An Introduction to Researching Private Companies

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Introduction

The great majority of the companies in the United States -- including some very large and important ones -- do not offer their stock for sale on public exchanges and are, therefore, considered "private companies." Since private companies are not required to periodically submit detailed financial reports to the Securities and Exchange Commission, finding information about them can be challenging. The following list, written primarily for non-specialist researchers, is intended to illustrate the kinds of places to find information about private companies by spotlighting a few particularly useful resources.

Business Directories and Profiles

Published by Dun and Bradstreet, a leading commercial credit bureau, the five-volume Million Dollar Directory lists about 160,000 businesses with at least 180 employees and/or $9 million in annual sales (of which about 85% are privately owned). In addition to basic contact information, the Million Dollar Directory provides either a contact name or a list of senior officers for each company, the year of its foundation and its state of incorporation, and its basic lines(s) of business (using SIC numbers). The directory also flags businesses that are involved in importing and/or exporting, and identifies the parent companies of subsidiaries. Note that since private companies are not required to disclose financial information, the sales figures for these businesses are generally estimates (albeit from a well-informed source), which the directory clearly identifies as such. The Directory also provides each company’s nine-digit “DUNS” (Data Universal Numbering System) tracking number. The Directory is a small subset of the online Million Dollar Database, which lists about 15.5 million US and Canadian businesses, and 7 million businesses elsewhere in the world.

Ward’s Business Directory, a comparable multi-volume set published by Gale, lists about 110,000 businesses (of which about 90% are privately owned).
ReferenceUSA, published by Infogroup, is a nationwide database of over 14 million businesses (about 95% of which are privately owned). There is no minimum size to qualify for being included in ReferenceUSA, so it is one of the few good sources of information on very small businesses (including about 1.4 million home-based businesses). Like other databases, ReferenceUSA provides basic contact information for each company, a contact name or list of officers, the year of its establishment, and its basic lines(s) of business (using both NAICS and SIC numbers). As usual, the number of employees and an estimate of the company’s annual revenue are provided. ReferenceUSA, however, also provides:

- employment and revenue figures for up to three previous years (for some companies)
- estimated credit ratings (calculated using a model developed by Infogroup)
- Universal Commercial Code filings
- articles from news services (e.g. the Associated Press) and some business periodicals.
- connections to parent companies and subsidiaries (comparable to the Directory of Corporate Affiliations database).

In addition to being a good source of information about particular companies, ReferenceUSA can be searched using any combination of over thirty criteria, so it is an excellent tool for generating lists of companies for market research, prospecting, and competitor analysis. Whether a company is public or private is, in fact, a ReferenceUSA search criterion.

Published by a Dun and Bradstreet subsidiary, Hoover’s Handbook of Private Companies provides detailed profiles of the 500 largest “private enterprises” in the United States (most are private companies, but there are some leading nonprofit organizations and universities as well). Each entry begins with a short descriptive and/or historical sketch of the company and a list of its senior officers. Basic contact information for the company’s headquarters is always provided, and if the company has multiple locations, an attempt is usually made to indicate the scope of its operations (for retail-oriented companies, this may include the number of locations per state). While the Handbook does not categorize companies using SIC or NAICS numbers, it does provide a list of the products or services that each company offers and, in some cases, its brand names. The Handbook offers more detailed financial information than the Million Dollar Directory. In addition to total annual revenue, the Handbook sometimes provides net income and net profit margin figures, and offers up to five years of retrospective financial coverage. An attempt is sometimes made to break down total revenue by type of product and/or by location. The content of the Handbook is included in the more-comprehensive Hoovers Online database, which offers profiles of about 4,000 businesses.

Published by St. James Press, a Gale subsidiary, the International Directory of Company Histories provides in-depth essays (each is about four pages long) on the historical development and current activities of over eight thousand leading public and private companies, both in the United States and abroad. Each essay is accompanied by the company’s mission statement, a short list of key dates, and a bibliography. In addition to this detailed description, the Directory also provides basic contact information, the date of each company’s establishment, the number of employees it has, and its basic lines of business (using NAICS numbers). The Directory is indexed by industry, country, and company name. The index of names includes companies that do not have entries of their own, but which are mentioned briefly in the descriptions of listed companies. Seven or eight new volumes are published each year, with about fifty entries per volume (some companies have been profiled two or more times, as new information becomes available). Individual volumes can be
purchased as ebooks through the **Gale Virtual Reference Library**, and the entire **Directory** is available online through the **Gale Business and Company Resource Center**.

**EBSCO’s Business Source Premier** provides access to thousands of in-depth public and private company profiles researched by Datamonitor. Each profile includes short essays describing the company and summarizing its history (the level of detail is roughly comparable to essays in the *International Directory of Company Histories*), and a list of the products and services it offers. Basic contact information for the company’s headquarters is provided, as are the locations of its major branches and subsidiaries (both within the United States and abroad). Each profile also includes a list of the company’s major competitors and, in some cases, a SWOT analysis. As with many directories, the company’s senior officers are listed. However the Datamonitor profiles are unusual in that they often provide paragraph-length biographical sketches, too. Finally, the Business Source Premier record pages of many Datamonitor company profiles also include links to relevant newspaper and magazine articles.

**Reed Elsevier’s LexisNexis** also offers profiles (called "Company Dossiers"), comparable with those available through Business Source Premier. LexisNexis company profiles include a list of the legal cases involving each company, a list of its brands, and information about its patents, trademarks, and copyrights. Each profile also provides links to relevant magazine and newspaper articles (sorted into categories by type of publication, geographic region, and general topic). A hierarchical list of branches and subsidiaries (drawn from the **Directory of Corporate Affiliations**, another Reid Elsevier product) is also provided.

**Business Rankings**

*Inc.* magazine publishes the annual “Inc. 5000” list of the fastest-growing private companies in the United States (of which the more-famous “Inc. 500” list is just the top 10%). Ranking is based on cumulative growth over a three-year period. The “Inc. 5000” can be browsed online as a list (at [www.inc.com/inc5000/list](http://www.inc.com/inc5000/list)), or used as a searchable database (at [www.inc.com/inc5000/search/2010](http://www.inc.com/inc5000/search/2010)). Each entry includes a paragraph-length sketch of the company, its annual revenue for both the current year and the first year of the three-year evaluation period, the year it was established, the number of employees it has, the industry to which it belongs, and its ranking both on the list as a whole and within its particular industry. Note that since companies need to actively volunteer their financial information to be considered for the “Inc. 5000” list, its revenue figures are exact, rather than just estimates.

*Forbes* magazine publishes a list of the largest private companies in the United States, all of which have annual revenues of at least $1 billion. There are 248 companies on the latest version of the list, which was published in late October of 2009. While this list is not searchable, it can be re-sorted by company name, ranking (annual revenue), number of employees, the state in which each company is based, and the industry category to which each company belongs. It is available online at [www.forbes.com/lists/2009/21/private-companies-09_Americas-Largest-Private-Companies_Rank.html](http://www.forbes.com/lists/2009/21/private-companies-09_Americas-Largest-Private-Companies_Rank.html).
Gale’s Business Rankings Annual offers several pages of “top ten lists” of private companies in many categories, including the largest private companies in most states and Canadian provinces, the largest private companies in a few large cities, the fastest-growing private companies, and the private companies with the most employees. The Annual is also available online through the Gale Business and Company Resource Center.

Ward’s Business Directory includes a list of the 1,000 largest private companies nationwide, and the hundred largest private companies in each state.

Magazine and Newspaper Articles

Articles in newspapers, magazines, and business-oriented periodicals can be invaluable sources of information about private companies.

EBSCO’s Business Source Premier is a database of about 2,300 periodicals, including about 1,100 peer-reviewed business journals. In addition to articles (usually available in full text), Business Source Premier also offers detailed company profiles and SWOT analyses prepared by Datamonitor. Comparable databases of full-text articles from business-related periodicals include ProQuest's ABI/INFORM and Reed Elsevier's LexisNexis, and Gale’s General OneFile.

Newspaper Source Plus, another EBSCO database, covers over 940 regional, national, and international newspapers, newswires, trade publications, and transcripts of TV and radio news shows.

Another good source of local and regional business information are the 41 newspapers published by American City Business Journals chain. Full-text articles are available through Gale’s General OneFile, and from the chain’s own website, bizjournals.com.

Often, finding a hometown newspaper article is the only way to go beyond a mere address, telephone number, and NAICS number to get a real picture of the activities and character of a small local business.

For small private companies, the line between the business and its owner is often a blurry one. Searching for articles about entrepreneurs often yields useful information about their ventures.


Government Resources

In most states, a sole proprietorship (or a general partnership) doing business under a name other than that of its owner(s) must register this assumed name, either at the state level, or in the counties and/or towns in which it does business. The procedures and the name of the form to be submitted vary from state to state, but are summarized on the "Doing Business As - DBA - Registration" page of the federal government's business.gov website (at www.business.gov/register/business-name/dba.html).

Corporations (and LLCs) generally register with the Secretary of State's office in their home state (links to all of the Secretary of State websites are available at www.llrx.com/columns/roundup29.htm).

The Secretary of State’s office usually also maintains a database of Universal Commercial Code (UCC) filings. UCC filings specify the property which a company has pledged as collateral for the loans it has undertaken, and thus hint at its level of indebtedness. Lists of UCC filings are also available through ReferenceUSA.
Although private companies are not required to submit financial reports to the Security and Exchange Commission, the SEC's EDGAR database can still offer some clues about their activities. EDGAR is now keyword-searchable, (at www.sec.gov/edgar/searchedgar/webusers.htm) and when a private company does business with a publicly-traded one, that interaction may appear in the publicly-traded company's financial reports. Furthermore, when a publicly-traded company "goes private," the reports which it filed with the SEC prior to taking this step remain available, If the company "went private" in the recent past, these reports may retain some value.

Companies that choose to do business with the federal government must relinquish some of their privacy. The Federal Funding Accountability and Transparency Act (FFATA) of 2006 requires companies receiving contracts to provide products and services to the federal government be listed in a publicly accessible searchable database. This database is now online at usaspending.gov. It covers the 2000 federal fiscal year to the present, and is updated at least twice monthly. While it doesn't provide complete financial profiles of contractors, it does list the value of each contract awarded and its purpose (using several classification systems, including NAICS numbers), and identifies companies that fall into special eligibility categories (e.g. being minority- or veteran-owned). Beginning in October of 2010, this database lists first-tier subcontractors, as well as the primary contract recipients themselves.

A similar (and older) website, fedspending.org, is maintained by a Washington-based nonprofit organization called OMB Watch.

While the compensation of the executives of publicly traded corporations has always been available through the SEC's EDGAR database, private companies seldom reveal this information. Some companies (both public and private) that received federal contracts via the American Recovery and Reinvestment Act (ARRA) of 2009, however, are required to report the names and total compensation of their five most highly-compensated executives. If a given company receives at least 80% their annual gross revenue from the Federal government, and that annual revenue totals $25 million or more, then it is covered by this reporting requirement. This information is available through the "Recovery" section of the fedspending.org website (and can even be used as a criterion when conducting an advanced search). Under the FFATA, similar reporting requirements now cover all federal contacts (not just those under the ARRA). Individuals, small private businesses whose total annual revenue is less than $300,000, and contractors working on classified projects, are exempt. This information will be made available on usaspending.gov in the 2011 fiscal year.

The Small Business Administration's Dynamic Small Business Search (DSBS) database is available online at dsbs.sba.gov/dsbs/search/dsp_dsbs.cfm. Federal law requires that 23% of all federal contract dollars go to small businesses, and the principal purpose of this database is to help contracting agencies find eligible small businesses and thus meet this quota. While the DSBS database lists only small businesses, it includes many businesses which have not actually received a federal contract yet, but have registered with the SBA to be eligible for one in the future. In addition to basic contact information, each company's DSBS entry includes a contact name and email address, the year of its establishment and its legal structure (i.e. whether it is a sole proprietorship, a corporation, etc.), and an NAICS-based description of the business, with an optional
"capabilities narrative" and searchable tags. As like the usaspending.gov database, it also identifies companies meeting special eligibility criteria.

Companies which have been specifically barred from receiving federal contracts are also listed in a searchable database, the Excluded Parties List System (EPLS), which is available online at www.epls.gov.

**Conclusion**

It is seldom possible to get a complete picture of a private company, in quantitative detail, from a single source. Researching a private company generally involves piecing together bits of information drawn from a variety of different sources -- from directories like ReferenceUSA, ranked lists like those published online by Inc. and Forbes, indexes of business periodicals and newspapers like EBSCO's Business Source Premier and bizjournals.com, and, in some cases, the publicly accessible records left behind when a company interacts with government agencies. The resulting portrait will often be incomplete or sketch-like, but is still the best basis for making informed decisions regarding a private company.