

Good morning, everybody, Dennis Engelbrecht with The Family Business Institute and our podcast Digging Deeper. Thanks for tuning in today and remember to give us your comments if you like.

Today I want to talk about mega trends. With the pandemic going on, there have been a lot of new mega trends starting to establish or change or be broken and what's a mega trend? A mega trend is sort of like a sea change in the way people conduct their lives, which then affects all sorts of things going on. So, a few examples, obviously travel has become, at least we think, perhaps more dangerous and so people aren't getting on airplanes, people aren't going all over the world. In fact, countries are even restricting that so more people this summer traveled locally and found the close by parks and tourist attractions and beaches and lakes and things like that.

And people are driving for their family vacations instead of flying off. Well, that could have all sorts of ripple effects as you go down the line. The other big sort of mega trend deals with remote work. A lot of companies have now put off bringing people back to their offices for a year, some indefinitely, certainly almost every company has had some version of remote work. So now we're finding there's a trend to the suburbs so in almost all the major cities, rental rates and rental occupancies are being challenged and home prices and home sales are going up in the suburbs so you're seeing a sea change as people no longer want to live near where they work because they're working at home. Now you're seeing a whole sea of change of where people want to live. Very interesting.

Online retail is another area versus bricks and mortar retail, so with the inability to travel around and stores being closed and things like that, there was already a mega trend toward online retail, but this accelerated it enormously. So when we go forward there are going to be more people shopping online, buying online, and less people shopping in bricks and mortar stores and we really had a huge acceleration of that in the last six years months. At the same time, technology, communications, data, data centers, those things are growing thus the NASDAQ stock market is way up and growing as well because, as we've hunkered down and we're doing more online, the needs for those communication tools and technologies and online shopping, all of those things, have increased. Then we have food delivery and pickup versus eating in restaurants.

Telemedicine read a great article on this just recently. I saw a presentation at the AGC convention a couple of years ago in their closing ceremony that talked about telemedicine being the norm in five to 10 years. Well again, insurance companies weren't covering telemedicine prior to this in a lot of cases and hospitals had the capability, but weren't really executing telemedicine, but telemedicine, all of a sudden, it shot up and we put new rules, making sure Medicare and insurance companies would cover telemedicine solutions and things like that. So that, and another aspect of this is actually at-home care where hospitals, rather than putting somebody in a hospital room in bed, actually we're sending the equipment and the technology home with the patient to manage their care at home. Amazing. And it turns out that both of these, by the way, are cheaper than the in-hospital care.

So again, a trend just pushed by the environment that may work in the future. And then, of course, we've got the need now for safer workplaces, safer schools, safer living environments and there are going to be design changes and new technologies that are going to go toward that. So, what does all this have to do with construction? Well, construction is an interesting industry because it's local, it's constant, it isn't going away, but it is going to change, and change is actually good for construction. And, just a few examples of that, as bricks and mortar changes to online retail, well restaurants have to change their layouts to space people more and more outdoor dining. That's room for a construction company to

set in. I read an article the other day where Simon, the largest owner of malls in the country, is contemplating a deal with Amazon to take over many of the major anchor spaces in their malls for distribution purposes.

Again, 911, call your construction company to come in and make that space difference. So, what you have to be careful of though, in your companies to take an assessment, look at your customer base, look at the work you're doing. Which of those customers or customer bases is going to be on the decrease and which are going to be on the increase? What are the other opportunities in your market where a mega trend is starting something that you can catch on the front end and carry that forward? The key thing is don't get stuck chasing a dying industry and figuring out where that construction's going to be next and trying to be a leader in that. But remember, change is good. Anytime there's change, there's a construction company helping make that change. So again, look at your mega trends, figure out how it affects your business, figure out how you can be a winner as change happens.

Again, Dennis Engelbrecht, Digging Deeper.