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Good News Or Bad News – Only Time Will Tell

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There is an ancient Chinese story of a young man who was given a horse by his grandfather, the wisest man in the village. One day while riding his horse, the young man fell off and broke his leg. “Oh...this is very bad news!” exclaimed the villagers while all the grandfather has heard to say was, “Good news or bad news – only time will tell.”

Next month, the Imperial Army came through the village and conscripted all able-bodied men. The young man was left behind because of his broken leg. “Oh...this is very good news!” exclaimed the villagers. “Good news or bad news – only time will tell,” the grandfather simply said in response.

Over time, the young man and his horse became inseparable, until a fire broke out in the stable and the horse ran away. “Oh...this is very bad news,” said most of the villagers, but several were heard to say: “Good news or bad news – only time will tell.”

As the young man lamented the loss of his horse, he also pondered his grandfather's words. While he had trouble picturing what “good news” could come of this loss, he began to understand that to categorize something as good or bad implies we somehow know how things ultimately will end. While still sad over the loss of his horse, he began to do the things he could towards achieving the best future he could – with his beloved horse or without.

In the Spring, the young man awoke early one morning to a commotion outside. Running outside, there stood his long lost friend – with her beautiful new colt! He led them both into the stable he had repaired “just in case,” and hurried to find his grandfather and tell him, “Good news or bad news – only time will tell!”

I like this story for several reasons, not the least that it seems to describe the times we find ourselves in today. Is what's happening everyday on Wall Street and Main Street good news or bad? And what does it all mean to us – our families – our businesses – our employees?

Just as in the story above, there will be those that are quick to lament the present economic challenges as only bad news. For the discerning, regardless of political outcomes, now is perhaps one of the greatest opportunities in decades to acquire real estate and/or stocks. Don't expect to read this optimistic view point in the media, however, because it doesn't sell papers or draw viewers. Our community paper, for example, has run article upon sensationalized article about the plummeting property values in San Diego County. So is that bad news, or good?

This “one-sided hype” from the media has created excessive fear without balance or guidance. Knowing that economic “facts” are being horribly skewed and that many are having trouble picturing what “good news” could come, prompted us to create a non-profit entity, The Center for Wealth & Legacy Studies, (www.wealthlegacycenter.org). Our goal: To bring balanced perspective, economic clarity, lasting value and purpose to an uncertain world for business owners and successful families.

In our Wealth & Legacy Series Seminars™, hosted by the University of San Diego Family Business Forum, we provide, among other things, a different ‘reality.’ Since we began our series of seminars in November 2008, our message of realistic optimism – that things are not nearly as bad as we are being told - has been affirmed by objective data. Many parts of San Diego real estate values actually went up from 2007 to 2008, contrary to what we have been led told. Re-sales are far stronger than even six months ago, and San Diego County has recorded an average of 600 homes sold at more than \$2,000,000 in each of the past five years. Hmmm – sounds like pretty good news to me.

And, for those areas that have dropped in value, it is now possible to buy rental property in San Diego and have rents actually cover the payments – without having to put 30+% down!

Bad news for some, to be sure, but very good news for others wanting a home of their own, and now able to actually afford one in San Diego County.

What about stocks? By any measurement stocks are cheap as compared with just a few months ago. But does it make sense to buy now? Multibillionaire Warren Buffet, a man considered 'somewhat' knowledgeable had this to say in The New York Times: "The financial world is a mess, both in the United States and abroad ... In the near term, unemployment will rise, business activity will falter and headlines will continue to be scary." Yet what is Mr. Buffet's investment response to his own dour assessment of our economy? Is this legendary investor liquidating his holdings and going to cash? Mr. Buffet concluded his thoughts with, "So... I've been buying American stocks."

Wait-he is buying stocks? With the calamitous mess we are in, or seem to be in, according to the news reports, why? Mr. Buffet states, "A simple rule dictates my buying: Be fearful when others are greedy, and be greedy when others are fearful. And most certainly, fear is now widespread, gripping even seasoned investors ... but fears regarding the long-term prosperity of the nation's many sound companies make no sense. These businesses will indeed suffer earnings hiccups, as they always have. But most major companies will be setting new profit records 5, 10 and 20 years from now."

No one has demonstrated the ability to accurately predict the short term movements of the stock, real estate or other investment classes. No one. What we do know is that investments rise, and fall, and rise again - often to a level higher than previously. Market timing - waiting until a certain point before investing - leaves most people sitting on the sidelines indefinitely, waiting too long before taking the plunge... if they ever do! Buffet sums it up this way: "What is likely, however, is that the market will move higher, perhaps substantially so, well before either sentiment or the economy turns up. So if you wait for the robins, spring will be over."

But until this market upturn, what if you own a business and your business and/or family are facing the challenges of survival? How do you find clarity, and a road map to follow in these turbulent times? As, one client told me painfully, they are terminating 20% of their workforce this next week. Where is the good news here?

In the ancient Chinese story, the young man rebuilt his stable without knowing if his horse would return. He did what he could and was prepared for "good fortune". Planning ahead is always "in season", and important for your business and family. In these challenging times, what can we do, "horse or not" to take action? Here are several ideas...

Often, during downturns, we discover through necessity that we can produce as much, sometimes more, by using technology to leverage "time and talent". For some, this might be outsourcing their entire processes and retaining just their intellectual capital. I know of local CPA's outsourcing tax return preparation to India, and doing the review here. This controls costs while it speeds up the results for clients. For others, it can be as simple as utilizing scanners, computers, call centers, outsourced data entry and other resources.

Another is the significant research today that demonstrates the benefits of the "power of crowds" to expand thinking and embrace new ideas and alternatives outside the norm. In one of our Seminars, we featured Dr. Zunaira Munir describing to us a process called Blue Ocean Strategy. This challenged the audience in ways to create "uncontested market space." Business owners often turn inwards and become overly tactical, when they should be thinking more strategically.

Another idea is having an informal "Bigger Future Network" (ala Dan Sullivan, Strategic Coach, or "Mastermind Group" from Think And Grow Rich, Napoleon Hill) to advise and encourage strategic thinking. This has proven to be extremely beneficial to many entrepreneurs.

So, Bad news - or good news? Only time will tell...but if history repeats itself, the news isn't as bad as we've been led to believe. The Center for Wealth & Legacy Studies™ helps business owners and successful families develop objective clarity, and a roadmap for success. Whether it is bad news or good news...depends more on what you do than what happens around you. Only time will tell...

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