

# From Raging Bull to Growling Bear

## Timing in the Markets is Business Critical



As confident as we are that the markets move from Raging Bulls to Growling Bears (i.e. boom times to recessions) we are equally as confident that the markets will move the other way. At some point we will come out of this recession and start to move our way back into the next raging bull.

As night becomes day: day becomes night.

This is critical for the business owner; with most making the biggest mistake of the recession – that being **timing**. While investing in the markets is instantaneous, investing in businesses is anything but. When the CEO/ business owner decides to expand, e.g. put on staff, open new offices, invest in new products – all of these take time (usually 9 to 18 months) before there is a return on that investment to the business.

During the recession most CEOs and business owners will wait until they have seen signs of the economy recovering before they start to invest in their businesses again. They wait until the markets recover 30% and then reinvest.

Historically most Bull runs only last about five years; and therefore recessions generally come around about every seven years. And so if the next Bull market starts in 18 months from now (many analysts are predicting mid 2010) and it is only then that the CEO starts to invest in the business, they miss the market i.e. they start to invest 6 to 12 months into the next uplift, it then takes 9 to 18 months to build platforms for Growth, and then another 12 months for that uplift to show up on the P&L. Thus by the time the growth kicks in for the business we are two to three years plus into the five-year Bull run.

This means that most business owners only get around two years of the five-year Bull cycle – missing the first three years.

*It is morning time and the CEO isn't getting out of bed until 10am, then has to shower, get*

*dressed and do breakkie - and isn't going to start enjoying the day until around midday - i.e. they have missed the most important part of the day.*

There are a number of reasons why most business owners/CEOs miss a big chunk of the Bull run;

- Their risk profile drops during the downturn and so the owner/ manager gets nervous not wanting to make the mistake of investing down the curve. You fix this by [managing Risk during the Recession](#).

- Most will argue that you simply don't know where the bottom of the market is. You fix this by [monitoring the economic and sector trends](#) a lot closer than you need to during the boom (many entrepreneurs forget this one).

- They exhaust their reserves during the downturn just surviving and thus are not geared up for the next uplift. You fix this by [using macro analysis on the P&L - unwinding your business enough to enable growth](#) i.e.

Thrive not just Survive through the downturn.

Most entrepreneurs are acutely aware that businesses operate in cycles; you have to make hay while the sun shines; and so it is critical that we maximise the length of the upside (when it shows up next). The Growling Bear will not be with us forever, and the astute entrepreneur gears themselves up ready for the next Raging Bull.

At our next global conference, "The Opportunity is Now", we will examine in depth the opportunities for companies during an economic downturn. How can companies thrive, and not just survive, as we face challenges together over the coming 18 months?

### The Opportunity is Now

Shirlaws International Conference 2009

Gold Coast, Australia 4-6 March 2009  
Hertfordshire, UK 25-26 March 2009  
San Francisco, US 1-2 April 2009

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We'd love to see you there.