

Spotlight on Texas: How Your Business Can Build on the Economic Boom (Part 1)



Brandom Gengelbach
President and CEO
Fort Worth Chamber of
Commerce



Gene Marks
CPA, Columnist,
and Host



Cindy Ramos-Davidson
CEO at El Paso
Hispanic Chamber of
Commerce



Geoffrey Tahuahua
President of Associated
Builders Contractors
(ABC) of Texas

Gene Marks:

So why do business in the Lone Star State? I'm Gene Marks, a CPA, small business owner, and host of the Paychex THRIVE Podcast. And today in the Paychex Spotlight on Texas, you'll learn what's driving the economic boom. There's no state income tax, no corporate income tax, minimal regulations. There are metro areas growing by leaps and bounds. Fort Worth expects to add a 100,000 people in the next five years.

Gene Marks:

There are new residents moving into Texas, which means a larger pool of workers. Yeah, there are hurdles. Businesses always need good workers. And as you know, it's tough meeting consumer demand while supply chain issues hamper delivery and inflation adds pressure, but still, Texas is drawing more people and more business than almost any other state.

Gene Marks:

We have three great panelists here to have a conversation about what is going on in Texas and the Texas Economy. I've got Cindy Ramos-Davidson, Brandom Gengelbach, and Geoffrey Tahuahua. Cindy, I'm going to start with you because ladies always go first. Let's talk about what you do. You are the CEO of the El Paso Hispanic Chamber of Commerce. Tell us a little bit about yourself and also about the Chamber of Commerce.

Cindy Ramos-Davidson:

Sure. Our Chamber's 31 years old. We are dedicated specifically to helping small, minority-, women-, and veteran-owned businesses. I will celebrate 25 years in June as the CEO of this Chamber. I know I look like I'm 29, but I have been doing Chamber work, believe it or not, for over 40 years. It is an industry that you either love or you hate. There's no middle of the road. And the most exciting element about what we do with our Chamber is watching people fulfill their dreams. They have an idea to fruition, to entrepreneurship, to ownership is amazing, when we get ready to kind of rip.

Cindy Ramos-Davidson:

We're very unique Hispanic Chamber in that we operate four different technical assistance centers. We have a footprint with state government and with the federal government that allows us to do that beyond our membership borders. We are a local state hub certifier. So if anybody out there wants to do business with the state of Texas, give us a holler because we can do that. In addition, if you want to access anything from the Build Back Better bill from infrastructure, we're only one of four national women, small business owners certifiers. So we have really built our space in getting businesses to understand how to diversify their people, their product, and their service and use Texas as the grounding place to build their business, so.

Gene Marks:

Man, you have given that speech before. I like it a lot. And not only that, but your daughter, does special events at the Fort Worth Hispanic Chamber of Commerce as well, right? To go in the family.

Cindy Ramos-Davidson:

That is correct. I did not think she'd ever want to go that she used to give me such a hard time when I had her in here filing and answering phones and then she'd give me an even harder time when I was out of town and now to see her blossom and grow, it's just amazing as the director of special events at the Fort Worth Hispanic Chamber. So- [crosstalk].

Gene Marks:

That is awesome.

Cindy Ramos-Davidson:

... I'm great that she stayed in Texas and she didn't go someplace else.

Gene Marks:

Yeah, I agree and I'm happy for you as well. I do have a question about the Hispanic Chamber of Commerce. Just as you know, goes around nationally. Do you have to be a Hispanic business to be a member? Is it open to all businesses? How does that work?

Cindy Ramos-Davidson:

It's open to all business. That's such a misnomer. If you'll notice on ours, we have a little tagline that says advocating for your business success. We're about 87% Hispanic in El Paso. So bottom line, you're going to touch that culture. We're never going to forget who we are and where we came from because the beauty of being Hispanic is entrepreneurship. I mean, you can see it when you go into ours. And so we want everyone to be able to come in and play with us and we want to be able to help them grow. It's about building economic wealth in Texas, especially in El Paso. And we're very dedicated to trying to help minority wealth get grown. We're going to be the population of tomorrow, but we need to catch up with the economic wealth. And entrepreneurship, business ownership is the way to go. And so you can have yellow dots, pink dots, we don't care, so long as you care about building business in El Paso and of course in Texas as well.

Gene Marks:

Perfect. Well, that's great. Brandom, you're the president and CEO of the Fort Worth Chamber of Commerce. Have you ran into Cindy's daughter?

Brandom Gengelbach:

I know Cindy's daughter very well. Yes, we do a lot with the Fort Worth Hispanic Chamber as well as the Metropolitan Black Chamber here in Fort Worth. So, do a lot together. Our teams do a lot together, and it's a great, great partnership we have.

Gene Marks:

You know, we, I go back and forth between joining the Philadelphia Chamber of Commerce or not. And I know you work for the Fort Worth Chamber of Commerce, Brandom, but just sell me on why I would join a Chamber of Commerce. I am a small business operating in Philly. We're a CPA firm, but that shouldn't matter. Why would I join?

Brandom Gengelbach:

Well, I always start with, what are you expecting to get out of it? What are your hopes? For us, it's not about a one-size-fits-all. It's about understanding our members and understanding what value they have. So some businesses specifically want to join because of business development opportunities and the opportunities to actually meet individuals they can do business with. Others join just because they want to be seen in the community as a community-oriented business. They want to be seen with the mayor and the city council and known as a company, an organization, an individual that plays a role in the fabric of Fort Worth. Others join the Chamber because they want to be able to meet people and have relationships at very high levels, whether it's meeting folks in county government or state government. So it really just depends on what the specific individual and the company wants and it's our role to understand their needs and then chat with them about the specific benefits that we have to help them achieve their goals.

Gene Marks:

Perfect. That's great. All right, Geoffrey it's your turn. So, you're not running a Chamber of Commerce, but you're president of the Associated Builders and Contractors in Texas. I've spoken to a number of your groups because your organization is national with state chapters as well. Correct? So tell us a little bit about your chapter?

Geoffrey Tahuahua:

Associated Builders and Contractors of Texas is the statewide chapter for the Associated Builders and Contractors of America. They're based in Washington, DC. I head up our chapter here in Texas. In addition to obviously the statewide, we have eight chapters across the state. Not one in El Paso yet, but hopefully soon, but we do have one in Dallas, Beaumont, San Antonio, Austin, Houston. So a lot of our big major cities. We represent about 1700 members, primarily the commercial and industrial sector. So I like to say everything from high rises to pipelines is kind of our business. And we have companies both large and small involved in our membership.

Gene Marks:

All right, well that's good. And that's going to start me off with my first question. Let's talk about the construction industry and we can overlap this as well with both with Cindy and Brandom are saying. Paychex, they have a monthly report, it's like a small business employment watch. And Geoffrey, they monitor employment in all different metropolitan areas and also for industries. In the construction industry, Texas continues to come in among the top 10 of areas for jobs for workers. Are you seeing that too? Are you in a similar state — I'm going to ask the same thing to both Cindy and Brandom — but are you in the similar state of where you're trying to find workers? Your members are just desperate to find good people?

Geoffrey Tahuahua:

Yeah. I mean, we have construction happening all across the state and it is really challenging when you're trying to fill all of these positions with people. A lot of times you need people who have either experience or have the right training. And so there is a little bit of a rev up. And so we're having a huge difficulty with getting... One of the examples I frequently use, as a master electrician and in that you have to at least serve for 10 years before you can even take a test. And when that person ultimately retires replacing that person is really, really difficult. And I was actually on a job site a couple weeks ago where they said that they could

easily use 300 more electricians just on that one job site. And so it's a real challenge us finding people, competing for people and we're having to compete with a variety of other industries to get those people.

Gene Marks:

Cindy and Brandom, you guys are having the same issues I know among your workers. Cindy, where are your members finding employees? What are they doing to try to fix this problem? And Brandom, I'm going to ask you the same question.

Cindy Ramos-Davidson:

Well, we've kind of looked at it as the "Rethink," as opposed to the "Resignation" issue. It's Rethink, Readapt and that's at all levels. Businesses at all levels, especially our service industries are finding talent development, talent recruitment, extremely difficult. So they are rethinking and readapting on what they're doing. They are looking at ways of using technology and integrating more hybrid activities where they can. Some service industries just can't do that. They're very much utilizing the connections of their membership with the Chamber, because that's what we're about. We're about connecting information and resources and all kinds of opportunities for them to find different ways to do things they need to do with their talent. I think the critical mass is, many of the young adults and what I call more mature adults, didn't go back to the industry where they were furloughed because of the fact that business was not identified as "essential."

Cindy Ramos-Davidson:

So during the time that COVID was going on, they used the Zoom and all of this technology to retool themselves and rethink and readapt. So they wanted to find an additional place that they wanted to go work at because they weren't going to go back to the place that was not identified as essential. The challenge with these adults now that they've retooled themselves, is they have no experience, actual work experience in the area they retool themselves in. So as they go back out into the job market, yes, they have the certificate. This is what I've done, but they don't actually have the job experience to do it. So businesses are really having to rethink and readapt their hiring skills, what they're looking for, how they're looking for it and how they're doing cross-training so that they can be able to address this issue. There are workers out there it's just all a matter of how businesses thinks about getting them, using them, recruiting them, and then integrating them into their business.

Gene Marks:

Surely I'm going to have another discussion with some people from the state of Texas that are a part of workforce development and what the government is doing to try and help workers get trained or retrained like you just brought up. I'd like to bring something back to them. I mean, do you find many of your members taking advantage of any of the state resources for retraining workers? Is there anything you'd like me to ask them?

Cindy Ramos-Davidson:

I do. There's a lot of workforce opportunities in Texas. There's a lot of retraining dollars. The only challenge with that is accessing them and understanding them and how to connect them. Again that's why involvement in a Chamber is so critical because we have partnerships with our Workforce Borderplex Solutions. We do a lot of trainings with them to be able to help our business members better understand how to take those tools and connect them. The bigger challenge for small minority women in veteran-owned businesses is once they use those state training dollars to retrain someone in a technical field, they're now in a competitive war with a larger company. And yet they've retrained that smaller minority, that smaller company to do the work and now they get poached. So it's become a competitive wage war out there in addition to finding talent in terms of trying to find the right person to fit in their business.

Gene Marks:

I guess the government really can't do anything about that. I mean, they provide the training, they can't stop a larger company from poaching employees. Right?

Cindy Ramos-Davidson:

Right. You can't do that. It's just like a business, it's competition and competition is healthy, but right now we would like competition to slow down a little bit in terms of finding talent, because that's a bigger issue. But let me go one step further and I don't want to get too political. If there was a way the federal government, everybody could just sit down and have a candid, thoughtful, moral conversation about immigration reform. The talent pool would open. Believe you me. It would clearly open. There is talent out there. It's just all about how you rethink and readapt. And that goes on both federal and state levels, as you're looking at immigration policy, because there are lots of wonderful talent. And especially in El Paso and in Texas, we're a border community. It's very interesting to see the challenges in terms of trying to help that sense of that community also help build companies.

Gene Marks:

Brandom, Cindy brings up a really good point and it's so relevant to the entire Texas economy which is immigration reform. Do you think that some type of immigration reform would have a big impact on your members to help them find workers? Does it in fact impact you as much in Fort Worth as it does in El Paso?

Brandom Gengelbach:

Absolutely. I think all of Texas sees and feels the challenges from an immigration standpoint, as well as the opportunity. So I think it's a big issue and I right with Cindy in terms of the value that can place on the businesses here and in the entire state.

Gene Marks:

Maybe I'm a naive believer, but I am naively or optimistically — however you want to call it — in belief that there will be some type of federal movement on immigration reform sometime in our lifetimes. But in the meantime, we have to deal with the facts at hand. So Brandom, the Fort Worth area, Dallas has been one of the lowest unemployment, you know, highest growing areas in the country. I'm wondering what your members are doing to try and find workers?

Brandom Gengelbach:

Yeah, I think we're very blessed in not only Texas, but certainly in Dallas/Fort Worth. Here in Fort Worth. We're growing by about 20,000 people a year, a 100,000 people every five years. So when it comes to companies that are looking to relocate, when it comes to businesses that are wanting to access talent, we're in a much better position than most because of the sheer volume of talent that we have moving to Texas and moving to DFW.

Brandom Gengelbach:

I think, secondly, there's not as much awareness on the solutions that are out there to help businesses that there should be. And as Cindy mentioned, that's really the role of the Chamber. I can't tell you how many businesses talk and are frustrated with a talent standpoint, but when you ask them about a relationship that they may have with workforce solutions, our state workforce, our labor body, or with the local community college, or with the local ISD there's really not that relationship. I think businesses are ... we all can get very focused on what it is we're doing and that from a workforce and talent standpoint, there has to be a little bit more effort being made towards trying to address those solutions yourself. And that's really where the Chamber is.

Brandom Gengelbach:

Likewise, on the flip side, these agencies, they really don't spend a lot of marketing and communication dollars, right?

Gene Marks:

Yeah.

Brandom Gengelbach:

That's not their area of expertise. They want to put all the money they can towards helping the talent to be able to find jobs and helping the employers find talent. So we find a lot that businesses have really no knowledge and understanding of what's out there. And a lot of the solutions are already undertaken. And I think the second thing is, I think that, listen just as silver linings have resulted from COVID, i.e. "the Zoom" that we just talked about, I do think that same thing is happening on the talent front as well, right?

Brandom Gengelbach:

I think that businesses are becoming much more competitive, much more understanding of what it takes to attract and retain talent. And I think that's a good thing for our economy. We have an effort here in Fort Worth, and it's all throughout DFW and expanding called Best Place For Working Parents. And really it's [an] initiative focused on communicating to businesses, the importance of having the right tools in place to attract parents and to be able to be flexible for those parents that have kids at home. There's much more profitability of a business when they can focus on being friendly and attracting the right talent and having benefits to make that happen. So I do think there is some silver lining in that businesses are much more serious about trying to understand what they need to do to attract and retain talent.

Gene Marks:

You bring up such a good point, actually two points. One is, you know, the nature of business ownership is changing in Texas. The average age of the typical small business owners still over the age of 50, but we are getting smarter about this. And we do realize that the workplace is changing and they need help with childcare. Workers want more flexibility. They want to work from home more. And sometimes, you know, some of us aren't willing to make those changes because we're used to doing things the way we're doing it. And you just have to wake up and say, "You're going to lose out on good people," if that doesn't happen.

Gene Marks:

The second thing that you mentioned is about sort of the resources that a Chamber provides. I've been writing for the past two years on federal stimulus programs and grants and PPP. I'm just working on a piece right now for the Philly Inquirer about the State Small Business Credit Initiative, the SSBCI, where in Texas, tens of millions of dollars are being distributed to the state to get out to small businesses. And there's still just not... It's like the business owners themselves have got to step up and reach out to organizations like Chambers, Brandom, right? Otherwise, they're just not going to know. They're operating in a vacuum. Am I right?

Brandom Gengelbach:

That's exactly right. Go ahead please.

Gene Marks:

Go on, Cindy.

Cindy Ramos-Davidson:

I wanted to say on that SSBCI program, it's 10 billion dollars—

Gene Marks:

Yeah, nationally.

Cindy Ramos-Davidson:

... that goes down to the states. Correct. And the SSBCI program has three major focuses, which I think are critical to small business. And that is focusing on equality. It's expected to create more jobs, and it's supposed to support a variety of programs that increase the access to capital for small business. Because that's where a lot of business, whether you're minority or not, capital access is critical. And we certainly learned a lot about that in the last two years because we distributed funds through the PPP and the EIDL and all of that. In terms of the capital access and those businesses who had not had a solid footing with their local banker, that created a real stopgap in a very disastrous time for small business.

Cindy Ramos-Davidson:

So the SSBCI program is supposed to be able to do that. And I'm excited to see what the outcomes are and Chambers all across Texas do need to be a voice to the state about what that needs to look like in their part of the state, because we're all very different. Our footprints are different. There's no cookie-cutter approach to this because El Paso is very different than up in the Panhandle or wherever else. And so it really needs to be an input channel for all of us to talk about what's best because that's a lot of money, a lot of opportunity, and a lot of help.

Gene Marks:

It is. And I do want to say for those of you watching us or listening to us and you're located in Texas. There are again, many millions of dollars that are coming to the state. And when Cindy is talking about capital, it could be in the form of loans, it could be form of grants. It could be in the form of equity investments — depends on the organization that's distributing the money and you've got to go to your Chamber. Or at least you have to look around for non-profit organizations that support small businesses, because they should know where to go to access and apply for this money. Before I move on to that, Brandom? Any, anything else to mention regarding labor? Because I do want to talk about inflation.

Geoffrey Tahuahua:

One thing I would just add is the ...

Gene Marks:

Please, Geoffrey.

Geoffrey Tahuahua:

... importance of having the relationships with the local school districts. My association, we have two chapters specifically our Corpus as well as our Houston Chapter, that they have really great relationships with their school districts. And so because of that, we're able to offer a lot of training programs, but not every school district I think is as committed to the trades, and really giving kids the option of, "Hey, you don't have to go to college. There's all these other options." And I think we've fallen into a trap very frequently here in some of the more urbanized areas where they're like "college ready, college ready, college ready." But the reality is that's not practical for everyone. And so I think the importance of having relationships with those school districts, which back to Brandom's point, it's those businesses going to that school board meeting and saying, "Hey, I have a real need for this particular thing. What can we do to make this happen?" And I think that's a really important thing that as we look to diversify our economy here, we need to keep looking at.

Gene Marks:

And don't you think Geoffrey as well, particularly the construction industry ... I understand the value of a college degree. I get that, but you can graduate from high school and learn a technical trade in your industry and that can be anything from plumbing to contracting, to building to all ... and really not only earn a great income as a worker, but also, set yourself up to have your own business someday, and I wonder if you feel like your members get that message out as good as they could, you know?

Geoffrey Tahuahua:

Yeah. I think we try. I think there's still just a perception I think amongst society that if you're a plumber you're not really amounting anything when reality that plumber is probably making it as much, if not more than a doctor.

Gene Marks:

No doubt.

Geoffrey Tahuahua:

I saw a commercial HVAC guy who, he drives a beat up truck for his day job, and he drives a Lamborghini at night for fun. And he owns his business — started off at the bottom and worked his way up, and now he runs his own business.

Cindy Ramos-Davidson:

I think I'm going to go be a plumber then, Geoffrey!

Gene Marks:

I know, I know. You think you're kidding. It's a trade. I'm a CPA and my son's a CPA and my daughter's a vet, but regardless, my dad always taught me to learn a trade. You know what I mean? We didn't grow up in the construction trade, but having that skill, you'll always earn well, if you do a good job. Geoffrey, let me change tack. And then I'm going to, I'm going to come back to both Chris and Brandom about this next topic, which is of course inflation. Obviously inflation and supply chain is a big issue. I'm sure Geoffrey, not a big issue for your industry. You guys are fine, right? Prices have been flat. All the materials are available in the world. It's really not a big issue. What are you guys doing? Like how are your members dealing with ... I see lumber prices spike, 115% and then drop 60%, nuts. And then core materials though, aluminum and siding and steel and, significant price increases as well as getting ahold of materials. Clearly you're seeing that, your members are seeing that, what are they doing to deal with this stuff?

Geoffrey Tahuahua:

Yeah, I think the important thing about is, construction isn't really stopping. I mean, even with the lumber prices where they were and what they were looking at. I mean, we were still trucking along and I think what's happened is that we've had to adapt. And so a lot of times when we're doing estimates or we're doing bidding, we're saying, "Hey, this is only good for a week if I place the order now. And if I don't, then it could go up to as much as 30%." I mean, we saw somebody who just in pipes for a large high rise, went up 30% over the course of just four weeks. And so you're just kind of understanding that's the reality of what we're in now.

Geoffrey Tahuahua:

And then supply chain, if you can get ahold of it, great if not then you know that you're going to have to delay stuff. I know of a project here that they just needed brick, that was the last finish out. So they just kept doing everything else that they could while they waited for brick. And that's just kind of the new reality. And I think the thing with our industry is we're just trying to adapt to as much as possible. And then I think structurally we are, in our contracts and stuff, writing provisions in there to kind of really just make the

clients aware that, "Hey, these things are continuously changing and you just need to be aware that if our costs go up, your costs are going to go up too." And so just being kind of truthful and upfront on that end. For the most part, most of the clients are kind of accepting. They're just happy to have somebody able to do the work now. And so most of them are willing to accept those costs.

Gene Marks:

Yeah. If you can recommend a good contractor for me, I'll fly them up to Philly. We got like tons of work today —can't find anybody. It's funny, so you brought up a couple of interesting points. I just want to kind of make sure that I'm clear on. You're right about giving a deadline and I never really thought about that. If you're going to be quoting a price to somebody and by the way, this isn't the construction industry, but I think it really applies to all industries. You can say, "I quote this price now," but it was always like standard on our quotes that "this quote is good for 60 days," but in this day and age, quotes are good for like seven days and then they're subject to change. So I guess you're seeing a lot of that because you have to protect your margins.

Gene Marks:

The other thing they're adapting, like you said they're waiting for bricks so they're building other stuff. But also communication is huge. Isn't it? Do you see, do you see your members, doing a good job with ... I think of construction people and they're not necessarily the technology people or fumbling around with their email. And yet it's so critical in 2022, to keep your customers up to speed on lead times and delivery dates and, project timelines. But have you seen your members progress a little bit on the technology, and are they communicating better?

Geoffrey Tahuahua:

Yeah, they definitely are communicating with their clients, I think a lot more efficiently. The other thing it's been interesting is the banking industry which will provide a lot of the construction loans. They're a lot more involved in the process now. And so they're much more aware of, "Hey, I'm going to loan you this money for the materials. And I'm just going to build in that extra 20%, 30% into this, in case you need to tap it, because your materials go up. And, and so you are seeing that we've even had a company move here to Texas. And their sole thing is they provide sort of the immediate 90-day loan on just materials. And that's kind of their sole focus is they do that for people and it's able to, I think, the reporting and stuff is real instant. And so it's been really nice having that because they can see in real time what it is that they're spending on stuff too. I think you are seeing us have to adapt in those different ways to improve that communication.

Gene Marks:

Cindy, Geoffrey is talking about the banks providing that extra wiggle room in capital in case prices do go up. And the reason why is because no longer are inventories just in time, you've heard of that sort of Just-In-Time inventory. It's now just in case. People are bulking up on materials where they can. Are you seeing that in, among your members? And how else are they dealing with rising prices?

Cindy Ramos-Davidson:

Well, we did a survey to our small businesses. We have about 1400 members and about 400 replied. And this is a survey we did a couple of weeks ago. And we asked small businesses in the market. "What's standing in their way today of success. And of course at the top of the list, at 48% was finding and retaining qualified employees.

Gene Marks:

Of course.

Cindy Ramos-Davidson:

The second one on top of their list was inflation. And the third one on their list was obtaining good, solid contracts at 14.3% and then supply chain issues at 9.5%. So I think all of our conversation, as you can see, small business lives in the world of impossibilities and they create possibilities. Otherwise, they wouldn't be owners of small business, but they certainly are faced with an awful lot of detours coming out of COVID, the rising cost of things. They're really having to rethink and readapt how they're going to continue to attack this, whether it's passing it off to the consumer, whether it's pulling back expansion plans, whether it's using hybrid components by which to do some of their work if they can? Looking at the hours of operation, looking at how they can consolidate positions and do a lot of crush training, it truly is the rethink, readaption period, more than anything else because we'll never go back to how we were pre-COVID, that's gone and dead and buried.

Cindy Ramos-Davidson:

And so now our conversation is, "let's get going, because you all did it once before you can do it again." But now evermore, you're going to need resources, resources that your Technical Trade Associations, your Chambers of Commerce, those kinds of things, because we are better equipped to help a small mom-and-pop or any business navigate through all the challenges because they need to continue to work on their business. And they can do that with us as opposed to working in their business. And so it's a real different way of thinking as we move forward and grow commerce and industry. But I don't want let the time to go away. Texas is a great place to build any business. We don't have a state income tax, which is like, major awesomeness, no corporate tax, another awesomeness. We're an extremely friendly state. We like, love everybody in, you know? So, you know, yes there's a lot of challenges, but yes, there's a lot of opportunities. And I think all of us just have to figure out how best to navigate it with the constituencies that we represent.

Gene Marks:

I'm trying to figure out how you guys pay your bills, you just sell a lot of steaks and ribs? Is that what it is? I mean, there's no taxes coming in. How is this possible? You know, Cindy—

Cindy Ramos-Davidson:

[Laughter.] We live in Texas — we do barbecues, we share.

Gene Marks:

You do barbecues. Yeah. Everybody shares with me. You talk about the resilience of business owners. You know, people have been through inflationary periods before and this is not the first go-around. I'm old enough to remember the inflation in the late '70s, early '80s. There have been inflationary periods before the time of Cleopatra. So I guess a lot of what you must do is just try to educate your members on the resource that they have, and maybe walk them off a cliff and say, "Okay, listen, you can navigate your way around this. This is just one challenge of many that you have."

Cindy Ramos-Davidson:

Many times we're a sounding board for them too, because they have the right idea. They just need to bounce it off someone else. We're finding that a lot of them are looking at questioning to buy what's essential and make cuts elsewhere. And to be able to make smarter choices in terms of what they're doing. Sometimes they just need to bounce it off someone, and Chambers of Commerce are a great conduit by which to do that. Because there's other businesses sharing their same heartburn, and so best practices is always a good component.

Gene Marks:

It really is. Brandom, what are you seeing as well? Do you see panic amongst your members? Are they freaking out because producer price index is now like 11.2%, which in my opinion is still — ask Geoffrey —

that's very low compared to some of the prices he's seeing. So what are your members telling you? And how are they navigating a way of this whole inflationary period?

Brandom Gengelbach:

I think, listen, I think it helps that this is not unique to Texas or to Fort Worth, right? Everyone is experiencing this. This is a challenge, right? So that's helpful number one. Number two, as we've mentioned, things in Texas from an economic standpoint are really, really good. Very, very positive. It's just a huge blessing to have population growth that is driving so much of our economy.

Brandom Gengelbach:

So while people are definitely hurting for sure, and inflation is a real issue, as Geoffrey was stating earlier, building and other things are not slowing down. They're moving forward. I read yesterday that airport volume traffic was just a tad below 2019 levels, for folks going around. So I just feel like this is something that has to get under control. I feel like the consumers have a better understanding and empathy, especially with small businesses. And the small businesses are doing what they can from a supply chain standpoint, to try to focus on products or services that are not as inflationary in terms of their impact on the consumer. So I think people are being creative about it. It's not as bad here in Fort Worth as it is in other places. And as the Good Book says, "This too shall pass."

Gene Marks:

"This too, shall pass." And you have to have that long-term view to really understand. We all know because we all deal with our members—

Cindy Ramos-Davidson:

– we just don't want people to panic.

Gene Marks:

Yeah, you don't want people to panic. And you realize that listen, a couple years ago, we had a whole bunch of different headaches and five years from now, our members and kids. There's always going to be uncertainties and challenges and this is just, going to be one of them. Brandom, you said, about the Texas economy being good. And it is. Some of the numbers I shared, earlier was just in the construction industry. But, in the Paychex study, their Small Business Employment Watch. Texas job index is like, one of the highest in the country is as well. The economy itself is going strong. And Brandom, I don't want this to be a political discussion, so let's not go there, but I would like to ask you, why do you think that is? Why is Texas doing so well compared to other states? Give us, give us your thoughts.

Brandom Gengelbach:

Yeah. So I moved here almost six years ago from Nashville, which is another great community that experienced huge population growth. Listen, I think there's a couple different reasons. So Cindy mentioned we have an environment that is very friendly to businesses. Little regulation, very business friendly from a tax standpoint, no state income tax, no corporate tax. There is property tax, so the bills have to get paid, right?

Gene Marks:

Yeah.

Brandom Gengelbach:

But in terms of the taxes that affect individuals and businesses, it's a very friendly place. It's got great weather, it's got great airports, and it's a central location and the ability to move around. So I think all of those really play a role in terms of attracting folks. Especially our three net immigration markets to DFW as a whole, are Los Angeles, Chicago and New York. It just shows you that people are moving out of some

of those highly dense environments, getting a larger home, not having to spend as much, being able to access more workforce and being in a community that is excited to have you there and is welcoming you with open arms.

Gene Marks:

Cindy, do you agree? And do you think that, listen, it's very easy for Texas to get bad press in the media, with the mask wearing or the mandates or lack thereof, and abortion or immigration. Does that concern you as a representative of small businesses or not?

Cindy Ramos-Davidson:

Well, all Texas issues concern us because they affect our businesses and our people at some point, but our role is to try to better communicate and educate the constituents we represent about what those rules and policies mean to business, commerce and trade. You know, Texas has been aggressive for a very long time in offering different subsidies for businesses to come and relocate to Texas. Here in El Paso, we're a partner with the Borderplex Alliance, which is our industry recruitment. We have an MOU and memorandum of understanding. And it's interesting to note that when you're talking about offshoring, Mexico's our largest trading partner. And all of the things that are made in China could certainly be made next door. And you could certainly see that if that was the case specifically, since Texas has such a long border, that we could certainly be able to do it through our back door, than hundreds and thousands of miles away.

Cindy Ramos-Davidson:

And it would put a glitch into that supply chain issue if it was just next door. So where there are a lot of issues on the ground floor like you just mentioned, our job is to better articulate to our constituency, what do those mean for business and how can we best be a voice to either share our business voice for what those are, or they're not.

Cindy Ramos-Davidson:

And a good example was during the mandates, a lot of different communities had different issues regarding that. Our businesses know that without people they've got no business, so they're going to protect themselves and their employees, number one, but many of our businesses in our market have told us, let business do what they know how to do, and they will recover and let governments get out of their way at all levels, both local, state, and federal, because sometimes governments really mess things up for them and creates a lot more hardships. They're trying to find talent, gain access to capital, find supply chains, get it to market, understand state rules, city rules, federal rules, and still be able to make a buck and pay their taxes. And so you can see that many times that they're quite frustrated about all of the magnitude of things that are coming from them. Thus why creating partnerships with so many is critical for our business members, because we play that back support component for them. If that helps answer that, quick.

Gene Marks:

Oh my God, I am moving to Texas. I mean, this is like a, it is a —

Cindy Ramos-Davidson:

Come on, we'll take ya.

Gene Marks:

Geoffrey, the construction industry has been gangbusters, you know that. Will this continue on? I hear ... clearly with inflation what it is right now, we have looming interest rate increases coming from the Federal

Reserve, we know that. In my opinion, even though what's been announced already is probably too small, it's going to have to be a little bit more drastic to reign things in a little bit, that's going to impact builders and housing. Do you hear any rumblings from your members that there's potential downturn coming, or is it just full speed ahead?

Geoffrey Tahuahua:

I think, having gone through COVID, I think a lot of my members are, I wouldn't say risk-averse as much as I think they're more aware of the risk involved going forward. And so I think they're planning for and adapting to it. I don't think that there's any real sign construction's slowing down. I think you will probably maybe see more of a stabilization potentially happening, especially in our larger markets, but you really don't see a sign that much of them shutting down. We did have an interesting time happen though, last year during COVID where we kind of saw what that might look like, where one city in particular, Austin, actually tried to shut down construction for three weeks before we were deemed essential by the governor's office.

Geoffrey Tahuahua:

And stuff still kept turning out on in the outskirts. If you were not in the state limits, people were still going and they just adapted and kept going. And I think I frequently hear this amongst the Chambers of Texas during the last, we try not to say the R-word, so channeling my West Wing, "bagel," during the last "bagel," what you saw was Texas was the last one in, and then the first one out. And I think that's been pretty consistent across the board. And construction, we tend to see a little bit of a slowdown, but I think just given all the projects, I never think that's going on. I think that you're probably more likely to see some kind of stabilization happen and then we'll probably come back stronger than ever, I think.

Gene Marks:

Brandom, do you agree? Do you hear from your members any talk of potential recession by the end of this year or early 2023? Do you see any of your members starting to pull back a little bit or get a little defensive?

Brandom Gengelbach:

Yeah, no. We are ... I tell people, especially friends and family from other places. This is, we live in a almost an alternate universe in Texas. I just can't tell you enough in terms of the growth and the pace of business, and the economy here and the interest from the outside. I'm honestly telling you the truth. There is just a lot going on, and we do not see it and feel it as much as, as the rest of the country. So I certainly don't see it or feel it. I read a report last week from NPR that talked about just some end-of-year forecast that some of the large financial institutions have put out. And they're not saying that we're going to fall into a recession. So I think all of us have some really good confidence that we're going to be able to slip past the challenges.

Gene Marks:

Okay. So we've talked about the Texas economy. We've talked about our labor challenges and what businesses in Texas are doing to find people. We've talked about inflation and supply chain and how businesses are navigating their way around that. We've talked about the importance of resources, like the Chamber, like Building Contractors Association, all of that. All very important stuff but let's wrap up this conversation by the most important thing. So I'll start with you, Geoffrey, what is your best barbecue recommendation in San Antonio?

Geoffrey Tahuahua:

Well, I probably wouldn't point to San Antonio, but I used to go to a place, Snow's in Lexington, which I went before it was really cool. It beat out Franklin's, number one. And it's pretty solid. I have the secret sauce. I

know how to contact the owner and I get in through the back door, but that's probably the best place to have barbecue in my opinion.

Gene Marks:

Cindy, best barbecue in El Paso.

Cindy Ramos-Davidson:

Well, I couldn't even attempt to pick the best one, but if you want Mexican food-

Gene Marks:

Oh, you can't, because you probably have multiple members that are part of your Chamber. Right? So that would get you in a lot of trouble. Is that right?

Cindy Ramos-Davidson:

Yeah. We just say, "Come on down and we will feed you." We do have great margaritas and we have wonderful tequila. We'd love to have you in El Paso, Texas, for sure.

Gene Marks:

That sounds great.

Cindy Ramos-Davidson:

I just wanted to say, to make one comment out of full disclosure. I'm sure you know I just got appointed to sit on the Dallas Federal Reserve Board. So I'm on the Dallas Fed, was appointed to that position in January. And I just want to say that you have to applaud every individual that works in any Dallas Fed in this entire country because they are trying everything they can to create input channels, which is things like this, to be able to make the right decisions at that big table in DC. It is not an easy decision. There's no cookie-cutter approach, and they really are trying the very best they can, with all the tools they have to make the right decisions for our country.

Gene Marks:

I could not agree more that our representatives federal, state, local, I know sometimes there are a few bad apples and the media loves to jump all over that. But for the most part, these are good people trying to do what they feel is best. And if you're going to be giving your time to be on the federal reserve. It's a huge commitment, we're depending on you to make the right decisions and you're doing the best that you can. So congratulations, and I'm thrilled that you'll be doing that.

Gene Marks:

Cindy, Geoffrey, Brandom, thank you so much for joining me. You guys are a great panel. You have sold your organizations and the state of Texas very, very well. And I think our listeners and our viewers will get a lot of great information from this conversation. So thanks so much.



HR | Payroll | Benefits | Insurance