



The midsize business leaders **guide to growth**

Insights to help you manage the challenges ahead

Introduction

For several years, midsize U.S. businesses have risen to the challenges of an uncertain economy. Issues that were considered temporary disruptions have proven to be much longer lasting. But the challenges aren't insurmountable.

Our [2024 Business Leaders Outlook](#) survey indicates that today's executives are experts at staying resilient even in the face of ongoing challenges. The disruptions of the past few years are evident in business leaders' tempered outlooks on markets and industries. When we surveyed leaders for our 2022 survey a few months past the height of the pandemic, optimism remained high. Yet by 2024, much of that optimism has been eroded by ongoing economic uncertainty. Other highlights from the survey:



Just over half (55%) of leaders expect profits to increase. That's down from 67% in 2022.

44%

Optimism about the local economy trended much lower (44%) than in 2022 when it sat at 60%.



Labor remains a concern, with 54% of business leaders naming it as a top challenge.



The vast majority of leaders (79%) say their costs of doing business are increasing.



65% of organizations were victims of payments fraud, according to the 2023 AFP® Payments Fraud and Control Survey.

What does this mean for you? It's clear that the economic landscape will continue to shift and evolve. And you'll need to adapt with it.

This guidebook features insights from JPMorgan Chase experts and can help shape your approach to business planning and growth. From understanding market challenges to strengthening your company's safety nets, you'll gain a more informed perspective on what lies ahead.

As always, we're here with ideas and solutions to help you run your business more efficiently. Find out more or connect with a banker at jpmorgan.com/commercial-banking/middle-market-banking.

Navigating an uncertain economy

As a typical midsize business owner, it's no longer enough to know the ins and outs of your own business. Now, you need to understand the sometimes-competing economic indicators that could impact your day-to-day operations and your long-term strategy. Business leaders have been operating in an uncertain economy for the last four years. In spite of declining confidence in the economy, more than half of leaders surveyed in late 2023 expected their revenue or sales (61%) and profits (55%) to increase. This dichotomy may be due to a stronger understanding of how to thrive in an uncertain economy. It helps to have [expert insights](#) on how to interpret shifting market.



Ongoing inflation: In 2021, year-over-year inflation rose to 7%—the largest increase in prices in almost 40 years.¹ The cost of almost everything went up, from food and gas to lumber and gaming consoles. To tamp down inflation—which slowed to 3.4% in late 2023²—the Federal Reserve has relied on a combination of rate hikes and quantitative tightening. Absent a recession, most economists don't expect inflation to reach the Fed's 2% target. Business leaders should keep a close eye on their liquidity positions and credit strategies as costs of doing business continue to feel the impact of inflation and interest rates.

Workers still wanted: While the U.S. labor market is beginning to normalize, employers are still challenged in adding and retaining workers. Job openings continue to decline, from a high of 11.2 million at the end of 2022 to around 8.6 million at the start of 2024. Business leaders may be more reluctant than normal to shed workers. Plus, a tight labor market can lead to ambitious hiring tactics—and much higher costs for employers. Businesses may need to go beyond investing in wages and benefits to keep employees happy. For example, investments in technology that makes processes more efficient and improve workload are not only good for business but could improve employee morale.

1. U.S. Bureau of Labor Statistics, Consumer Price Index, December 2021
2. U.S. Bureau of Labor Statistics, Consumer Price Index, December 2023

Navigating an uncertain economy

Consumers and their cash: More than 28 million borrowers are faced with the reality of resumed student loan payments after the moratorium ended in October 2023. Among joint mortgage student debt payers, the median household will need to use roughly 3% of its take-home income for student debt payments once they resume, which could modestly impact spending, according to [research from JPMorgan Chase Institute](#). Institute research from August 2023 also shows that households with lower incomes sustained relative income gains compared to pre-pandemic levels, but real income growth has been minimal since 2022 across the board. Businesses can look to important consumer spending indicators, such as airport passenger volumes and retail sales reports, for insights on shifting spending habits.



Climate change raises its business profile: Companies will need to figure out innovative ways to deal with disruptions caused by extreme weather. Climate change presents many challenges, but its growing social and political urgency also offers an opportunity to advance your business. Look for ways climate-change solutions can move your business forward and strengthen relationships with customers and partners. Technology can help. For example, your business could reduce your carbon footprint by upgrading to a fleet of electric vehicles or building more energy-efficient facilities.

“There are reasons to expect consumer spending to slow this year, including diminished savings and plateauing wage gains. Yet other signals, such as household balance sheets and healthy debt servicing levels, tell a different story. Considering these cross currents, we think consumer spending growth will trend lower than 2023 but remain positive overall.”



Ginger Chambless
Head of Research, Commercial Banking

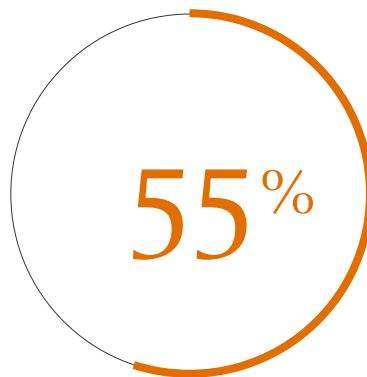
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Performance expectations for midsize companies

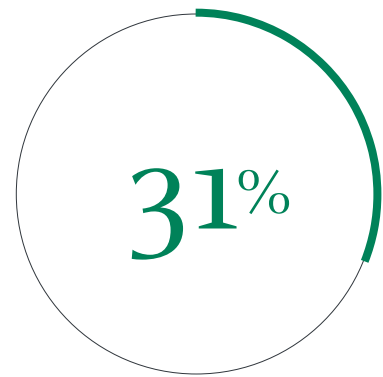
(With change in percentage points vs. 2022 Business Leaders Outlook annual survey fielded in Nov 2021)



Increased revenues/sales
(down 20 pts)



Increased profits
(down 12 pts)



Increased capital expenditures
(down 14 pts)

Building resiliency, now and for the future

Uncertain economic conditions are among the top challenges identified by business leaders, according to our 2024 Business Leaders Outlook survey. Multiple years of unprecedented business disruptions forced the majority of businesses to pivot their operations in one way or another. From finding new supply chains to automating manual processes, companies have become more agile—and better positioned to handle disruptions in the future.

Companies are planning on growth: In spite of concerns around the economy, labor market, and revenue sales and growth, leaders are planning many avenues for growth. According to our survey, the top drivers of growth identified are introduction of new products or services (53%), prioritization of their most profitable products (44%), and strategic partnerships and investments (43%). Those three moves—plus the lessons learned from pivoting during the pandemic—can be applied to new challenges. Continue to prepare for the unexpected and see how business changes you’ve already made can keep driving you forward. For example, consider environmental, social and governance (ESG) goals that can extend your reach with new suppliers and investors.

Expanding your supply chain footprint: As companies consider more geographically diverse areas to locate supply chains in the future—potentially outside China into Latin America or other emerging markets—they may need to build new supplier relationships that require risk-mitigating solutions. While diversification can reduce future supply chain challenges, it can also add complexity to your business model. **It’s important to build new supplier relationships in new markets before the need arises, so that you can properly vet opportunities.**



Building resiliency, now and for the future

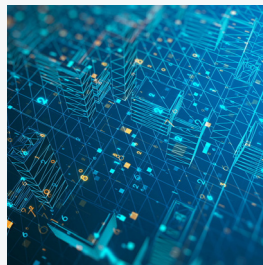
Understanding liquidity strategy is essential: Changes in supply chains, customer behavior, consumer spending, credit costs and access to capital can profoundly impact revenue and expenses. Any economic slowdown has the potential to cause cash-flow related challenges. Understanding your liquidity strategy and how much you rely on it during a crisis is a necessary part of resiliency planning. When evaluating your liquidity position, consider these key questions:

- How much cash do you need today to support daily operational needs?
- What are your short- and long-term funding needs?
- What are your future cash flows and what assumptions have you used to calculate them?
- Have you considered the impact of foreign exchange and interest rate risk?

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[How to optimize working capital with treasury fundamentals](#)

Protecting your business from cyberattacks, fraud

According to the latest [AFP Payments Fraud and Control Survey](#) underwritten by J.P. Morgan, 65% of companies reported being victims of attempted or actual fraud attacks. Businesses with \$1 billion or more in revenue reported being affected at a greater rate. But attacks on smaller companies have the potential to be more financially devastating. Companies of all sizes are vulnerable and should take steps to protect their businesses from threats with practical cybersecurity measures.

Tackle the problem as a team: Maintaining secure data systems requires robust resiliency planning strategies that shouldn't be carried out by chief information officers alone. Consider pairing your chief information officer with your chief financial and legal officers to create teams that can plan for various risks and act quickly if a breach occurs.



Employees are your first line of defense: Education and training strengthens your first defense against cyberthreats and fraud: your employees. When was the last time your colleagues participated in cybersecurity training or were part of an email phishing test? Training is no longer a nice-to-have; it's a mandatory action that business leaders must take with the appropriate feedback mechanisms so that your business can continually improve. Fraudulent emails are a bigger risk than you think: Business email compromise (BEC) is one of the leading ways that cybercriminals infiltrate a company and trick employees into divulging confidential information or sending fraudulent payments. These steps can help defend you against a fraudulent email attack:

- Regularly educate your staff about BEC and how they can help prevent it.
- Implement robust payment and information technology controls, including mandatory callbacks before sending any payments.
- Develop a BEC response plan that includes prompt reporting of all instances of payment fraud to your financial institution.

Protecting your business from cyberattacks, fraud

Checks continue to be easily exploited by bad actors: Check fraud reports increased by 90% between 2021 and 2023, according to the U.S. Treasury Department's Financial Crimes Enforcement Network¹. It has prompted the U.S. Postal Service to warn the public not to send checks through the mail. While best practice is to use check fraud-prevention products, the only way to truly protect against check fraud is to avoid writing checks.

Ramp up security for hybrid workers: Remote or hybrid work structures have become a workplace norm since the pandemic, but they come with security risks. This is especially true for employees who travel or use different internet connections throughout their workweek. Make sure your employees have the latest software updates installed on their devices and enforce all security protocols no matter where they work.

Keep an eye on back-end controls: Ensure your back-end procedures strengthen your defense against payments fraud. This can include:

- Requiring dual-payment authorization before processing any transactions
- Conducting a daily spot check of less than 10% of payments to ensure they went to the correct payee
- Requiring at least two signers to approve changes to your banking account
- Following the principle of least privilege for payments processing to help stop fraud

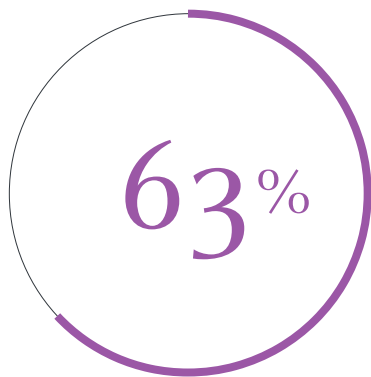
The principle of least privilege means giving a user, process or program the minimum access necessary to perform their job or function. By allowing only enough access to perform the required job, you can reduce the risk of attackers gaining access to data or systems.



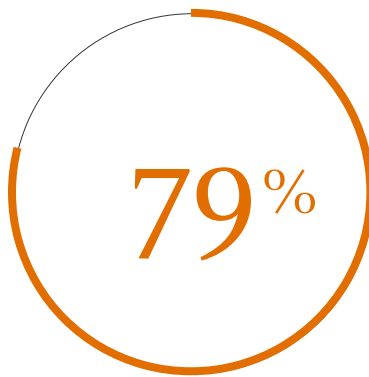
1. U.S. Department of the Treasury Financial Crimes Enforcement Network (FinCEN), Suspicious Activity Report (SAR) Statistics; annual totals of SARs citing "Fraud/Check" as the suspicious activity, 2021-2023.

Performance expectations for midsize companies

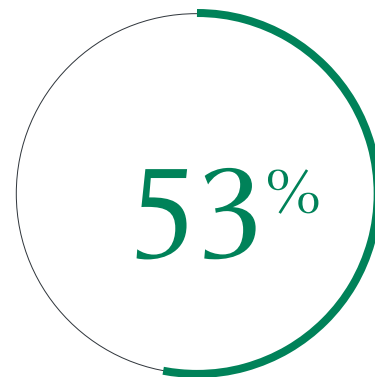
(With change in percentage points vs. 2022 Business Leaders Outlook annual survey fielded in Nov 2021)



Of respondents report that their organizations faced some kind of check fraud activity

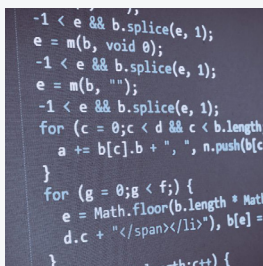


Of organizations sought assistance from their banking institution when reporting payments fraud

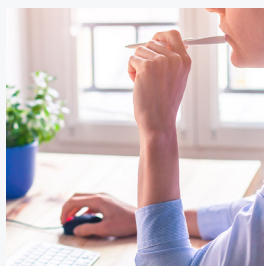


Of attempted/actual payments fraud attempts were a result of business email compromise (BEC)

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[Trust & Safety educational hub](#)



[Business Email Compromise Toolkit](#)

How JPMorgan Chase experts can help

The role of JPMorgan Chase Commercial Banking continues to evolve with the needs of our clients. From improving day-to-day cash flow to long-term business planning, JPMorgan Chase provides insights and data to help you tackle top business challenges.

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