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Musings

#155: Musing December 3, 2021

I argue that all executives need some level of technology expertise as technology is changing all aspects of business operation. To quote the Starbucks COO from a couple years ago: “every company is a technology company.” Admittedly I had not thought about what this means for internal organization. Does it still make sense to have one centralized IT department? I know many in the marketing area who advocate for a small group of dedicated technologists within the department to allow quicker response time around website changes and data analytics. Should every operating group have their own set of technologists? [get-rid-of-the-it-department](#)

There are limits to technology. Thanksgiving Black Friday sales don’t give you lots of confidence in Zuckerberg’s Metaverse. In-person sales grew strongly while online sales actually decreased compared to prior year for the first time ever. People want to be in person. Call me a “Boomer” but human beings want real social interaction and not just digital life.

The key to success in the future is the combination of technology and soft skills. *“During a time when so much can be automated or delivered digitally, it is a combination of technical ability and uniquely human skills and behaviors that will set workers apart into the future. These are combinations of artificial intelligence and emotional intelligence, forecasting and ethics, or data science and communication. This isn’t traditionally how we think about the role of postsecondary and workforce training, but this pairing will be essential to supporting the long-term economic advancement of individuals whose career trajectories have been interrupted by the pandemic.”* [hybrid-skills-are-ascendant-in-the-post-pandemic-talent-economy/](#), or here is another good article on it from WSJ a couple year ago [the-hybrid-skills-that-tomorrows-jobs-will-require](#). I hope schools adapt their curricula accordingly.

Is the need for civility another reason to get employees back in the office and students to school? That was the opinion of a university President I respect. In her view, the social isolation of remote work and learning is a contributing agent to the increase in rudeness and hostility towards other humans (including flight attendants). Good oped along these lines on K12 from Leslie Bienen. [school-closures-arent-just-for-covid-anymore-education-children-shutdown-remote-learning](#).

Some thoughts on “influencer marketing” from Kellogg professors Sawhney and Russell. It is not about identifying the “influencer” like a social media star but about really understanding your market and then seeing who they follow and listen to. Technically, influencer marketing is not a new concept it has just accelerated with technology. Sawhney “We use to have word of mouth now we have word of mouse.” They caution against getting held up by tight reporting. Russell: “Direct attribution isn’t possible because we are human....measurement is a narrative which includes facts and stories. Avoid swim lane reporting where you just look at last click.”

I believe we are seeing a redistribution between sales and marketing in the B2B world. Historically, go to market dollars were heavily invested in the salesforce and marketing investment was

limited. Marketing created leads for sales professionals to work. In today's skeptical buyer world, marketing needs to more actively create and nurture demand (heavily using technology) and sales becomes more about the design of the solution --- almost more of a solution architect/sales engineer role. Marketing needs more investment and works the prospect top of funnel and then sales professionals need to have deeper expertise on the products/services and the design of the solution. Allocate your money and adjust your hiring profiles accordingly.

Our labor shortage crisis may not only be an economic issue. Talked to a hospital administrator who has an entire wing of fully operational beds sitting empty because they can't get the nurses they need to service the patients. The federal mandate could really hurt staffing in rural settings where vaccine hesitancy much higher. [some-hospitals-prepare-to-lose-staff-over-covid-19-vaccination-mandate](#).

I have commented on the published vs effective tuition at most private colleges. Playing off the economic principle of Veblen Goods --- many believe higher tuition in higher education indicates higher quality and selectivity. As a result, schools do not show their real prices which are tuition after institutional grants (price discounts). Many expensive schools may actually be affordable. Here are stats from Yale per CNBC: "At Yale, for example, tuition and fees plus books, room and board averaged \$77,750 this year, according to data from The Princeton Review, but the average need-based scholarship award — or free money — was just over \$59,000 bringing the total out-of-pocket cost down to roughly \$22,000." [more-colleges-face-bankruptcy-but-top-schools-experience-record-wealth](#).

Inflation hits the Dollar store business. Dollar Tree stores will begin offering everything at \$1.25 store. Fed seems to be acknowledging that inflation not as "transitory" as originally forecast. Good overall economic snapshot Powell's comments below.

Hope everyone is enjoying open enrollment hell. Deductibles, copays, in network/out of network, co-insurance, out of pocket maximum, FSA, HSA. Could we make it more complicated? Ever try to really read and understand the "explanation of benefits" you get from the insurance company? Ridiculous system.

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Fed Chairman Powell's congressional statement:

The economy has continued to strengthen. The rise in Delta variant cases temporarily slowed progress this past summer, restraining previously rapid growth in household and business spending, intensifying supply chain disruptions, and, in some cases, keeping people from returning to work or looking for a job. Fiscal and monetary policy and the healthy financial positions of households and businesses continue to support aggregate demand. Recent data suggest that the post-September decline in cases corresponded to a pickup in economic growth. Gross domestic product appears on track to grow about 5 percent in 2021, the fastest pace in many years.

As with overall economic activity, conditions in the labor market have continued to improve. The Delta variant contributed to slower job growth this summer, as factors related to the pandemic, such as caregiving needs and fears of the virus, kept some people out of the labor force despite strong demand for workers. Nonetheless, October saw job growth of 531,000, and the unemployment rate fell to 4.6 percent, indicating a rebound in the pace of labor market improvement. There is still ground to cover to reach maximum employment for both employment and labor force participation, and we expect progress

to continue.

The economic downturn has not fallen equally, and those least able to shoulder the burden have been the hardest hit. In particular, despite progress, joblessness continues to fall disproportionately on African Americans and Hispanics.

Pandemic-related supply and demand imbalances have contributed to notable price increases in some areas. Supply chain problems have made it difficult for producers to meet strong demand, particularly for goods. Increases in energy prices and rents are also pushing inflation upward. As a result, overall inflation is running well above our 2 percent longer-run goal, with the price index for personal consumption expenditures up 5 percent over the 12 months ending in October.

Most forecasters, including at the Fed, continue to expect that inflation will move down significantly over the next year as supply and demand imbalances abate. It is difficult to predict the persistence and effects of supply constraints, but it now appears that factors pushing inflation upward will linger well into next year. In addition, with the rapid improvement in the labor market, slack is diminishing, and wages are rising at a brisk pace.

We understand that high inflation imposes significant burdens, especially on those less able to meet the higher costs of essentials like food, housing, and transportation. We are committed to our price-stability goal. We will use our tools both to support the economy and a strong labor market and to prevent higher inflation from becoming entrenched.

The recent rise in COVID-19 cases and the emergence of the Omicron variant pose downside risks to employment and economic activity and increased uncertainty for inflation. Greater concerns about the virus could reduce people's willingness to work in person, which would slow progress in the labor market and intensify supply-chain disruptions.

To conclude, we understand that our actions affect communities, families, and businesses across the country. Everything we do is in service to our public mission. We at the Fed will do everything we can to support a full recovery in employment and achieve our price-stability goal. Thank you. I look forward to your questions.