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The SAC® Release

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## **The Recovery May Be Here Whether You Believe It Or Not—Consulting Group**

The Society for Advancement of Consulting® (SAC®) asked its global membership to evaluate whether their clients are believing and acting as if a recovery is underway.

"We're seeing signs that the recovery is farther along than anyone suspects, despite the media focus on bad news," says SAC CEO Alan Weiss, PhD. "Our membership works with a very wide variety of clients, and their reports support this."

Gary W. Patterson, president and CEO of FiscalDoctor® [www.FiscalDoctor.com](http://www.FiscalDoctor.com) and author of the newly released risk management book *Stick Out Your Balance Sheet and Cough*, is telling his clients and audiences whether you believe signs the recovery is already here or not, you need to prepare as if the recovery is already here.

Those who believe the recovery is already here are reallocating resources and planning in a measured way or in a specific area to take advantage of new products or to lure the best people and customers from competitors who are not planning for the upside.

For the group who think we have not hit bottom yet or that we may have a bounce in our recovery, reread the prior sentence. Those people who are preparing for the upturn plan to take your best people and customers if you are not prepared defensively and willing to turn on a time when you are more confident that the recovery is here.

In both cases, the key is to balance risk and reward in your planning for the upside. After all, the people who will lead any of your upside initiatives will probably be your best management people and staff.

"I have a lot of forward-thinking clients, and their requests invariably presage a turn in the economy," adds David A. Fields of Ascendant Consulting. Fields notes that last year at this time he was buried in cost-savings initiatives whereas his clients now eschew those programs and are asking him instead to improve their sales and marketing results. "I'm not sure why a company would want to walk away from a 10% reduction in their G&A expenses; however, that is the current trend. CEOs are telling me point blank that they want our share-building solutions and have no interest in cost-savings projects. That's a sure sign the recovery is here."

**John Martinka** works with small and mid-sized business buy/sell transactions with "Partner" On-Call Network in the Seattle, WA area. He reports:

Conditions in late 2009 put the brakes on most small business acquisitions. Buyers were naturally skeptical of buying a business with all the uncertainty, banks weren't lending on acquisitions and sellers were very cautious and concerned that it might be the absolute worst time to sell.

There are signs of life in the market even though second quarter 2009 statistics show that the quantity of transactions is off over 33% from the previous year and valuations are down an

average of 10%. The number one sign is that ***people are again making decisions*** and this is a good leading indicator. Specifically:

1. Executives who realize they won't find another position soon or who take their job loss as a sign they should become entrepreneurial and buy a business are becoming serious. Naturally conservative, they are seeing that the world isn't collapsing and it may be okay to take some action.
2. Business owners are coming out of their shell. They know if they have been doing well they can state their business is "recession proof" and therefore will stand out from all the others. If they wait too long others will catch up and buyers will forget how important it is to be (at least somewhat) recession proof. Some are motivated by events in their lives (the more catastrophic the event the higher their motivation).
3. Banks are more willing to lend on business acquisitions. While criteria are tighter, there is more openness to pursue and analyze possible transaction loans.

"If you act as those the recovery is well underway," says Weiss, "it probably will be. This is to a very large extent a 'perceptual recession,' and perceptions are beginning to shift dramatically. Your competition may already be investing more than you in the next boom."

SAC is an international association of consulting professionals who subscribe to an industry code of ethics and have provided evidence of significant consulting results among their clients. For more information, please go to <http://www.consultingsociety.com>, write to [info@summitconsulting.com](mailto:info@summitconsulting.com), or call 800/825-6153 (401/886-4097).

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