

On Monday, as the stock exchange were continuing to crash at lightning speed, somebody asked me my thoughts.

I told them invite to the crash of 2011!

And while the 16% drop in 10 days is just the 3rd time that has actually taken place in 4 decades (also 1987 and 2008), this volatility perhaps continues for some time.

For 2 factors:

1) An A Wrong Measurement Tool-A GDP, gdp. A Currently we determine the success of our economy based upon how much we increase our intake. A When the US was the only nation (mostly) doing this, we could essentially get away with it. However with the entire world now trying to do it, it is unsustainable.

2) A A Requirement & Poors' Message- reducing the United States Government's capability to repay its debt.A While it isn't S&P's factor, the main one from my viewpoint is # 1 (above). A This was amplified by the clear demonstration this summer of federal government's failure to work as a unit.A The message became painfully clear-- they do not have the very best interests of the nation in mind.

Think of running your business this method?

For instance, let's say you have a company that sells handbags.A For many years you have actually been doing well. Your track record and earnings has been the envy of the industry.

Then slowly the competition begins coming in.A They begin undercutting your costs and pursuing your most faithful consumers.

As sales begin to slip, you increase your marketing budget to attempt and keep them at bay.

However they keep coming at you.

You cut your prices and work your workers harder.A To cut expenditures, you utilize less expensive labor and materials.

As a result, the quality of your handbags drop.A Clients are less happy with your brand name.

Now you need more cash to pay expenses and increase your marketing, so you take out more loans.

On the other hand your staff members and managers, mostly worried to the max, begin blaming each other for the mistakes and incorrect turns the company has been making.

Next you find the banks have actually increased the rate of interest on the financial obligations you owe them.

One day you wake up and ask yourself how you ever entered into this mess.

How to handle the financial obligation crisis in YOUR company:

1) A A Good vs. Uncollectable Bill- "Great" is financial obligation straight associated to creating money for your organisation, by means of sales and lowered expenses.A When taking a look at borrowing, always ask yourself, "What is the ROI on this purchase?" A (ROI= Roi). A The response should be a several of what you bought it, like

"10X". A For instance, when I obtain \$100, it is excellent financial obligation if it will create a minimum of \$1,000 in return.

2) A A Too Much vs. Correct Amount of Debt- threat and ability to pay it back are needed here. A Risk = O \* P, where O= possible outcome and P= the probability of that outcome. A The closer that number is to "1", the better. A There are danger assessment tools online to utilize.

3) A A Leveraging Debt- irregardless of your financial obligation position, use it as an opportunity to innovate and recreate your business's instructions it is heading. For example, use the reality you have your debt to it to produce urgency for needing to discover new opportunities for your company to capitalize on. An Utilize it to develop more abundance of money and joy in your life.

4) A A Ramp Up the Group- concentrate on team effort and checks and balances. Make certain everyone is clear on the UnReasonable goals and challenges ahead for the business. A And they are all in this together. A As a team. A This will most likely include compromise. A For successful compromise, it is crucial to leaving the ego out.

5) A A Stay focused on the greater good- for all your stakeholders. A You will require to define this with your team. An Use it as a decision making procedure as you work your strategy forward.

6) A A Focus On Your Home- stakeholders are most likely seeing your motions. Whether it's your lenders or communities, social media can change things for you on a dime. A Stay prepared, prepared to react and adjust when essential.

7) A A Redefine Success- and what it means to you. A Perhaps the very best method to measure success is not on just how much we buy, but how delighted we are. A Now that's UnReasonable! Imagine what that would do to who is # 1 in the world. A For example, the United States would probably be towards the bottom and Costa Rica towards the top of the list of "happiest" nations.

So, I believe the S&P downgrade was an excellent thing. A It is a wakeup call that our management team and top priorities are a bit out of whack.

And with the right focus and intentions, we will change our sails and move through these economic obstacles to more powerful, more grounded country and world.

Action Steps For the Week:

When was the last time you examined the state of your business's debt?

Do you feel pressure or comfy about your money position?

If you feel comfy, evaluate it to see how much you have to cover your standard nut (i.e. monthly expenditures). An Establish a strategy to have 3-6 months as a cushion.

If you feel pressure, evaluate the steps above. A Determine where your financial obligation scenario is from a threat vs. benefit of spending your cash on specific investments in the company. A Calculate it from [centuryconsultingservices.com](http://centuryconsultingservices.com) 3 scenarios: low, medium and high possibility in occurring.



Next, determine if it is primarily "excellent" or "bad". Remember, if it is producing revenue for you, it is good.

Declare the response to your team.

Use your formula for the ROI for any capital infusions (i.e. "10X").

Then get clear with your team and ensure they work well together and will collaborate through the obstacles ahead.

As a group, define what "the higher great" indicates to your company. Ensure the team remains focused on this.

Finally, make certain you integrate the happiness component. What does this mean for you and how will you measure it moving forward.

With all this in location, try to find ways to utilize this company instructions with your clients.

Doing these steps will probably surprise you in how rapidly and fun this will be for you.