

J. Michael Locke

Musings

#165: Musing February 11, 2022

January CPI up 7.5%. I am generally a fan of Fed Chairman Jerome Powell but the “it’s transitory” position on inflation six months ago may go down as one of the worst calls in a long time.

The shortage of labor is driving companies to raise prices to try and protect profits. For instance, Amazon is raising its prime membership 16% from \$119 to \$139 to offset the fact that it has to pay \$22 an hour and give away college education in order to attract workers. The strong January jobs report continues to show the challenge employers are going to have in meeting their human capital and talent needs. This is not a transitory phenomenon. The “Great Resignation” represents a resetting of employer/employee dynamics. Some companies are adapting by sharing more ownership with employees. *“Employee-owned companies..provide ownership stakes at no cost to their workers in a type of retirement account governed by the same law that created 401(k) accounts. Companies owned by their workers tend to pay higher wages, have lower turnover, better benefits and more inclusive cultures, research shows. Academics say these companies exemplify the idea of “shared capitalism.” With the wealth gap widening across the U.S. and more Americans expressing dissatisfaction in their jobs, employee-owned companies say their structure is the solution.”* [workers-companies-aren-t-rushing](#) This is a very expensive approach (coming in dilution of ownership rather than higher wages) but might make sense for some.

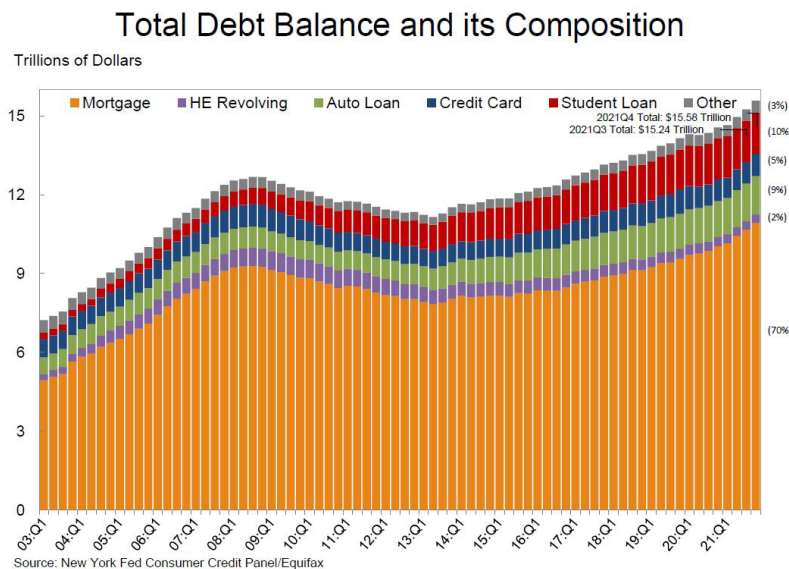
Personally, I think employers need to focus more on non-wage / non-benefits issues. Company culture and how leadership treats employees is huge. One critical segment of the workforce is mothers. A company cannot truly reach its potential unless it has an attractive employer for working moms. The includes flexibility in your work structure but also, and probably more importantly, a higher EQ for leadership and the company culture. Interesting article on this post-pandemic (thanks Lisa Taylor): [these-women-left-the-workforce-heres-what-they-want-in-their-next-jobs/](#)

Employers also need to be more open to non-college educated workers. Skills can be attained in a variety of ways. This shift away from a bachelor degree requirement is accelerating. From Burning Glass: *“Employers are resetting degree requirements in a wide range of roles, dropping the requirement for a bachelor’s degree in many middle-skill and even some higher skill roles. This reverses a trend toward degree inflation in job postings going back to the Great Recession. And while the Covid-19 pandemic accelerated this process, this reset began before the crisis and is likely to continue after it. This reset could have major implications for how employers find talent and open up opportunities for the two-thirds of Americans without a college education. Based on these trends, we project that an additional 1.4 million jobs could open to workers without college degrees over the next five years.”*

The diverging prospects of Google, Amazon and Facebook seem to rest on where you are “in the funnel.” Marketers talk about a funnel with potential buyers coming in the top based on “awareness” or “indications of interest” and then some portion move through a process and ultimately purchase at the

bottom of the funnel. Google's search is more at the bottom where someone is actively looking for something. Amazon's new booming search business is even lower basically helping the consumer buy. On the other hand, Facebook is way at top of funnel where there is an assumed interest based on display ads which is much more tentative demand and the Apple privacy changes made it even more tenuous and less valuable.

Is the American obsession with home ownership, right? Our public policy supports it through the tax deductibility of mortgages and the backstops on credit provided by Fannie Mae etc. I believe the idea is ownership creates a more committed member of a community and an opportunity for wealth creation. I look at the following chart from the NY federal reserve on consumer debt and how much is mortgages and wonder:



Interesting stat: according to Edmonds, 82% of new car purchases in January were above MSRP (up from 2% last year).

I am all for right to repair laws. Drives me nuts when a manufacturer makes it that you can only go to them for repair (ex. Apple). Tides seem to be turning. Late last year, Apple announced a new program to allow for self-service repairs ([apple-iphone-mac-self-service-program-repair-diy](#)). Legislatures are also getting involved and passing laws which will open up opportunities for independent repair shops. [fight-right-repair-cars-turns-ugly](#)

For the economics wonks, interesting debate on the role of the Federal Reserve currently taking place in Washington. Historically, the Fed focused on monetary policy and its dual mandate of low unemployment and low inflation. Some of the new nominees have a more socially active view of how the fed should operate including factoring in climate change as a monetary policy risk. Not sure how this will play out.

Good thought from Scott Galloway on mentors: *“Don’t make an important decision without getting input from others. Perspective matters ... it’s difficult to read a label from inside the bottle. A mentor isn’t necessarily someone smarter than you, and they likely won’t know more about your situation, but their standing outside it is what’s valuable. Besides, the ask itself matters. Asking for someone’s advice is an*

expression of trust — that’s why it’s intimidating. Trust builds trust and deepens relationships. Seek counsel, and your mentor will be invested in your success. Asking for advice doesn’t mean you have to take it. Often, what’s most valuable about advice isn’t a recommended course of action, but the questions a mentor asks you — pressure testing your reasoning. You might not follow their advice, but don’t ignore what they say.”

Watch the “dark side” of Apple AirTags. This is a new product they rolled out which allows you to basically put a tracking device on an object so you can locate it like “Find my iPhone.” However, it also can be used to track people and some bad people are using them that way. [women-who-say-apple-airtags-used-to-track-them](#)

The pandemic lockdown is over. The end will be “choppy” and vary geographically but people are just kind of “done” with government/institutionally imposed rules and want to make their own health risk decisions. Get ready for a great summer.

Finally, first we had NFTs and now we have YATs. Maybe Prince had it right when he changed his name to a symbol. Apparently the current rage is to identify yourself through a series of emojis called YATs. If you want to reserve one yourself, go to www.y.at. So much for the old fashion needlepoint life belt. [nft-yats-emoji-investment](#)

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(formerly known as jml)