

February 1, 2009

Gleanings



Gerald R. Chester, Ph.D.
President

Strategies@Work, LLC
Solutions That Transform

Services

Consulting
Planning
Coaching
Training

Affiliate Consultants

State of the Union: Near Panic

One of my clients recently called in a near panic. His sales had dropped a stunning 40 percent in one month. As with most small businesses, his company is thinly capitalized. Furthermore, a few months ago he paid off his credit line and was summarily advised by his bank that the credit line was canceled. Bewildered, he sought counsel regarding how to respond to this daunting financial challenge.

Pundits now state that the current recession began in December 2007 and most believe that it will not improve until next year. It appears that virtually every industry has been impacted.

One of the most pedestrian barometers of the health of the economy is employment data. In 2008, the net loss was 2.6 million jobs—the worst year for employment during the post-World War II era. The Labor Department reported that 11.1 million people were unemployed—an unemployment rate of 7.2 percent—up from 2.3 percent in December 2007 ⁽¹⁾.

For the week of January 17, the seasonally adjusted initial jobless benefits claims were 589,000—a 26-year high ⁽²⁾. The Labor Department reported that 4.6 million people are currently seeking jobless benefits plus another 2 million are seeking benefits from the emergency federal extension program ⁽³⁾.

Layoff announcements seem to be almost a daily occurrence. Microsoft is reducing its workforce by 5000. United Airlines, Huntsman, Intel, and Eaton plan to lay off 1500, 1175, 6000, and 5200 respectively. In addition other well-known companies such as Beechcraft, Clear Channel Communications, ConocoPhillips, and Time Warner have announced workforce reductions ⁽⁴⁾.

Last year, nationwide, new home and apartment construction was at 904,000 units, lowest since 1959. If the December data is an indicator of 2009, the annual rate this year will be 550,000—down nearly 40 percent from 2008 ⁽⁵⁾.

Given the severity of the recession, many compare it to the Great Depression of the 1930s. A recent article ⁽⁶⁾ argues, however, that we are still a long way from the depths of despair of that era. Consider the following examples cited in the article:

- GDP: From 1929 to 1933, GDP (inflation adjusted) dropped 27%—10 times worse than any recession since.
- Unemployment: In 1933, it peaked at 25%, which is more than three times today's rate of 7.2%.
- Bank failures: In the 1930s, 1/3 of the banks failed; today a few dozen banks have failed or merged with others.
- Stock market value: At its low point in the Great Depression, the stock market dropped 90% from its peak in 1929. Today the stock market has dropped ~40% from its peak.

In his inaugural address, President Obama provided a litany of factors that contributed to the current economic calamity. For example, he pointed to greed, irresponsibility, failure to endure hardship, lack of accountability, and failure to make hard choices as contributors. Quoting from Scripture, he chided the American people for failing to put aside childish things ⁽⁷⁾.

Later in the inaugural address, President Obama called us to remake America by returning to the values that made us the most powerful and prosperous nation on earth. As facilitators of success, he cited values such as: honesty, hard work, imagination, tolerance, patriotism, loyalty, service, faith, determination, selflessness, kindness, courage, nurture, fair play, curiosity, responsibility, hope, virtue, equality, and freedom. He also noted that we must find meaning in something greater than ourselves.



Free PodCasts
Click here to subscribe.

View this newsletter

Printable copy
Online copy

<http://StrategiesWork.com>
info@StrategiesWork.com
972 473-8655 USA

I applaud President Obama's challenge to the American people to return to biblical values and to live for a purpose greater than ourselves. Clearly, living like this will facilitate blessing.

It will take time, however, to recover from the current economic calamity, even if the American people fully embrace the president's call to biblical values—and I pray that we will. But in the meantime, how do we navigate these difficult times? What actions should both organizations and individuals take in response to the current recession?

For organizations, consider the following course of action.

- Aggressively right-size your organization. My experience with economic recessions is that most business leaders get behind the curve, that is, they are too slow to respond. As a result they bleed red ink throughout the course of the recession. For companies with weak capital structures, this will probably mean bankruptcy. For others, their financial position will be weakened to the point that they will be unable to take advantage of the business opportunities on the other side of the recession. The best solution is to avoid the red ink by making the hard but necessary cost reductions to match the business level during the recession. At the very least, seek to break even. Remember that God values profit (see the parable of the minas in Luke 19).

For individuals, consider the following course of action.

- Start living like a steward not a consumer. Consumers focus on satisfying themselves—their pleasures, appetites, desires, and rights. Stewards focus on their master asking the question, how does the master wish for me to use his resources? Every human being has three basic resources to steward—time, talent, and treasure (i.e., money). The apostle Paul pointed out that all of these resources have been given to us by our Creator (8); hence, they are His resources. We are therefore simply stewards of these resources and as stewards we do not have the right to use them as we wish. Rather it is incumbent on us, as created beings, to use our time, talent, and treasure in accordance with the wishes of our Master. Good stewards continually seek the will of the Master on every decision (9).

- Find your divinely ordained workplace assignment; don't look for a job. Thinking in terms of "a job" implies work that you have to do to make money. Rather think in terms of finding your workplace assignment. That is, the work that God has specifically prepared you to do (10). God has created you for a purpose. You will never find peace, joy, and contentment until you discover and fulfill God's will for your life. Don't let pride or money get in the way. Surrender your vision for your life and ask God to reveal His vision for your life. Be willing to do whatever He leads you to do even if it means a reduction in your standard of living. (11)

Don't panic. The current recession is a reality check from God. He is sovereignly working through the circumstances to accomplish His purpose. Our responsibility is to seek Him and trust Him. He will guide and direct us. He will care for us. These times may not be easy but they can be good times of growth, if we respond biblically. May the Lord grant us grace to do that.

1 <http://www.bls.gov/news.release/empst.nr0.htm>
2 <http://www.msnbc.msn.com/id/28790811/>
3 <http://www.bls.gov/news.release/empst.nr0.htm>
4 <http://www.msnbc.msn.com/id/28790811/>
5 *ibid*
6 <http://www.msnbc.msn.com/id/28698830/>
7 1 Corinthians 13:11
8 1 Corinthians 4:7
9 1 Corinthians 4:1-2
10 Ephesians 2:10
11 Ephesians 1:11

Upcoming Training Venues

Discover Your Life Purpose

Seminar: Strategic Life Alignment

Click on date for information

March 20, 2009 in Canada

Webinar: Strategic Life Alignment

March - May 2009

Fulfill Your Life Purpose

Webinar: Beyond Babel Model Overview

2nd Quarter 2009