

## Business Cycle Mid 2023 – In a Coma or Bipolar?

Recently I've been in many conversations with business owners about our economy, the pending recession, and about the Fed increasing interest rates. The reoccurring themes have been: "Wait and See", "Be Patient", and "Maybe Next Year". Still, others have shared that business has never been better! A banker shared that some of his clients haven't taken their foot of the gas! Whether this economy is in a coma waiting for life support (or Nitroglycerin) or it's just bipolar depending on the industry, we must keep a few things in mind. **I'm very bullish about our future!**

### Important Facts to Remember

- Based on last week's job report, the Midwest still only has 40 people available for every 100 job openings. And the jobless rate just fell to 3.5% Nationally.
  - **Human Talent is in high demand.**
- Since 1971, the average Fed funds rate has been at 5.42%, We are at 5.5% today.
  - **The new normal is yet to be comfortable.**
- Housing inventories have been at historical lows since 1980.
- Average hourly wages continue to grow faster than all-time averages at 0.4% month over month; faster than the cost of goods.
- Since the end of the pandemic, 87% of companies have or will be onshoring or reshoring raw materials and components back to the United States.
- According to the Vistage Confidence Index, more CEO's said they believe the overall economy is improving and 32% said they are going to increase investment into their company in the coming year. This is a 30% increase from the prior quarter.



### Growth Guru take-a-ways, no matter where you are in your business cycle.

1. You are the leader! Anyone can sail a ship through calm seas. Now we must navigate and steer the ship! You need to be on deck and present. Sticking your head in the sand and doing nothing right now will cost you time, talent, and resources that you will need in the future. Here are the basics: 1) Share your vision, 2) Acknowledge the value your team is bringing, 3) Care for your team deeply and 4) Invest in the leaders you will need in the future. Be the captain. Be the coach.
2. Keep shooting bullets at new opportunities. Making BIG moves on unproven tools, products or initiatives may not be in your best interest right now. Instead, ask some of your best people to work experimental / test projects and reinforce to them that innovation is crucial to future results. Then, when the time is right, take those 'bullet' test projects and products that have proved themselves as winners, and turn them into cannon balls.
3. Get out of your comfort zone! Stress-test your financials and build proformas. Build partnerships with other companies. Explore other industries and look for best practices or opportunities that can transfer to your industry.
4. Get your best people to act like owners by making them owners. Sound scary? What's scarier, is showing your top people your finances and how they can directly create value. By not sharing your financials and they operate blindly, or take their talent elsewhere. There are lots of ways to do this, whether you decide to make them a shareholder or not.

**If you would like more information about growing your company in any market or cycle, please reach out to our team.**

Sincerely,  
Rick Faber  
Guru and Founder