).

³ See www.proximityone.com/metros2013.htm for an interactive listing of population trends in U.S. Cities.

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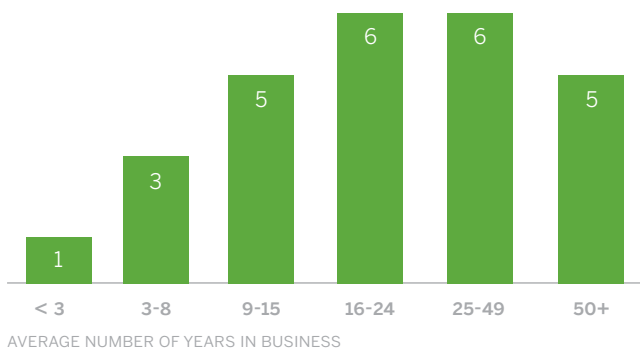
Key Findings:

Exports Increase With Firm Maturity

Generally speaking, it takes time before middle market firms test global waters. Just 5% of middle market exporters have been in business for less than nine years, while 68% have been in business 25 years or more.

LIKLIHOOD OF EXPORTING INCREASES WITH BUSINESS MATURITY

Percent of Middle Market Firms That Export



- It takes time for businesses to take the plunge into the global marketplace. Just 1% of middle market firms less than three years old are engaged in exporting, as are just 3% of middle market firms that have been in business between three and eight years.
- The share rises to 3% among middle market firms in business between three and eight years. Five percent (5%) of middle market firms in business between nine and 15 years are involved in exporting, as are 6% of those in business between 16 and 24 years are exporting, 6% of those in business between 25 and 49 years and 5% of those in business for 50 years or more.
- Looked at another way, more than two-thirds (68%) of middle market firms that are involved in exporting goods or services have been in business for 25 years or more, 27% have been in business between nine and 24 years, and just 5% have been in business for less than nine years.

Methodology Note

This report is based on an analysis of all of the firms in Dun & Bradstreet's commercial databases of nearly 19 million (18,950,877) businesses between 2008 and 2014: the first a virtual census of all of the commercially-active businesses in the United States (defined as firms that have obtained a D-U-N-S® Number and that sell and receive goods and services and utilize credit transactions in their business); the second their credit scoring archive database, which collects and models business commercial activity and business financial strength. All subsidiary and business establishment data are combined; only enterprise-level data (top of the business family tree, or Ultimate D-U-N-S® Number firms) are reported. Additionally, public sector entities are excluded.

Among the nearly 19 million businesses in 2014, 136,603 firms have between \$10 and \$999 million in revenue, and are thus defined as middle market enterprises. Within that population, 7,066 (5% of middle market firms) are confirmed to be exporting.

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The Middle Market Power Index: Entering the Global Marketplace

Commercially-Active Firms

	Total	Small (Under \$10M)	Middle Market (\$10-999M)	Large (\$1B+)
2014				
Number of firms (total)	18,950,877	18,812,008	136,603	2,266
Share of firms (total)	100%	99.3%	0.7%	0.001%
Number of firms (import/export)	155,326	130,907	23,277	1,145
Share of firms (import/export)	100%	84.3%	15.0%	0.7%
Number of firms (export)	39,470	31,634	7,066	770
	100%	80.1%	17.9%	2%
Share of Firms That...				
Import Only	1%	1%	12%	17%
Export Only	*	*	1%	3%
Both Import & Export	*	*	4%	31%
Total, Engaged in Exporting	*	*	5%	34%

Export Activity Among Middle Market Firms, 2014

Share of Middle Market Firms Engaged in Exporting

Total	5%
Gender/Race of Owner	
Minority-owned	7%
Women-owned	5%
Number of Years in Business	
<3	1%
3-8	3%
9-15	5%
16-24	6%
25-49	6%
50+	5%
Industry	
Natural Resources	7%
Construction	1%
Manufacturing	14%
Transportation	8%
Telecom	1%
Utilities	2%
Wholesale Trade	12%
Retail Trade	3%
Finance	1%
Insurance	1%
Real Estate	1%
Business Services	2%
Personal Services	2%
Health Services	*
Social Services	1%
Educational Services	*
Other Services	2%

GROWING SMART AMERICAN EXPRESS GLOBAL CORPORATE PAYMENTS

 Number and Share of Middle Market Firms
Engaged in Exporting by State, 2014

State	Number of Middle Market Firms Total	Number of Middle Market Firms Export	Share That Export
Total U.S.	136,603	7,066	5%
Alabama	1,866	85	5%
Alaska	339	12	4%
Arizona	2,051	54	3%
Arkansas	1,047	35	3%
California	16,391	893	5%
Colorado	2,168	59	3%
Connecticut	1,953	92	5%
Delaware	379	22	6%
District of Columbia	768	9	1%
Florida	6,715	696	10%
Georgia	3,557	210	6%
Hawaii	518	16	3%
Idaho	546	21	4%
Illinois	6,553	385	6%
Indiana	2,798	124	4%
Iowa	1,596	51	3%
Kansas	1,490	47	3%
Kentucky	1,711	63	4%
Louisiana	1,789	50	3%
Maine	619	19	3%
Maryland	2,438	77	3%
Massachusetts	3,963	168	4%
Michigan	4,749	209	4%
Minnesota	3,065	130	4%
Mississippi	1,034	39	4%
Missouri	2,672	125	5%
Montana	424	8	2%
Nebraska	910	34	4%
Nevada	861	24	3%
New Hampshire	678	29	4%
New Jersey	4,842	406	8%
New Mexico	611	8	1%
New York	10,047	535	5%
North Carolina	3,346	233	7%
North Dakota	483	9	2%
Ohio	5,333	258	5%
Oklahoma	1,517	37	2%
Oregon	1,640	91	6%
Pennsylvania	6,293	325	5%
Puerto Rico	394	102	26%
Rhode Island	506	24	5%
South Carolina	1,501	96	6%
South Dakota	459	8	2%
Tennessee	2,459	114	5%
Texas	10,105	509	5%
U.S. Virgin Islands	21	3	14%
Utah	1,120	53	5%
Vermont	340	11	3%
Virginia	3,368	108	3%

GROWING SMART AMERICAN EXPRESS GLOBAL CORPORATE PAYMENTS

Number and Share of Middle Market Firms Engaged in Exporting by State, 2014 Continued

State	Number of Middle Market Firms Total	Number of Middle Market Firms Export	Share That Export
Washington	2,725	166	6%
West Virginia	557	10	2%
Wisconsin	3,037	171	6%
Wyoming	251	3	1%

Number and Share of Middle Market Firms Engaged in Exporting in 25 Most Populous Metropolitan Areas, 2014

Top 25 Metro Areas	Number of Middle Market Firms Total	Number of Middle Market Firms Export	Share That Export
Total U.S.	136,603	7,066	5%
Atlanta, GA	2,112	133	6%
Baltimore, MD	1,174	46	4%
Boston, MA	1,960	72	4%
Chicago, IL	4,880	323	7%
Cincinnati, OH-KY-IN	886	38	4%
Dallas-Ft. Worth, TX	3,038	141	5%
Denver-Boulder, CO	1,457	45	3%
Detroit, MI	2,291	95	4%
Houston, TX	2,952	271	9%
Los Angeles-Long Beach, CA	4,798	374	8%
Miami, FL	1,155	231	20%
Minneapolis-St. Paul, MN	2,039	91	4%
New York, NY-NJ	6,059	378	6%
Philadelphia, PA-NJ	2,828	142	5%
Phoenix, AZ	1,466	42	3%
Pittsburgh, PA	1,137	70	6%
Portland, OR-WA	1,055	58	5%
Riverside-San Bernadino-Ontario, CA	1,132	67	6%
Sacramento, CA	637	12	2%
Saint Louis, MO-IL	1,356	85	6%
San Diego, CA	1,415	48	3%
San Francisco-Oakland, CA	2,520	93	4%
Seattle-Everett, WA	1,397	82	6%
Tampa-St. Petersburg, FL	965	86	9%
Washington, DC-MD-VA	3,157	49	2%