

Memorandum

Date: August 11, 2021

To: Joseph Rinaldi, CIO
Members on Investment Committee

From: Steven Mendley, Senior Investment Intern (IIIP)

Re: Summary of CNBC Small Business Playbook

As the pandemic comes to a close, confidence among business owners and consumers had begun to rise, but since the rise of the delta variant, confidence has seemed to completely stall. Almost a third of business owners have their doubts that we will come out of this pandemic.

However, the largest factors currently impacting business confidence are the ongoing labor shortage and supply chain disruption. Unfortunately, many of these businesses must pass these costs onto the consumer and it seems that many of these supply chain disruptions are not likely to let up soon. Businesses are also dealing with the challenge of labor shortages, which has forced many owners to increase hours of their workers or pick up workers themselves. This has led to many lost sales opportunities, which has been worse than before due to the fact that aid for small businesses has not been replenished. Either way, costs of labor and distribution have increased and created serious stress for businesses. Dealing with these issues, especially working to attract and retain talented labor, will be paramount for the success of small businesses.

As Covid-19 cases begin to rise again with the delta variant, small business owners will also need to deal with these health considerations again, with new regulations and issues arising. Still, the economic landscape being shifted has created opportunities for more business formations over the next year, so there will likely be an increase. Companies have also found that direct-to-consumer relationships and sales have completely changed our economy and offered a way for businesses to recover much more quickly. This approach is also much more efficient for businesses and offers much higher margins.

The pandemic has also presented new opportunities for creative hiring. Small businesses that can be flexible and creative in finding and attracting talent will benefit from these opportunities. Large amounts of workers are interested in changing jobs, while about half of workers would be willing to take a pay cut to permanently work from home. Having a strong employer brand and transparently representing your company's values can be incredibly important in attracting talent. Getting potential workers interested in and comfortable with your company's brand could make it much more likely for them to apply. Thus, having a presence on LinkedIn is imperative in finding talent, especially with how much traffic and attention a brand can get through the platform.

Covid-19 has also created problems for our commune. Disputes between businesses, especially financial litigation, have been caught in a logjam because they haven't been able to be resolved during the pandemic. So unfortunately, many disputes have gone to arbitration and businesses have failed while waiting. Litigation between family members have also been an issue. These disputes could be incredibly deep-rooted but, in the end, nepotism can create serious problems down the line in large businesses.

One growing trend among small businesses is the rise of the use of AI in data management. This technology has become cheap enough to be accessible to even small businesses and this data can help them increase their sales by huge amounts. Businesses will also be able to better manage their capital and allocate their efforts more efficiently.