

12 Seasons of Business:

A monthly update on CEO Tools applied to your business! *

JULY 2009 *"Twelve Seasons of Business"* at mid-year: it's a good time to evaluate economic trends and what they mean for our businesses.

What many are seeing is the downturn slowing; some are citing hope as the harbinger. My own view is that some economic indicators are degrading more slowly, yet there are still so many indicators that overwhelmingly say we're still sliding into this recession headlong. And, "hope" is not a good business strategy, so please don't heed the "hopeful" rhetoric from Government and the parroting by media as hope tries to lull you into running your business as if things are on the mend. They aren't (yet), except in a few very rare sectors, geographies and industries.

Unemployment has become the leading key indicator since it has consumers scared to death and continues to cause curtailment of their spending severely. Many people who were not going to lose their homes now are, and the commercial real estate sector is now showing strong signs of decline, with deterioration not far behind.

What this implies to me is that we can only see about three months out right now. The stimulus packages (trillions of our tax dollars) are not being spent, certainly not coherently, and are going virtually nowhere...at least so far. Less than \$200 million of the original \$800 billion has actually been spent. It's just not happening...yet...and probably not real soon. Plus, it's not aimed at most industries, just some.

The economy continues downward, and some are saying bankruptcies will be even greater in 2010, while they're already up in 2009 by 240% over 2006. Again, we can only see with some certainty about 3 months into the future right now.

So, my thought would be to set your goals and do your plans only 3 months out, and re-assess each month. As we're able to see somewhat clearly further out, then open up your range to 6 months and start implementing your growth and recovery plans. There are some recovery things you can start to do now, but do continue to deal with the downturn while planning for growth. The really savvy economists are saying we'll bottom by the end of this year, but have a slow, very drawn-out sectoral recovery (meaning each industry will start recovery at different times and at different rates of speed). So, watch carefully, frequently, and adjust accordingly.

Really hope I'm wrong about the economic observations made above and that it's much better than it looks. As always, hope this makes sense for you and your business.

Very best wishes, Kraig Kramers

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