

## Top issues currently affecting small businesses

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There are many concerns that small- to mid-sized business owners are worried about right now.

They are faced with several issues all at once, so that the priority of their issues may change, but many have not been removed from their list of concerns. This year, there have been several issues added.



Business owners have cited the following factors:

### **Inflation**

Inflation impacts everything financial in a business, from what they pay for their supplies, their purchases that go into their manufactured products, and what they pay to hire their newest workers.

The business owners are paying more to hire people (some report as much as 30-40 percent higher wages). But the business owners have to be mindful of what they pay their current staffing, so that the new people who may be less experienced than those people who have been in the business for a long time and are proficient at their job will not have the wrong disparity in their pay.

Since there is such a shortage of people to hire, this creates an upward spiral in those wages and dramatically increased overall costs.

## **Pricing**

Because of the large increases in wages, materials, gas and the like, these increases all adversely impact the margins in the business. Business owners do not want to lose money, so they need to determine how to pass these increased costs on to their customers.

Of course, if their competition is not yet passing these through to their customers, the business owner may lose some business if repricing their products for sale is not done in the correct fashion. Customers realize that the prices must rise, but they want to make sure that the business that they buy from does not take advantage of them.

## **Talent in the business**

Businesses are still short of people. With all the people who retired in the "Great Resignation" in the last couple of years, businesses are still grappling with how to attract a younger worker. Some business owners are collaborating with high schools and junior colleges to tell younger people how working in manufacturing can be a great career choice and allows them to use the latest technology.

This is a five-year strategy, as it may take that long to see tangible results. In the meantime, many businesses are focused on how to attract workers that are either Gen-Z or millennials.

## **Recurring supply chain issues**

In 2021 there were serious issues with supply chains. Ships were sitting in the harbors outside of Long Beach, California, unable to unload. There was a severe shortage of chips that are necessary to go into all sorts of products from cars to appliances to equipment.

This issue has eased for the moment, but depending on what happens with Taiwan, which manufactures most of the chips used by manufacturing companies, there may be more exacerbated issues going forward.

There are plants that are being built in the United States to start to manufacture these chips. Going forward, business owners will have to

reshore their parts manufacturing to ensure a steady supply of the parts necessary to the manufacture of its products.

None of these are easy issues to solve, but creativity is important in finding ways around or through the problems. Each of these issues have been present for businesses in the past at one time or another as well. The businesses that survive and thrive have found creative ways to solve the problems.

Business owners should know where and when to ask for help and seek vendors and partners who can add to the conversation.

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