MARKETING
INSIDER BRIEFS

Lithium Miner Albemarle Cuts Costs and Plans Layoffs as EV Demand and Lithium Prices Fall INVSTOPEDIA

Lithium miner Albemarle plans to slash costs and lay off workers as the slump in EV demand and tumbling lithium prices hurt sales and profits. The company said it will lower capital expenditures and optimize its cost structure. Albemarle said the moves were being made because of changes in market conditions. Shares of Albemarle (ALB) lost ground Wednesday as the biggest lithium producer announced it was cutting costs and jobs, as well as taking other measures to save money because of "changing end-market conditions." Albemarle has been hurt by slowing demand for electric vehicles (EVs), which use batteries made with the metal, and plunging lithium prices. The company said it would lower 2024 capital expenditures to $1.6 billion to $1.8 billion, down from $2.1 billion last year. CEO Kent Masters explained that the steps "allow us to advance near-term growth and preserve future opportunities as we navigate the dynamics of our key end-markets."

Renaissance for US manufacturing GOLDMAN SACHS

Goldman Sachs Research is tracking more than $1 trillion in manufacturing and infrastructure investments that have been announced, over $500 billion of which are mega project investments (greater than $1 billion in size). These include semiconductor plants ($222 billion, or 43%), electric vehicle and battery plants ($114 billion, or 22%), and clean energy projects ($86 billion, or 17%). Based on this data, Goldman Sachs Research analysts expect a renaissance in American manufacturing and an increase in equipment orders for these projects this year.

AUTOMOTIVE NEWS FROM AN

UAW, Detroit 3 must rebuild relationships after bitter strike, labor experts say Automotive News

The UAW's six-week strike against the Detroit 3 produced lucrative contracts that will significantly raise the automakers' labor costs. It also produced sharp insults and rhetoric that could hamper the success of both sides as Ford Motor Co., General Motors and Stellantis seek to boost profits amid a host of challenges, according to a panel at the Federal Reserve Bank of Chicago's Automotive Insights Symposium. UAW President Shawn Fain entered the talks saying the automakers were the union's "one true enemy" and that its members should prepare for "war." He refused to shake hands with company CEOs, accused them of fomenting violence on the picket line and played up the class struggle between workers and management by wearing an "Eat the Rich" shirt on a Facebook broadcast. Similarly, the automakers accused Fain of holding the talks hostage to satisfy his personal agenda after private messages leaked that the union wanted to keep the companies "wounded for months." Ford CEO Jim Farley mocked Fain's frequent media appearances, saying he was on TV "more than Jake from State Farm." Thomas Kochan, a professor at the Massachusetts Institute of Technology's Sloan School of Management, said both sides needed to get over the "psychological bump" of feeling attacked. "If that psychological barrier is not overcome, then this will be a downhill process of more outsourcing, more job loss, more problems with competitiveness," he said. The UAW deals are expected to raise the automakers' labor costs to about $73 per hour, from $58 before, and be a "material burden," according to Colin Langan, an automotive and mobility analyst at Wells Fargo, who discussed the contracts on a separate panel. Ford said the deal would cost $8.8 billion — double its original expectation — while GM said its new contracts with the UAW and the Unifor union in Canada would cost a combined $9.3 billion. Both automakers expressed optimism that they'd be able to offset those costs, though Thursday's panelists suggested that could mean more automation and job losses. Still, the Detroit 3 CEOs have expressed confidence they can move beyond the rhetoric of the talks.

EV supply chain, price key concerns in KPMG automotive executive survey

Automotive News

KPMG survey finds automotive executives are concerned about supply chain resiliency and rising costs. Automakers such as Ford have adjusted to slowing electric vehicle sales growth by changing EV production schedules. Profitability and supply chain issues for electric vehicles worry automotive leaders, KPMG said in its 2024 Global Automotive Executive Survey. The survey found that 45 percent of respondents outside China were either very or extremely concerned about access to lithium and cobalt for EV battery production in the next five years. Chinese control and a relatively unfamiliar supply chain environment are driving executive concerns, said Gary Silberg, national automotive industry leader at KPMG. Confidence in EV profitability is down, with just 34 percent of executives surveyed saying they are extremely confident that they can achieve profitable growth in the next five years. That number was 41 percent last year. Survey respondents blamed "concerns over the global economy and rising costs. Executives are also less confident that EVs can reach cost parity with traditional vehicles than they were last year, with 66 percent saying they expect costs to equalize by 2030. That's down from 70 percent in last year's survey.

The Future of Healthcare Mergers and Acquisitions GLOBEST

There's nothing new in healthcare mergers and acquisitions. It's a major way that corporations in the industry have grown in size and profits. But Collier's National Director, Healthcare for the USA Shawn Janus recently wrote that there are three factors driving M&A to a higher degree. They are market dynamics and challenges; the "consumerization" of healthcare; and digital solutions and emerging technologies. According to Janus, while M&A activity has declined in other industries, healthcare M&A reached $341 billion, which was a 22% increase. But executives worry about economic conditions making it difficult to raise capital. Also, a study showed that 68% of people in the industry don't think that initial public offerings will drive transactions. For smaller companies, investors, particularly venture capital, want an eventual exit strategy. IPOs are preferred for the amount of cash they can generate for returns. But if conditions don't favor going public, then acquisitions are a fallback option. Consumerization is in general the use of consumer-oriented technologies and focus on products and services. "This shift is not only evident in the healthcare sector but is also influencing the retail, technology, and consumer packaged goods spaces, where health-related products and services are emerging to cater to individual consumer health needs," Janus wrote. He pointed to Amazon's acquisition of One Medical. "The One Medical membership covers unlimited access to 24/7 on-demand virtual care, including video chats with licensed providers within minutes and an easy in-app 'Treat Me Now' feature that lets members get fast care for common concerns like cold and flu, skin issues, allergies, urinary tract infections, and more,". Finally, there are digital solutions and emerging technologies. The development of new tech offers the potential to expand how companies approach the products and services they offer customers. He pointed to a collaboration between Google and Mayo Clinic. The latter will use a generative AI search product from Google. "This technology streamlines the analysis of healthcare data, including patient medical history, imaging records, genomics, or labs, through simplified queries, ultimately boosting efficiency for healthcare workers,".

2024 OUTLOOK FOR CONSTRUCTION SECTORS CONSTRUCTION DIVE

Some types of construction are starting the new year with a bang, while others will continue to wither, experts say. Among many challenges, the rising cost of materials and labor hampered construction activity in 2023. Economists — worried about rampant inflation — even labeled some building sectors as "recessionary." Nevertheless, as the new year begins, it's evident that certain types of construction will enjoy a surge in activity throughout 2024.

Winner: Factories

A powerhouse ever since the pandemic accelerated America's onshoring effort, manufacturing construction will continue its hockey-stick trajectory in 2024. Anirban Basu, chief economist at Associated Builders and Contractors, said larger contractors should continue to benefit from a "bevy of megaprojects around the nation." Starts in the sector, which include multibillion-dollar electric vehicle battery plants and 1,000-acre semiconductor factories projects, hit $97 billion in 2023, according to Dodge Construction Network. But this year is on track to be even bigger. Dodge forecasts $112 billion in investment in the sector for 2024, a potential record amount of activity, said Richard Branch, chief economist for Dodge Construction Network.

Winner: Bridges and roads

About 63%, or nearly $400 billion for over 400,000 projects, of infrastructure funding has thus far been announced since President Joe Biden signed into law the Infrastructure Investment and Jobs Act two years ago.

Loser: Warehouses

High interest rates, supply chain disruptions and strict lending standards dragged down commercial construction for much of 2023. Starts on overall commercial projects, such as retail, office, warehouse and hotel, dropped about 6% in 2023, according to Dodge. In 2024, the sector is expected to tumble another 2%. Dodge forecasts warehouse construction starts to reach $44 billion in 2024, an 11% drop from the year before.

Loser: Offices

Economists maintain traditional office construction likely won't return to pre-pandemic levels of activity anytime soon, and maybe never will. Traditional office construction starts will drop 6% in 2024, according to Dodge forecasts. Without alteration projects propping up those activity levels, office construction forecasts would likely be even worse.

Keeping employees engaged is crucial for maintaining a positive work environment. It's vital for fostering productivity and reducing turnover. Here are several strategies you can implement today to keep your employees committed and engaged.

- Effective Communication: Encourage open and transparent communication. Create a culture where employees feel comfortable sharing their ideas and concerns.
- Set Clear Expectations
- Provide Opportunities for Growth
- Flexible Work Arrangements
- Provide a Positive Work Environment
- Encourage Innovation and Creativity
- Leadership Development