EMERGENT PARTNERS

HOT TOPICS FOR BUSINESS
JANUARY 2019

Part of the Emergent Partners Business Roundtable Series

As a kickoff to 2019, key issues that would be affecting businesses over the next six to twelve months were discussed to help business owners and leaders in planning and executing their annual strategies. Discussions included outlooks for 2019 and challenges that businesses felt they would be facing in the coming year. Here are the highlights from those discussions.

NFIB Small Business Optimism Index[1]

Part of the monthly reporting from the National Federation of Independent Business (NFIB) is evaluation of the Small Business Optimism index that is calculated based on surveys from their membership. The December 2018 survey report was used as a baseline for identifying market-wide trends for the roundtables and comparisons to the report were drawn from each group. The items highlighted from the report were as follows:

- Small business optimism remained unchanged, but is still at historically high levels.
- Unfilled jobs and a lack of qualified labor continued to be a primary driver, with job openings setting a record high and job creation plans strengthening.
- Reports of higher worker compensation remained near record levels.
- Reports of capital outlays were unchanged, but remained strong.
- Based on survey results, inflation is not an issue for smaller companies and this section of the economy remains very strong, setting record levels of hiring.

How did these trends relate to CEO and Executive Roundtable participants?

The majority of roundtable participants agreed with the results of the NFIB survey. Participants felt high levels of optimism going into 2019 with most saying they were neither more nor less optimistic than before. There was a general agreement that finding and maintaining qualified workers was a challenge, especially in markets where labor traditionally has been an issue. Overall, the outlooks for 2019 were positive with participants not seeing any significant headwinds that would affect short-term growth.

Other Market Trends

Labor Markets: Participants showed increasing concern for the quality and quantity of labor available in their markets. When looking at NFIB data, one trend that was discussed was the correlation between difficulty hiring and increases in wages. Everyone agreed that increasing compensation (wages and benefits) was a traditional way to attract better talent. However, participants agreed that it would be better to find ways other than just compensation to compete for talent and that they were in a unique position to find more creative solutions.

Risks & Opportunities: The greatest risks participants felt that they faced for 2019 were hiring, market volatility, and their ability to manage growth. All felt they were in a good position to address those challenges and that these risks actually represented opportunities for them because they were better equipped to creatively adapt to changes in market factors.

Managing Growth: Most participants felt they would encounter administrative and operational challenges with managing growth in 2019. These participants were preparing by consistently looking at ways to improve processes and introduce efficiencies as well as making changes within the business to eliminate potential, future risk.

[1] Dunkelberg, William C.; Wade, Holly. *NFIB Small Business Economic Trends*. NFIB Research Center, Dec. 2018.

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