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Amid inflation, some call for government intervention

By: [Adina Genn](#) November 19, 2021

Supply chain issues. Rising operational and materials costs. These are among the top concerns for mid-market CEOs, even if many say their overall business outlook is positive.

And yet 40 percent say the nation is in a long-term inflationary cycle that calls for government intervention.

That's according to the latest [Marcum-Hofstra CEO survey](#), which was released Thursday. The survey polled the leaders of 259 companies with revenues ranging from \$5 million to \$1 billion-plus in early November.

The survey found that while nearly 42 percent of CEOs rated their outlook as 8 or higher, they are struggling to keep consumer prices low amid supply chain and inflation challenges.

"Middle-market companies are challenged to manage coalescing inflationary pressures and supply chain disruptions," [Jeffrey Weiner, Marcum's chairman and CEO](#), said in a statement about the findings.

"Somewhat less than half of CEOs reported that they are passing increased costs on to their customers, while a majority are absorbing all or some of the impact," Weiner said.

These pressures are "forcing companies to be highly strategic in how they are managing cash flow and sourcing materials and inventory, and there is very little if any margin for error," he added. This speaks to the entrepreneurial drive of middle-market companies, but the situation is unsustainable in the long-term."

The survey found that of those the CEOs who find rising costs affecting their business, 42.6 percent said they are passing along some or all of those additional costs to their consumers. And to address inflation, 22.7 percent said they were cutting expenses, 15.5 percent said they were postponing expansion plans, and 12.8 percent said they were reducing staff or not hiring.

Meanwhile, 23.2 percent said they have absorbed rising costs, which are impacting their profit margins and bottom lines.

At the moment, inflation, rather than supply chain challenges, seems to weigh more heavily on CEOs. The survey found that 67.6 percent of CEOs were impacted by inflation, while 54.4 percent said supply chain issues were affecting their business.

"Our latest survey shows that small and mid-sized companies are at a tipping point, as they juggle the challenges of supply chain problems, inflation and labor shortages," K.G. Viswanathan, interim dean of Hofstra University's Frank G. Zarb School of Business, said in a statement about the survey.

"The survey results also bring into sharp relief the debate nationwide over what are the best next steps to address inflation, with CEOs nearly evenly split over the need for government action versus those who believe it is tied to supply chain issues and will pass," he added.

Also of concern are hiring challenges, as the nation grapples with inflation and supply change issues.

"With nearly half of our survey respondents calling for government action on inflation, it will be interesting to see in our next survey if and how mid-market CEOs react to President Biden's choice for the next chair of the Federal Reserve, which is expected by Thanksgiving," Andrew Forman, associate professor of international business and marketing, in partnership with Marcum, said in a statement. "The Marcum-Hofstra survey gives our students a new lens through which to view and evaluate business leaders' decisions in real time."

Meanwhile, CEOs remain resourceful as they navigate the current business climate. One company has implemented its fleet of trucks to bring raw materials to its plant directly. Another is stockpiling more than usual. Yet another is diversifying the countries from which it sources product as well as the companies retained for shipping.

In this climate, one CEO said the company is establishing longer lead times with not only clients but also suppliers. Still another CEO said that when trying to keep more items on hand, costs become an issue.