

“A Perfect Storm”

Although some folks continue to argue the matter, research indicates we're in the throes of a significant economic downturn, and if history plays its role as the wise teacher, declines in general economic health may be more substantial and prolonged than many analysts anticipate.

From a corporate perspective, conventional wisdom has many executives preparing for “A Perfect Storm” and taking precautions against a prolonged earnings slump. It's prudent, then, to take time out and realistically evaluate past downturns; making note of what other companies within your industry did (or didn't do) to reach high ground and stake their claim first during the turmoil, in order to emerge better positioned for success afterwards. The dichotomy on the radar screen provides choices that serve in determining your current and future success...

“Are you going to fish or cut bait?”

If you're going to fish, you are “**proactively involved**” in contingency planning that keeps you alert and better prepared to successfully weather the storm—engaging scenario planning around how to exploit and leverage opportunities in the immediate that will continue to strengthen your positioning when times improve. If you're going to cut bait, you are “**reactively involved**” in hunkering down and battening down the hatches to ride out the storm—gauging how long you can feasibly hold on until you have to start throwing stores overboard to lighten the load, and hoping conditions will improve in time to prevent catastrophes.

The moral of the story is this: *Advanced planning can put emergent strategies on the drawing board that build financial flexibility and provide for nimble operations in times of economic turbulence.* Where someone cutting bait may be throwing great talent overboard, a fisherman seizes opportunities to hire great people. Where a fisherman spends capital prudently on long-term strategic initiatives that help to build competitive advantages, the person cutting bait is living and dying daily, and many times stepping over dollars to pick up dimes.

Which approach affords you better comfort? Which outlook do you find more desirable?

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