

Article for EGCA

Navigating through these last few years has proved to be challenging. The current and near-term appears to also provide plenty of issues, whether it is the economy, taxes, politics or international matters. We hear economist tell us we are out of the recession and then we hear some tell us we are heading toward the double dip. I think it is safe to say no one really knows when the economy will turn, or what should be done to turn it around. The one word that I seem to keep hearing as I talk with clients and other business professionals is *uncertainty*.

In light of such uncertainty, I thought it might be beneficial to discuss three topics that I think may be helpful as we navigate through these uncertain times. I call them the 3C's.

The first "C" is to stay *calm*. In uncertain times it's possible to be reactionary and emotional in decisions, as opposed to strategic. Take the time to look at all available options related to any significant problem, opportunity or decision and consider "sleeping on it" before committing. I recommend reaching out to trusted advisors, industry contacts, and other confidants to determine alternatives and gather information and insight. From what I hear, and can gather, it appears it may be a few more years before things turn significantly, so I believe continuing to be calm while navigating the storm will remain important.

The second "C" is stay *committed* to the long-term picture, not just a short-term fix. Be strategic in making any significant changes or pursuing new opportunities/ventures. Prepare realistic forecasts and projections to assess the long-term impact. **Consider what you need to be doing now and/or differently to be stronger in the long run leaving you ready and prepared when things do turn around.** Since the revenue side of the business is so hard to control and predict right now the focus has had to be cutting the expense side. If the uncertainty continues the pressure will continue to be on the expense side, so being strategic on what are the proper "cuts" and "investments" will be even more important.

It is very important to look closely at the impacts to cash flow, capital and capacity (other important C's). These are the factors that will significantly impact the ability to weather the storm, and maintain bonding and banking programs. It is possible that a short-term positive cash flow impact may have a long-term negative impact to capital. Additionally, a short-term benefit to cash flow may have an impact to capacity that will not allow for resources being available when the economy turns. An example may be taking a very large contract that covers a two year period at the "current market rates." The contract may, through schedule of values or mobilization, provide for some positive short-term cash and keep people busy. However, it is tying up working capital, resource capacity and overhead for a long-term time frame at lower margins. This may not be a wrong contract to accept, I am only recommending that it is important to project this out to make sure the commitment is the best investment in the long run.

The third "C" is stay *connected*. In tough times as business owners we can be distracted by all the issues and forget to stay connected with our key customers, vendors, referral relationships as well as with trade and business associations. Staying connected can be critical to maintain current business as well as be ahead of the game when the economy turns. It also a way to be able to assess what is really happening in our specific industry and economic area.

I hope you will find these three "C's" helpful as you navigate through your business issues.