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Isaac M. O'Bannon • Aug. 05, 2014

Nearly three in five private companies are confident about the U.S. economy, continuing their 18-month optimism streak. More than one-third of them plan major new capital investments, the highest percentage in over two years. The majority of private companies also plan to increase headcount, but minimally, via targeted hiring.

Fifty-nine percent of private-company leaders are optimistic about U.S. economic prospects for the next 12 months, according to PwC US's latest [Trendsetter Barometer](#). Indeed, the majority of these executives have felt upbeat about the domestic economy for a full year and a half. This confidence is translating into plans for major capital spending projects by more than one-third (36 percent) of Trendsetter companies, the highest number in over two years. The majority (56 percent) of survey respondents also plan to hire in the next 12 months, though in moderation.

Private companies that sell abroad are feeling positive as well. An overwhelming majority (92 percent) believe that the world economy is either growing or staying the same. Only 8 percent of these companies – the lowest percentage in years – describe the global economy as slowing.

“Private businesses see resilience in the economic recovery, both at home and globally,” says Rich Stovsky, U.S. leader of PwC's Private Company Services practice. “This confidence is evident in the survey respondents' strong revenue growth

projections, which they put at over 8 percent for the next 12 months, with more than

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competitive edge and spur faster growth,” says Ken Esch, a partner in PwC's Private Company Services practice. “Now that the economy has stabilized, many of their peers are playing catch-up, investing in deferred maintenance, infrastructure upgrades, and emerging technologies to enhance their own growth.”

In asking a subset of private-company leaders about their technology investments, the survey found the following:

Seventy-five percent of Trendsetter companies believe technological advances will deliver a moderate-to-major impact on their operations over the next several years, with 44 percent of respondents expecting a major impact. Seventy percent of companies plan to invest in technology that will automate operations and increase productivity. Sixty percent plan to strengthen their cybersecurity. Fifty-seven percent say they'll devote their IT dollars to data management and analytics. Forty-two percent expect to focus their tech spending on researching and engaging customers.

Meanwhile, the number of private companies voicing concern about headwinds continues to decline for the most part. Lack of demand still looms largest among private companies' anticipated barriers to growth (cited by 59 percent of companies), but less so than a year ago, dropping six points. The biggest declines were in the number of companies registering concern about legislative/regulatory pressures (42 percent of companies voiced this, down 13 points from a year ago) and increased taxation (22 percent of companies, down 15 points).

Private Companies Seek Talent through New Business Initiatives

Finding qualified workers continues to challenge private companies, with nearly one-third (32 percent) of the survey respondents citing this as a barrier to growth. And so although a healthy 56 percent of Trendsetter private companies say they'll add employees in the coming year, they intend to do so conservatively, planning to

increase their headcount by just 1.8 percent as they continue to search for the right

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“The survey results remind us that workforce planning needs to be tied closely to a company's business objectives,” says Esch. “The overall number of anticipated hires may be small, but if the vacancies are for critical roles? An inability to fill those could quickly turn into a growth obstacle for businesses.”

Additional Survey Findings

Two-thirds of Trendsetter companies also plan to increase operating expenditures across a range of areas, including new products and geographic expansion. The rate of major capital expenditures is sharply higher for companies selling abroad than their domestic-only peers – 46 percent versus 27 percent. International companies also project higher revenue growth than their peers – 9 percent versus 7.3 percent.

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