



2018 Economic Outlook: Expert Predictions for Inspired Planning

As an executive search and coaching firm, Robinson Resource Group has the privilege to work with and for a wide range of business leaders who each want nothing more than to best prepare their organizations for the future. When it comes to 2018 planning, we've observed that the economy continues to be a hot topic among executives, with many feeling optimistic as they work diligently to determine how and where to invest, as well as how to attract the right talent to fuel growth.

With many of our nation's top lawmakers, experts, and analysts still in disagreement about the present state of our nation's leadership, economy, and policies, however, it only logically follows that the predictions being offered to business leaders regarding the future would be just as polarizing. Therefore, when RRG had the chance to attend the 19th Annual Economic Outlook Event hosted by the Executives' Club of Chicago (ECC) last month, we weren't at all surprised when each expert speaker presented a unique vision for the coming year, backed with a passion and an edginess unlike anything we've seen in the past. And while only time will tell which of the event's three distinguished speakers will have delivered the most accurate economic predictions, we thought we'd share with you a few highlights from each presentation that we hope will help you generate some ideas as you plan for the year ahead:

Dr. Bob Froehlich; Chairman, First Capital Investment Corporation and FC Global Realty

Dr. Bob Froehlich highlighted that there's a lot to be celebrated by investors and business owners right now—a red-hot stock market, the lowest U.S. unemployment numbers in 17 years, global economic growth, and a corporate tax cut for starters. However, when pressed a bit on the policy side of the equation, he responded with a witty, “I don't like the way they make sausage...but it's good.” Throughout the session, “Dr. Bob” shared some captivating and noteworthy insights, including booming growth in the eSports economy, which in 2017 generated approximately \$116.0 billion in game software revenues alone. Dr. Bob is also keeping his eye on the outer space economy, which

includes infrastructure and sensor deployments with dramatic implications for the internet, aerospace, and media industries. Lastly, he stated that the passenger economy will soon revolutionize the way we live, work, and invest by lessening the number of required parking spaces, increasing downtown development, and reducing employee concern regarding commute.

Diane Swonk; Chief Economist, Grant Thornton LLP

Despite positive trends in the overall economy, Diane Swonk was a bit more cautionary, stating that when her hairdresser and waiter are telling her to buy things in the stock market, she gets concerned. “I haven't heard that kind of euphoria since the latter part of the 1990s in the tech bubble,” she commented. “That is when you start worrying that maybe it is time to book the profits you have.” Swonk raised the idea that our current growth has the potential to negatively affect our financial future. As an example, it's possible that recent tax cuts will add quite a bit to overall debt in the U.S. economy, which will likely result in higher interest rates down the road. Swonk also commented on the significant data supporting the theory that diversity improves economic performance. As millennials—who happen to be an extremely diverse group—now make up the largest generation in the workforce, she anticipates improved performance in coming years.

Dr. Arthur Laffer; Founder and Chairman, Laffer Associates

Dr. Arthur Laffer approached the crowd with his typical directness, stating that the current administration has had about the best first year in office of any in history. He went on to explain that a nation cannot tax its way to prosperity and that, simply put, people respond to incentives. The best way to improve overall economic health, according to Laffer, is to make good jobs available—and incentivizing companies to set up jobs in low income areas, he believes, is a strong strategy for bringing about positive change to communities that businesses may otherwise overlook. With the lowest taxes in the nation and a \$2 billion surplus in 2017, Laffer proudly trumpeted his home state of Tennessee as an example of how things can be done right. Understandably, this was a bit tough for the local Illinois residents in attendance to swallow—especially when the room was reminded of a recent *Wall Street Journal* article stating that Illinois was voted the worst state in which to live. Despite positive global and national trends, Dr. Laffer made clear that it's time we get to work at home as well.

So what does this all mean?

The ECC's Annual Economic Outlook Event has a strong history of delivering astute market predictions, well-researched investment advice, and intriguing glimpses into the future, and this year was certainly no exception. In fact, two of the speakers went so far as to offer up specific market predictions; Dr. Bob predicted the GDP at 4% and the Dow at 30,303 at the end of 2018, while Diane Swonk predicted the GDP at 2.7% and the Dow at 27,000.

Ultimately, whether you agree with Dr. Laffer's no-nonsense approach to creating an incentive-based system of economic growth, align with Diane Swonk on creating an economics of diversity, or simply plan to track Dr. Bob's suggested cardboard box index (whereby industrial production is gauged by using the output of cardboard boxes to predict the purchases of non-durable consumer goods), we hope the insights shared here serve to pique your curiosity or jump-start an idea or two. From all of us at Robinson Resource Group, here's to a prosperous 2018!

Is your organization facing challenges in determining where to focus its energy or its investments in 2018 and beyond? At Robinson Resource Group, our certified coaching professionals help leaders to clarify objectives, set goals, and pursue opportunities to best prepare their businesses for long-term success. To learn more, give us a call today at 708.738.5040, or visit our website at RRGExec.com