



latest word

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Uncertainty ... a perspective

As Oscar Wilde once said "The optimist sees the donut, the pessimist sees the hole".

There is no doubting that remaining optimistic in the campaign of pessimism that is the current environment is not always easy. That's not to say that we should be going about our business as some type of demented happy bunny but it pays to maintain a useful perspective. There is economic uncertainty, there is a euro problem, there is a budget deficit, there is a banking problem and they haven't started to solve these problems yet. That doesn't mean there isn't a solution, there's always a solution but for a variety of reasons from accepting some realities to Merkel's political position, the solution is being delayed.

So the question is what can you control and what can't you control? The number one thing that you can control is your perspective. It's your choice as to how you view the situation. I may have mentioned this before but one perspective that I found very useful is that "somebody somewhere today is going to buy what I sell so why can't that be me?" I find that particular point of view gives me more energy, more hope, more action and more results, regardless of what Enda does or Bertie did.

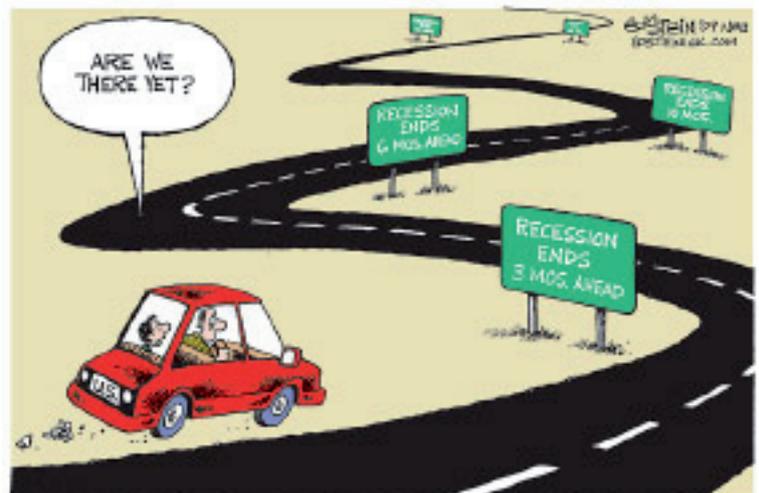
So let's talk about money

Regardless of the uncertainty, the need for you to provide income now and in the future doesn't go away. There's a temptation to do nothing but that's not quite the passive strategy you may think it is. Nothing stands still and leaving your money under the mattress is not a 'no risk' strategy. The famous Baron Rothschild was quoted as saying "Buy when there is blood in the streets, even if the blood is your



own". Warren Buffet has said "you pay a very high price in the stock market for cheery consensus". In difficulty, there is opportunity. There may be opportunity in undervalued businesses (i.e. shares) to contribute to your long term financial goals.

Another perspective, recessions are followed by recoveries. If you are looking for certainty in the uncertainty, this period of recession will end and there will be a period of growth. There are cycles and while we can't easily predict the length and depth of a recession, we can predict that it will end. Looking at some data at US recessions in the last 60 or so years, there have been 11 previous recessions dating back to the 1940's and every single one has been followed by a recovery. This too shall pass.



As business owners and professionals, how well did you run your business and manage your money during the

'boom' times? If we look at the government, could they have acted differently to better prepare for the inevitable recession? Did we pay top dollar for poor quality and poor service? Did many businesses focus on transactions rather than real value and real service? Did customer service get better or worse during the 'celtic tiger'? Did we both individually and as a country become less competitive? Did we, as a country, waste resources? Do I need to even answer that question? This period has forced us all as business owners to review how and why we do things, it's forced us to weed out the ineffective processes and people from the effective and I'd be amazed if most of us don't look back at some of our previous behaviours and decisions and not ask, what was I thinking? This is our time to learn, rebuild, survive and prepare for the recovery that will inevitably come.



In times of uncertainty, or even crisis either economically or personally, is it better to remain calm or PANIC? It is useful to take the situation seriously but rarely if ever is PANIC a good strategy. In terms of your financial goals, it leads to emotional, irrational and often poor decisions. That's why it's important to have a plan and to have clear goals to support good decision making in difficult times. At Framework Financial, our whole investing philosophy is built around good analysis of both your attitude to risk and your need to take risk to achieve your specific financial goals. We pay a lot of attention to asset allocation to reduce risks and also focus on long term goals. Does it mean we can avoid risk or loss completely? Of course not, we've no crystal ball in our office but we want to reduce panic and keep focused and moving towards your long term

goals. So the message is to by all means take things seriously, try not to panic and as the saying goes, if you're going to panic, panic constructively.

When we experience difficult times either financially or in business, it's always worth taking that broader inevitable perspective. We only need to open the newspapers or turn on the TV for a range of perspectives. We don't even need to do that, just look at the lives of people around you. Maybe it's someone you know with a serious health condition, maybe somebody else has experienced a great loss of a child or partner, which somehow makes money seem so inconsequential. Let's say you are experiencing challenges and worry, would you like to swap your circumstances with another? I have heard it said by people who have experienced great loss, that if money is your only problem, then you haven't got a problem. Listen, I'm not trying to sound like some evangelist, but sometimes it's useful to be thankful that you at least have solvable problems. We very often focus on those doing better than us and not on those who are experiencing greater difficulty. This is the ultimate perspective.

So to conclude, we have a choice. We can choose what we want to focus on. What we have or what we haven't got. The problem, or, the solution. The negative aspects of a recession, or, the positive aspects. This isn't about being happy or deluding ourselves. This is about maintaining a useful state of mind that gives us the energy, the resources to overcome our problems and a sense of perspective that will serve us very well over time.

"A little perspective, like a little humour, goes a long way".



Last word

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Feedback on our newsletters is always welcome and gratefully received. joe@fwf.ie.

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