



## Corporate Survey Analysis by Ed McCallum

By Ed McCallum, Senior Principal, McCallum Sweeney Consulting (Dec/Jan 09)

The 2008 Corporate Survey certainly makes a statement about the sentiments of decision-makers. Oil peaked at \$147 per barrel in June of 2008, yet at the close of business six months later — on December 11 — it was \$45. The U.S. government passed a \$700 million bailout package for the banking industry in November, yet the U.S. Senate would not pass a similar package for the U.S. auto industry. These are uncertain times for the U.S. and world economies, and it has had an impact on priorities in the minds of executives.

In spite of the recent volatility in the marketplace, there has not been a corresponding overreaction or concern regarding costs. Then again, perhaps there should be an overreaction.

In a cost-conscious environment, both energy availability and costs and labor costs would typically be of major issue; however, oddly enough, concern about these factors decreased by 1.1 and 0.9 percentage points, respectively. Is this sentiment sensible given that both energy and labor costs will certainly increase — that is if history teaches us anything? I would say that it is in some ways.

There is a greater concern over training programs and proximity to technical university, both of which increased by 5.7 percentage points. This speaks volumes about the where the focus should be in order to increase competitiveness in the marketplace. It begs the reader to ask the obvious question, "Is there enough concern?" Personally, I do not think there is regarding either energy costs or worker training.

Two dramatic statistics in the survey are the increased concern for the availability of healthcare facilities (which went up more than 20 percentage points) and the decreased concern for railroad service (which declined by almost 11 percentage points), although neither of these ratings should be surprising. One only has to examine the current demographic statistics on aging to understand why healthcare is an increasingly important component of work force recruitment and retention. I suspect this will be a continuing concern for a long time.

Regarding the decreased concern for railroad service, there has been a dramatic slowdown in very large capital investments, which typically are the exact industries that require rail. Of greater significance is the lack of concern over the economies associated with rail transport and the inevitable increase in energy costs on a transportation system that is way overtaxed. This is a mistake in a time when industry should be driving policymakers to correct this inadequacy.

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