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**NEW STIFEL SURVEY FINDS TIGHT LABOR MARKET
POSES GREATEST RISK TO BUSINESS**

Corporate Executives, Business Owners, and Private Equity Investors Identify Supply Chain Disruptions and COVID-19 Case Surge as Additional Challenges to Navigate

St. Louis, August 23, 2021 – A recently completed Stifel Financial Corp. (NYSE: SF) survey of corporate executives, business owners, and private equity investors finds the tight U.S. labor market is the biggest perceived threat to business today. Nearly all those surveyed (95%) have had to raise wages in order to attract or retain employees, and an overwhelming majority (81%) say at least some of those costs are being passed onto customers.

Addressing Long-Term Implications of Labor Constraints

“The difficult environment for hiring and retention, coupled with wage inflation, is forcing business leaders to think outside the box for creative solutions to the labor pains we’re experiencing across many sectors,” said Michael Kollender, Managing Director and Head of Consumer & Retail and Diversified Industrials Investment Banking. “While most companies are increasing investment in technology and automation, our survey finds that more than half of respondents (54%) are also emphasizing potential acquisition opportunities that promote greater operational efficiency. We believe, in some cases, a thoughtful M&A strategy can be a very effective mitigation tool.”

Capital-Raising Environment

As labor market conditions fuel additional M&A activity, many companies are taking advantage of low interest rates and strong financial market conditions to raise additional capital. More than a quarter (26%) plan to raise debt or equity in the foreseeable future to fund strategic initiatives. That’s on top of 19% who say they’ve already done so. Another 11% plan to raise capital now, while terms are favorable, even though they don’t need it right away. The rest (44%) expect to have access to capital at attractive terms in the future.

Additional Survey Findings: Supply Chains, Inflation, Public and Monetary Policy

The survey, focused specifically on consumer, retail, and diversified industries participants, also found that:

- 93% are experiencing supply chain disruptions, and 39% consider the disruptions “significant.”
- Nearly all respondents (95%) worry about inflation, and one-third (33%) are “very concerned” about it. Most (58%) believe inflation is a mid-term problem lasting the next two quarters to a year.

- While there's obvious uncertainty over potential policy changes like tax increases or increased government regulation, three-quarters (75%) are proceeding with strategic initiatives as planned.
- Addressing climate change isn't a top priority yet. Only 12% are "very concerned" about it.
- Labor constraints, supply chain issues, and a potential COVID-19 resurgence pose the greatest risks to business (in that order). Lesser perceived threats include inflation, cyberattacks, changes in tax policy, and increased regulation.
- Even though more than half of respondents (58%) believe the Federal Reserve will have to raise interest rates before 2023, only a fraction (7%) consider higher rates a significant threat.

"While there's a general sense of optimism following a long period of COVID-induced disruption, business leaders will need to manage everything from labor shortages to potential tax reform – and all things in between," summarized Kollender. "Transaction pipelines at Stifel are at record highs, as companies race to adapt and transform to today's fast-changing environment. Whether you're an executive, entrepreneur, or investor, understanding how external forces impact business and being able to react swiftly and decisively is a key to success."

The online survey of 57 corporate executives, business owners, and private equity investors was conducted August 2-16, 2021. Click [here to view](#) the full survey results.

About Stifel

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