MICHIGAN CFO ASSOCIATES NEWSLETTER

The CFOs for Small Business

VOLUME 20 | ISSUE 02 | SUMMER 2025

U.S. NATIONAL DEBT AS OF:

June 2025

$36,213,761,221,110

July 2024

$34,887,656,124,071

INSIDE THIS ISSUE:

Our CFO'S:

Todd Rammler
Brian Bach
Lauren Pecoraro
Daniel Beardslee
Sanford Wexler
Dennis Weist
Paul Carnarvon
Tom Carbone
Scott Reed
Jim Dostine
Mike Lynn
Pete Kaempfer
Rinay Bhownath

Visit Our Website!
www.michigancfo.com

The Labor Shortage in 2025 & Beyond

In mid-May, we attended the American Mold Builders Association's annual conference (AMBA), and a fairly common theme (other than tariffs) revolved around labor, recruiting, training, developing and retaining the talent necessary to grow. If you're a CEO of a lower-middle market company (manufacturing or otherwise) you're likely feeling the pinch of the ongoing labor shortage. Despite some improvement since the pandemic's peak, key sectors—manufacturing, construction, healthcare, and transportation—continue to struggle with workforce challenges.

The Current Labor Landscape

As of May 2025, the U.S. unemployment rate sits at 4.2%, with jobless claims holding steady at 229,000—signaling surface-level stability. But under the hood, business owners know it's harder than ever to find and retain qualified workers in certain industries.

Where the Shortages Are

Manufacturing:
Despite wage increases of up to 30% since COVID, the manufacturing sector faces a projected shortfall of 1.9 million workers by 2033. The workforce is aging, and younger generations are less interested in factory roles—preferring construction or trades like HVAC. A recent Wall Street Journal article highlighted, ***"Will Anyone Take the Factory Jobs Trump Wants to bring Back to America?"*** rebrand.ly/WSJfactjobs

According to ABC, to meet 2025 demand the industry needs an estimated 439,000 new workers. Challenges include skill gaps, retiring workers, and persistent stigma around "dirty jobs," despite growing compensation.

Healthcare:
Healthcare added 51,000 jobs in April 2025, but demand still far exceeds supply. Nursing vacancies remain particularly acute, impacting both costs and care capacity.

Transportation & Logistics:
Even as transportation added 29,000 jobs last May, trucking and warehousing roles remain hard to fill. Labor shortages here directly contribute to supply chain issues and higher fulfillment costs.

What's Next: Labor Outlook Through 2026

Labor shortages in these sectors aren't going away soon. An aging workforce, shrinking labor force participation, and widening skill gaps will continue to constrain hiring. Gen Z is increasingly pivoting toward skilled trades and blue-collar careers — a trend worth watching — driven by the high cost of college and a growing appreciation for job security and hands-on work.

Tariffs and Labor: A Complicating Factor

Tariffs have monopolized recent headlines, with Trump imposing and then pausing new rounds of import taxes back and forth. While these policies are positioned as leverage, they inject "strategic uncertainty" into the economy, which makes business owners hesitant to hire or expand.

Higher input costs from tariffs can depress margins and delay hiring decisions. A recent 90-day tariff truce with China has eased tensions slightly, and JPMorgan has reduced its **U.S. recession forecast to below 50%**. Given the pace of tariff changes, by the time you actually read this, it may be obsolete!

Economic Outlook for 2025–2027

The U.S. economy is expected to grow modestly. The **Congressional Budget Office (CBO)** projects real GDP to increase by 1.9% in 2025, and stabilize around 1.8% for 2026–2027. Inflation is expected to cool toward the Fed's 2% target, and interest rates may trend lower after peaking in 2023–2024. Importantly for many mid-market CEOs, **ITR Economics**—a highly trusted source in this space—forecasts a **1.4% rise in U.S. industrial production in 2025**, supported by steady consumer demand and improving inflation. Retail sales are also projected to grow 4.6% in 2025 and 4.5% in 2026. ITR stresses that **proactive planning now** will allow companies to capitalize on this stable, if not booming, environment.

Continued on next page...

Continued…

What CEOs Should Do Now

To stay ahead in a tight labor market and uncertain economy:

- **Invest in Training**: Upskill existing staff. Don't wait for talent to find you.
- **Leverage Technology**: Automate where you can to reduce reliance on manual labor.
- **Recruit Smarter**: Build partnerships with trade schools and local programs. Many AMBA members have successfully integrated this and are reaping the benefits.
- **Stay Agile on Policy**: Monitor tariffs and interest rate trends—these will influence hiring, pricing, and inventory decisions.
- **Rethink Compensation**: Competitive pay is critical in a tight job market. Incentives, small thank-you gestures (gift cards, monthly/quarterly company lunch, etc.) and honest appreciation can also have a lasting impact on retaining talent.

Labor shortages aren't temporary speed bumps; They're a structural challenge. But with a stable economic backdrop and the right investments in people and process, there's real opportunity for CEOs to navigate and thrive in the next couple of years.

AMBA Conference 2025

Dennis, Rachel and Todd welcoming guests to our booth.

Rachel, our new Business Development Specialist at her 1st conference with Michigan CFO!

Dennis giving an excellent and informative talk!

"An investment in knowledge pays the best interest".

-Benjamin Franklin

Cars & Cigars SMOKE Detroit

We had a great night at the 11th Annual Cars & Cigars Charity Event that was held at Freedom Hill on June 5th. Each year this amazing event sells out, raising funds for the Celani Family Foundation as well as Hunger Free in the D.

CELANI FAMILY FOUNDATION

WELCOME, New Clients!

TALENT PEST CONTROL

Talent Pest Control
Pest Control

talenttermite.com

utec universal tool equipment + controls

Utec
Tooling Automation & Welding Systems

universaltecinc.com

Happy Anniversary!

12 Years	**TK Mold & Engineering** tkmoldeng.com
10 Years	**BenePro** benepro.com
10 Years	**RightBrain Networks** rbn.ai
7 Years	**Huron Tool & Engineering** huron-tool.com
4 Years	**Macomb Engineering** macombeng.com
3 Years	**Elba Laboratories** elba-labs.com
3 Years	**Laser Marking Technologies** lasermarktech.com
3 Years	**Thumb Cooling & Heating**

Thank you for trusting us with your business.

Planning in Times of Economic Uncertainty

As the new administration begins rolling out their agenda for 2025 there has been a fair amount of economic volatility. The on-again off-again tariffs have made it difficult for businesses to determine what direction the economy is moving and how to effectively plan for the future.

Because of this market uncertainty, we see a lot of business owners waiting it out until things settle down. This is risky because doing nothing is like not having a fire escape plan.

As CFO's, our role is helping businesses mitigate risk, so below is a list of some proactive actions a business can take NOW to be prepared for whatever is to come:

1. **Tighten Financial Management:**
   - **Build up cash reserves:** have enough cash to cover several months (ideally 6 months) of essential expenses.
   - **Look at cutting non-essential costs:** evaluate expenses and reduce or eliminate discretionary spending.
   - **Take steps to improve cash flow:** pay attention to collecting receivables, delay non-critical expenditures, and offer discounts for early payments from customers.
2. **Stay Close to Customers:**
   - **Strengthen customer relationships:** reach out to major customers and listen to their concerns. Giving personal attention goes a long way in sharing tough times.
   - **Adapt to changing needs:** be flexible and responsive to shifts in what customers value such as pricing, terms and delivery.
3. **Scenario Planning:** *(hard but important)*
   - **Model different outcomes:** this takes time and effort, but creating written plans for best-case, moderate, and worst-case economic conditions allows for preparations for whatever will come.
   - **Contingency plans:** prepare action steps for sudden changes like sales drops or supplier issues. Setup a matrix of "if this happens we do (or don't do) this".
4. **Review Staff Levels to Keep a Lean and Agile Team:**
   - **Crosstrain staff:** build and train for versatility into the team so fewer people can cover more roles if needed.
   - **Look at Outsourcing:** using freelancers or contractors for non-core work allows for flexibility.
5. **Stay Informed and Connected:**
   - **Follow economic indicators and industry news:** look at a variety of different sources to get multiple points of views.
   - **Network with other business owners:** this is the time to join local chambers or industry groups for support and shared knowledge.
6. **Be Proactive with Your Bank:**
   - **Review current and future credit needs:** review and understand existing loan covenants and what financing is available before needing it.
   - **Stay Connected with your Banker:** meet with your loan officer to understand what their plans are for the future.

"Be Prepared"

Planning for uncertainty has always been part of running a business. Don't let the current turmoil overwhelm one's ability to be proactive and put tentative plans in place. As a former Boy Scout I always remember our motto "Be Prepared". Let us know if we can help in drafting a simple contingency or scenario plan for your business.

For additional updates follow us on:

https://www.linkedin.com/company/michigan-cfo-associates

www.michiganCFO.com | info@michigancfo.com

MICHIGAN
CFO
ASSOCIATES

The CFOs for Small-Business

Outsourced CFO & Controller Services Including:

- *TRENDSPOTTER™ Financial Statement Analysis*
- *Cost & Profit Margin Analysis*
- *Bank Financing Packages & Negotiations*
- *Financial Projections*
- *Cash Planning & Management*