



## Is a Recession Necessarily Bad?

I would answer this with a resounding “No!”

The Japanese economy has been in almost continuous recession since 1992, yet many Japanese businesses have generated great wealth since then. Smart operators and investors made fortunes during the Great Depression.

Recessions can be seen as a time of purging. If we look at the most significant recessions they were all preceded by extended ‘boom’ periods which were typified by irrational, lemming-like behaviour. Borrowers lent money, often secured against properties with inflated valuations, to lenders who were never going to have the cashflow to meet repayments. Investors plunged millions into investments in the blind expectation of endless growth, without conducting any serious examination of the business performance and cashflows. Another feature of behaviour during protracted boom times is a tendency for business operators and managers to become somewhat complacent. It’s just human nature.

For the individual business operator a period of recession should thus be seen as an opportunity to review operations so as to make them ‘leaner and meaner’. It should be an opportunity to review our approach to marketing, to review our costs (i.e. our use of resources) and the effectiveness and efficiency of operations generally. A recession is a heaven-sent opportunity to shake off the lethargy which can accrue during the easy times. It is an opportunity not just to review, but also to learn and thus to improve your business performance.

A business which takes this view of a recession and which takes the necessary steps will be well positioned to take maximum advantage of the recovery which, as surely as night follows day, must come.

As a member of the ‘Resurg’ family, you are already ahead of the game. We at Resurg are committed to helping you identify the ways in which you can improve the performance of your business.