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The Sky is Not Falling

In my first ‘real’ job following graduate school, I provided financing to European companies who were buying capital equipment produced in the U.S. The year was 1976. Business was finally booming, as the U.S. economy had just emerged from a two-year recession characterized by skyrocketing oil prices, a political quicksand called Vietnam, and a nasty bout of stagflation.

Thirty-two years, four more recessions, two sub-prime lending crises and several real estate collapses later, and carrying innumerable battle scars, I offer the following perspective:

The sky is not falling. Oh, it’s raining; quite hard, and we have water damage. The repair service is ‘busy serving other customers’ and may be unable to get to our homes for a while.

But the sky is not falling. Business cycles are . . . well, cycles. Contractions are temporary. People and economies are resilient. Moreover, governments around the globe have made extraordinary commitments to provide a soft landing for the current downturn.

Sure, the headlines are depressing and unrelenting, but consider this: In the process of reporting the news (and creating the headlines), the media may actually be contributing to a self-fulfilling psychology of doom. In just a few short months, businesses across a diverse group of supply chains have seen their customers press the economic Pause button. It’s like the classic 1950’s sci-fi movie where a message from an unknown force was broadcast worldwide in all languages.

Now there’s nothing wrong with exercising an abundance of caution in uncertain times, but while one can debate whether the economy is fundamentally sound, what is quite clear is that we have a fundamental economy.

For those businesses that create advanced technologies or products and services based on those technologies, there is another fundamental truth: technology is uni-directional. From the engineering wizards at ASU’s Fulton School to clever programmers working at home across the globe, we continue to enhance technologies and improve processes. This inexorable march drives new applications, new possibilities and ultimately, economic growth.



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Established businesses, and those enterprises aspiring to become established, have choices to make regarding the way they approach economic downturns. The B-schools are filled with case studies discussing the relative wisdom of such choices, and there is no shortage of recycled articles about the merits of marketing your way through a downturn.

The literature is clear. But then, so is the scientific evidence that smoking kills, and yet the number of new smokers continues to grow. The sad fact is that many business owners will spend most of 2009 with their marketing heads in the sand.

There will be an upturn, and you should position your business accordingly.

This is the time when enlightened business owners take stock of the situation, exercise some foresight and think strategically about the next growth phase. This is where the opportunity is. Acknowledge the downturn but plan for the upturn.

This is the time to distinguish your products, services and technologies and elevate the profile of your executives. This is the time to re-establish and reinforce your value propositions. This is the time to increase your visibility and strengthen your brand equity.

So take advantage of these opportunities. In the near term the process may be painful. But you will be rewarded. As Bogart said in *Casablanca*: 'Maybe not today, maybe not tomorrow, but soon and for the rest of your life.'

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