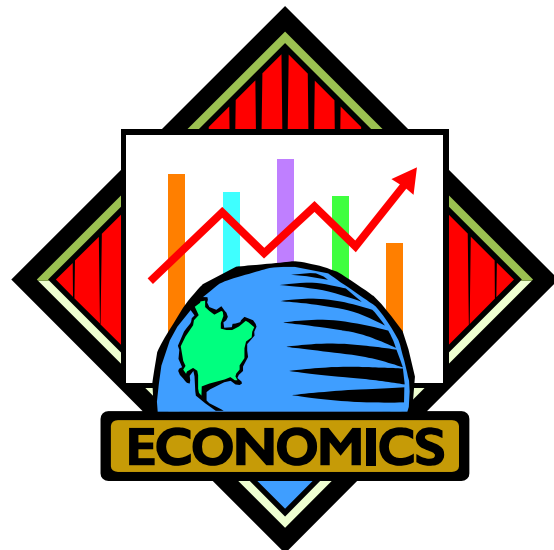
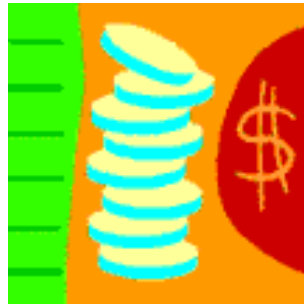


Bad Times Can Make Good Companies



It's not the best of times that make great companies because even marginally competent businesses can at least survive. Each generation has had these times in one form or another. Good times allow marginally competent management to get lazy and stuck in the mud of complacency. Good times make some people think they business geniuses and nothing can happen to them or their business. Eventually, the inevitability of market economics catches up with someone who isn't perpetually prepared for something to go wrong sometime, somehow and somewhere. It doesn't pay to understate the power of market and business cycles.

In the worst times, it's those who knew in their heart something was going to go wrong that developed plans to adapt quickly and survive. Sure, there are hard times for most everyone. Cash flow is a direct cause of many sleepless nights. Laying-off loyal employees is one of the hardest things a small business owner will ever do, and there can be unimaginable stress at work and at home. One of my clients told me that when he asked all of his small business friends what's the downside to owning a business, the one thing they forgot to mention were the sleepless nights. They didn't remember because it was just a normal part of the package of being a small business owner. In the end, it's the perpetually paranoid (not pessimists) that come out the other end of the crisis and are situated to take advantage of the inevitable recovery and the next good run.

The other factor that creates great companies in bad times are the vast number who lose their jobs as companies disgorge themselves of staff, including those that have business ideas that go on to be birthed by necessity and desperation. Many of these new businesses will fail because the owners aren't prepared to survive and succeed long term. They learn too late and at a high price. Once recovery comes many return to the sanctuary of employment. Nonetheless, a small group will taste success. Those few will build businesses based on sustainable value, with a healthy respect for competition, an abhorrence of waste and complacency and a determination to see the vision of their business become a reality. For those that survive the first phase, it will take an average of 20 years to achieve sustainable success but when they do, they will be amongst the best in their industry, regardless of their size.

Is Capitalism Dead?

Some say that capitalism is dead but that statement is at best, dead wrong and at worst political fear mongering. This crisis, and others that inevitably follow, may or may not turn out any better than previous panics and crises. For those building or rebuilding a company, it is only one factor to be considered. Periods of crisis can be a great time to build or re-forge your business and prepare for the recovery. Now is the time to prepare for recovery whether it's 6 months, or 18 months away, or even longer. Refine your business and build a superior marketing organization, then beat the heck out of the competition that remains.

I'm reminded of a story: Two guys hiking in the woods come across a bear. As the bear starts toward them one guy stops and takes off his backpack. Then he takes out his running shoes and puts them on. His friend turns to him and says, "Hey man, you can't outrun that bear!" The first guy then says to his buddy, "I know. All I have to do is outrun you." The bear is the economy and the other guy is your competition and now is the time to put on your running shoes.



Regardless of the business, now is the time to take action. Now is the time to decide which of the two types of company you're going to be part of: The first is paralyzed by fear and hoping to survive while waiting for the recovery. The second is perpetually hunting for customers and doing whatever it takes to win them over. The first will be out of business and will use the economy as their excuse. The second will be celebrating and giving partial credit to the economy for their success. Be the latter and be a winner.



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