

Five Ways to Prepare Your Business for the Economic Recovery and 'Catch the First Wave'



Understand Market Cycles

The markets move in waves, with peaks and troughs and the guarantee that this state - whether boom times or bust - won't last forever.

Yet recessionary times normally "surprise" most business people. It is almost like the recession sneaks up on them. Very few businesses in the world are financially and strategically prepared for a recession before it arrives.

[Understanding the four stages of each economic cycle is the first step to helping you take advantage of the upswing - helping you 'Catch the First Wave'.](#)

- **Down** - the economy heads south into a bear market
- **Drag** - the market bounces off the bottom but drags out in a flat period
- **Release** - the market spikes downward initially and then releases into a new period of growth
- **Up** - the market moves into the new bull market.

Many business owners implement strategies behind these cycles - reacting, instead of getting in front of them. It's like a surfer who paddles too late - there's little he or she can do to catch that wave. [The opportunity is in seeing how these cycles affect your business and investing accordingly.](#)

Timing is Everything

While investing in the markets is instantaneous, investing in business is anything but. After a CEO or business owner decides to expand, such as by adding staff, opening new offices or markets, or investing in new products, these take time (typically nine to eighteen months) to produce a return on that investment.

During a recession, most CEOs and business owners will wait until they have seen the signs of economic recovery before they start to invest in their businesses again. They wait until the markets recover about 30 percent and then reinvest.

Compound the slow start with a lag time between investing in the business and when it starts to pay off, and by the time the growth shows up in the business we may be more than halfway through the next bull run of economic prosperity.

Timing trips up many businesses because owners become more cautious about risk during a recession, and reign in spending and strategic investment.

By reducing their risk profiles during a recession, business owners effectively position their businesses to stay behind the curve, missing the first wave of growth.

A reduced risk profile sets the business on the course of "buy high (wait until the market is strong to invest), sell low (wait until the recession to pull back)" and creates a mismatch on timing.

[Understanding your business risk profile and adjusting tactics accordingly will enable your business to grow quickly when coming out of a recession, adopting the profitable strategy of "buy low, sell high."](#)

Change Course Nimble

When a business is in growth mode, we describe this as "winding up" - think of it as a bicycle winding up to gain speed. When a recession hits, businesses start to "unwind" - think of slowing that bike by applying the brakes.

When the market turns, most owners and managers still have their feet on the brakes, operating their businesses with the unwind mentality. With a low risk profile, they are reluctant to let go of the brakes until there is lots of proof that we are genuinely out of a recession.

The problem is: by the time there is plenty of proof that we are out of the recession and it is safe to invest again, the opportunity is gone as the market will have already picked up 30 percent to 50 percent growth in the initial stages of the new cycle. [The opportunity is now - at the bottom of the cycle.](#)

See Past the Blind Spots

Surfers are keenly aware of their blind spots - rocks beneath the water and unseen currents that can take them far off course. Blind spots in business are even less apparent, because they change as the market changes.

During boom times, business managers tend to focus on the bigger strategic plays available to them; mergers, acquisitions, new markets, new branches or facilities. These are what we call macro strategies. What is forgotten during these times is micro - all of the details that keep the business lean and efficient. Growth during this period will hide these micro mistakes, so during boom times, micro is the blind spot in business.

The opposite is true during recessionary periods. Owners tend to get dragged into the details of the business and become very micro-focused. This means the macro strategies and business vision are often overlooked.

Businesses may come out of the recession in one piece, but misaligned or lacking a long-term growth strategy. They then waste twelve months or more aligning the business to grow - but the market is already growing - and they fail to catch the first wave.

Work with the Energy

Recessions are made up of more than profit and loss, dollars and cents, facts and figures. The energy and emotions of the market also influence market dynamics.

First, there is fear that drives momentum downward into a recession - without fear, recessions would never happen.

Next, there is the energy of "withhold" as everyone hangs on to everything they have in fear of scarcity. That scarcity results in little energy (which shows up in the form of money) in the system - greatly reduced consumer spending, orders for goods from manufacturers, and capital available for reinvestment. On the positive side, businesses are

forced to re-evaluate, realign their resources and re-jig their product lines. This creates a streamlining effect, increasing efficiency of product and production. Many businesses that make a few changes in this phase find that the tweak creates a substantial, long-term shift in the productivity in their companies.

The recession is nothing more than a cleansing period - it gets rid of the unproductive processes, businesses and people, a bit like a detox.

This provides a strong foundation for new growth, an opportunity for new energy to enter the system, and the perfect time to be ready to 'Catch the First Wave'.