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Private companies in the United States moved into their third straight quarter of strong performance, according to financial information company [Sageworks](#). Looking at statements filed over the past year, these companies on average grew sales at a rate of 8.6 percent and saw net profit margins approach 7 percent.

With revenues growing at a solid pace and profit margins remaining strong, private U.S. firms are showing positive signs that echo the strength of the most recent GDP revision and the broader market performance this year. “This is a very positive report card,” said Sageworks Chairman Brian Hamilton. “Good performance from

private companies is good news for the overall economic climate in the U.S.” Because

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It's tough to overestimate the importance of net profit for proprietors of privately held companies. While some large publicly traded firms are able to get away with lack of profitability, it's not so simple for private companies. “A lot of times, profits are how business owners provide for their families, and put food on their tables,” said Sageworks Chairman Brian Hamilton. “Solid margin and profit management is one of- if not the- most important things that business owners can do to run their companies successfully.”

Hamilton compares the net profit margin to an insurance hedge: “It shows business owners how much room for error they have, and how concerned they need to be once revenue growth starts to dip.”

Certain industries tend to be, on the whole, more profitable than others. “Law firms and doctor's offices tend to have, on average, healthier margins than construction companies,” said Hamilton. “However, it's also important to look directionally at profitability and performance. Are companies becoming more profitable over the years, or are they seeing margins and profits drop?”

In the analysis below, Sageworks has identified the ten industries with the biggest jumps in profits over the past year. “Some industries have above average profit margins, and some are below average,” said Sageworks analyst Libby Bierman. “However, they're all seeing profits rise at an extraordinary rate.”

Private companies drive nearly 50 percent of private nonfarm GDP and 65 percent of new job creation in the United States; private-company financial performance as measured in this report is an essential gauge of the overall U.S. economy.

Sageworks releases a quarterly update on the health of privately held companies in the United States. It includes metrics on the average U.S. privately held company, as well as the performance of notable sectors and industries.

The report and information on specific industries can be viewed on [Sageworks'](#)

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