# Surviving the Recession

*How to Profit in a Recession Economy!*

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I advise you to print this book out to make it easier to read.

# Introduction

There is no doubt about it. The recession that we are experiencing due to the large number of redundancies, large numbers of people who are unable to pay their mortgage payments, inflation that is not adapted to salary adjustments and the resulting decreasing purchasing power of consumers has hit everyone very hard.

As people struggle to pay their bills and put something aside for their retirement, companies everywhere are being seriously cheated out of their profits.

Now buying a new Ferrari doesn't seem so appealing when you consider the impact this expense will have on your retirement account.

The bad news is that the trends show no immediate signs of coming to an end, especially with oil prices rising.

The good news is that an economic downturn isn't always a bad thing! In fact, if you're an informed investor and businessperson in a recessionary economy, it can actually *help you*?

Why is that?

Because there are certain things that happen during a recession that, if used correctly, can help you and your family's security for years to come.

It seems that every time you turn on the television there's another story about a factory that's closing down, another company that's outsourcing its work and laying off its employees and a rapidly growing queue of people outside the unemployment offices.

What they don't tell you is that behind the scenes there are hundreds of people benefiting from this economic downturn.

Why should they?

Good news doesn't make good news!

I truly believe that if our lives are going to be twisted like a boat in a storm by the wooing of an economic recession, then every man, woman and child has the right to secure their future through the opportunities that are right in front of their face.

That's what this book will do! As individuals we can change nothing that is happening 'out there'. But what we can do is change the way we look at it and learn how to find the hidden gems of opportunity that make economic downturns a goldmine for an informed investor.

So let's get started.

# Part 1: Why You Shouldn't Worry About Economic Recessions

If there's one thing that can be said to symbolize today's society, it's the expectation of instant gratification.

We want what we want, and we want it now.

We have cars that go 200kms per hour, jets that break the sound barrier and spaceships that go into space.

We are constantly expanding our horizons, stretching our capabilities beyond the limits of human comprehension, and entering unknown territory with all our breath.

It never occurred to us that we never intended to do most of the things we do in the name of progress. If you had asked your predecessors two hundred years ago if we would go into space, they would have said that if God had wanted us to fly He would have given us wings.

Yet here we are.

We've achieved the impossible, and instead of being satisfied with that, we're pushing ourselves even harder to achieve the impossible faster and more spectacularly than ever before.

Fast food, microwaves, DVDs by post and installments have encouraged us to think as far ahead as possible in the next 48 hours when it comes to setting goals and expectations.

We've been duped and tempted by promises of getting rich overnight with the internet without doing hardly any work, and we've long since lost our sense of the pain and frustration of hard work in favor of replacing those methods outdated by

current technology that allows us to do the same thing in half the time.

We live in the society of *now*, which is why we find it difficult to accept economic downturns. We have limited capital coming and going, and a limited amount of growth in industries around the world, and we can't meet our objectives in a short period of time.

We may even have to put those goals aside so that we can fulfill our short-term needs, such as putting food on the table, or long-term needs, such as building retirement savings.

Without an exploding economy we can't live well and start our own business, because we have to provide our family with the security that daily work provides.

And with millions of people being laid off every day, you're even happy to have a job.

What many people don't know and don't understand is that an economic recession is simply part of a regular cycle in the business world.

Although some recessions have been more dramatic than others, the bottom line is that economic recessions happen regularly.

And if we didn't have an economic downturn from time to time the business worlds would be in trouble.

Economic recessions:

* Wipe out businesses that wouldn't survive in the long term. If you read any guide to survival in an economic downturn they tell you that the most important thing to do is to work for or have a company that will continue to grow even in the face of an economic downturn.

Apple, IBM and Microsoft are not going to run away, no matter how severe the economic downturn. Companies that provide basic things like electricity and food will always be in demand, because they have a product that people always need.

* It takes scams off the market. When an economic recession begins it provides an atmosphere for get-rich-quick schemes because people are desperate to break free of the sharp income squeeze that the recession has put them in.

And so the recession drags down people who are too busy to put their income into a legitimate business and trying to keep their heads above water to keep these scams afloat.

* It forces governments to tighten their budgets. It's one thing to be able to spend exorbitant sums when tax-payers can afford inflation, but when tax-payers have to count their pennies, the government has to tighten its belt like them and start channeling funds into more productive things than resource-absorbing ones.
* Lower prices. Without an economic recession there would be nothing to lower prices and services, and our inflation would be even more ridiculous than it already is. When goods don't sell, companies have to lower prices to make them more appealing or they will lose their investments completely and they hate doing that.

Throughout history there have been many, many instances of economic recessions. Think of the Great Depression of the 30s. For two years in the 1980s there was a recession, July 1990-March 1991 and November 2001-November 2002 were also classified as economic recessions.

After each of these recessions came periods of economic growth that allowed companies to get back on their feet and the economy to shine again as families had more money to spend.

Economic recessions are nothing new. It's how we deal with them that will determine the effect they have on our economy.

#### The Year of Jubilee

Did you know that economic recession is commanded in the Bible? Every 49 years the people of Israel were commanded to celebrate a year of Jubilee, in which the land was to be left unused and property returned to its original owner.

This year and the next there would be no harvests, so the people had to prepare. Imagine: every 50 years the Isrealites knew there would be an economic recession.

If you could predict when an economic recession would happen, what would you do? Would you take a step back and let it happen, or would you take some steps to prepare yourself to deal with the storm?

Do you think even you would study the trends and find a way for the economic recession to work for you? Maybe save a little during those forty-nine years so that you wouldn't have problems when the economic downturn hit?

That's what we're going to discuss in the next few sections. What you need to do to get rid of the recession without losing anything you've worked so hard for, and what you can do to make this recession work for you.

Remember, recession is nothing new. Men and women have been surviving recessions for as long as there have been economies.

The question is, what are you going to do about it?

## The Difference Between Letting Yourself Prosper ...

When people think about an economic recession, the first thought that comes to mind is: "What am I going to do?"

Their main concern is how they're going to be able to meet their financial obligations with the economy falling further and further.

This is a legitimate concern, and one that symbolizes a sense of responsibility.

Unfortunately, there are some ugly side effects to economic downturns. Companies have to cut the fat in order to overcome the fact that consumers are putting less and less money into their business, and usually this fat comes in the form of non-essential staff.

In other words, if you're not on the list of most of the people who can do your job, you'll be the first to go when they're looking for a way to cut back on expenses.

And they can always replace you when things start to pick up again.

You wouldn't be human if you weren't a little worried about how you're going to be able to pay your bills in the face of an economic downturn. The good news is that if you know what steps to take to protect your job and your company, you can minimize the damage when it all hits the fan.

In fact, with a little effort and some investment it would put the newbies on Wall Street to shame and so you can do a lot more than minimize the damage.

You can make the economic recession work for you.

#### Real estate

Considering the fact that it was real estate that started the ball rolling towards economic disaster in the first place, it's ironic that it's in the real estate sector that investors have the opportunity to capitalize on the economic downturn and turn what could be a potential economic devastator into a great opportunity for profit.

Why?

Because real estate is one of the main assets whose value is in free fall in the face of an endless stream of foreclosures and bankruptcies, and it is real estate whose value is guaranteed to rise when the recession is over.

Think about it.

Will there come a time when a real estate company desperately needs assets?

Absolutely not!

People will always need places to live and places to work, so there will always be a need for real estate. That's why a huge percentage of entrepreneurs are jumping on board the real estate bandwagon to grow their wealth and increase their net worth.

It's one of the only markets out there guaranteed never to become obsolete!

One of the main contributors to the current economic crisis is the fact that major players such as Freddie Mac and Fannie Mae are going under is the large number of people defaulting on their mortgages.

The concept of interest on loans and other special programs designed to help people who would otherwise never be eligible for any kind of mortgage purchase a home.

At first everyone thought it was a great idea, and in many ways it was.

It put the power to buy property into the hands of people who otherwise wouldn't have the ability to do so, and sent the banks into raptures as more and more people came to them for assistance in buying or refinancing their first home.

The reality was this.

What happened is many of those homeowners were not able to get a mortgage in the first place because they couldn't afford it, and while for some people, the programs worked as they were supposed to (interest-only loans) and first time homebuyers were still trying to find their niche in the job market, for example, and who later became responsible citizens and were able to afford the bigger bonus of their mortgage payment when it came time to start making the principle payments) others just found themselves going further and further into debt.

Fast forward six months to a year, and suddenly a huge percentage of these homeowners are defaulting on their loans. Banks are foreclosing left and right, and they're scrambling to get rid of these properties as quickly as possible to get them off their books.

Each property goes to a foreclosure auction, where it sells for less than it would have totaled in fair market value, and the bank just recovers its investment.

Salyando a little further, and suddenly huge numbers of people are without jobs as the economy continues to slide. You have a huge pool of homeowners whose income, once

strong and steady courtesy of major manufacturers and/or the government, is no longer enough to meet their financial obligations.

They can't pay their mortgages that they took out when resources were more than sufficient to meet their needs, and the bank has to foreclose on those properties too.

The real estate market is plunged into chaos, property values are falling rapidly in an attempt to stem the tide of destruction sweeping from coast to coast, and savvy investors are rubbing their hands with glee.

During an economic downturn homebuyers simply aren't buying houses. They're injecting their money into other things. This inspires desperate homeowners to put their homes on the market for much less than they are actually worth in an attempt to make a sale that is enough to allow them to pay off the bank and be free of the mortgage that is hanging over their head.

Take the real estate investor. They gently placate the homeowners, assuring them that, of course, they are there to put everything right... They contact the bank to let them know that they will be purchasing the property so that the bank can suspend any legal foreclosure proceedings they may have started and then they pay the happy homeowner and get the title deed.

This process is repeated several times every day during an economic downturn, in particular, so the recession has started to have a positive (or negative, depending on how you want to look at it) effect on the value of the housing market.

It's not at all uncommon for a savvy investor to find a property who has built up some equity in their home and who will sell it for a fraction of the cost it would go for on the open market.

In dollars and cents, that means it's not at all unheard of for an investor to buy a $350,000 home for less than $200,000 during an economic downturn.

The value of the property has fallen so far and the owner is so far behind in their financial obligations that they are willing to let the property go for a low price just to escape the stigma of bankruptcy or foreclosure that would be hanging over their heads.

Once the investor has the property in his hands, he has a choice.

He can choose to look around and sell it to a remodeler or a private owner.

Or he can hold on to it, refurbish it himself and/or rent it out (as long as the rent is affordable it will be highly in demand in the face of the rapidly failing housing market, with hundreds of families evicted from their homes and left to find somewhere else to live), or simply sit back and wait.

As an investor during an economic downturn, it is vitally important that you understand the basic structure of a recession.

The recession won't last forever!

Sooner or later the economy will start to return to normal, and when it does, the value of your investment will go back up. That $200,000 house will suddenly sell for $350,000 again, or more if it happens to be in an area that got a tremendous bump as a result of the end of the depression.

That means if you can afford to, the best thing you can do at this point is a waiting game. You know the value of your property will only increase, and if you remodel it while you're waiting to see it spring up with even more value.

Let's use the $350,000 house for an example again. Let's assume for a moment that the house is on a lightly wooded hill with a large yard.

Let's also assume that it's an industrial area and that it's seen a big boom as a result of the recession ending, and that's why real estate values are booming in the area.

That house that was worth $350,000 sold for $200,000 and is suddenly worth $400,000, however, while they were waiting for the recession to end, the owner also took the opportunity to remodel the property, making some changes, adding a pool and spa and room for all new plumbing and fixtures.

Suddenly, that property that the investor bought for US $

200,000 and invested 40,000 dollars to fix it up is worth more than US $

500.000. Even with the additional investment of $40,000 for the refurbishment puts another 100,000 in their pocket, more than many executives make in two years, and all because they were smart enough to take advantage of an opportunity on the back of an economic downturn.

If you're looking for a way to take advantage of the recession and you have the time and money to do it, I strongly recommend real estate. The good thing about real estate is that if you know the ins and outs of the business you can enjoy a return from this career whether you choose to think short term or long term, although, for the sake of this book, I will encourage you to put at least some thought into the long term.

Remember, the long term when you're talking about an economic recession is not the same as when you're talking about the long term anywhere else.

Recessions usually last less than two years. A year's worth of storage for a life worthy of profit. Hmmm ...

#### What to Look For When You're Buying Real Estate

When you buy real estate in the middle of an economic recession I can pretty well guarantee that what you buy will be able to make a profit. There are certain parts of the country that have been somewhat affected by the recession, but sooner or later every place is going to start feeling the pinch, which means, basically you just need to stick a pin in the map when you're trying to decide where you want to make your investment.

Of course, just because you can make a profit anywhere, doesn't mean you shouldn't take steps to maximize that profit.

If you were sitting in the middle of a giant room of sweets that were rightfully yours absolutely free, would you go for the Godiva chocolate or the M&Ms?

When you have the choice between a property that you will make a minimal investment in and a property that you will make an incredible profit on when the economy starts to rise again, go for the property that will bring the best return!

Where are you going to find the best deals? Urban properties and homes in the suburbs of urban areas are always higher in demand than those that require a long drive to get to the essentials of life.

Houses in the suburbs of Washington, DC for example will sell at a higher profit (and much faster) than a house in a small town like Rexville, NY. (Don't worry if you've never heard of it, most of the rest of the world hasn't either!).

When you start investing it's generally recommended that you choose a property close to home, where you know the neighborhood, the general atmosphere and, most importantly, what sells!

If you choose to do your own remodeling this is particularly important, as there are many areas in the country that are prized for their historical value and will bring a much lower return on your investment if they have been stripped and dressed in the latest fashions than if they have been carefully restored.

Experienced remodelers know this. A novice investor does not.

Other factors you may want to take into consideration before closing the deal are:

The quality of the neighborhood. Unfortunately, every urban area has its slums. An area with a high crime rate, a widespread amount of graffiti and property damage, regular drug activity and daily visits from the police is going to be much less desirable for a potential buyer of a house in a nicer part of town, where they can safely allow their children to walk out of the front door without having to worry that they won't come home.

The state of the house. There have been many, many investors who have plunged headlong into the world of real estate and refurbishment and hired a handyman only to discover that by the time they've finished repairs to the property the profit margin has been considerably less than they were expecting, and that the property needed a little less work.

Before committing to buying a property, invest the time to have the house inspected carefully.

Certain factors, such as a leaking roof, faulty foundation, termites and extensive mold, will be difficult and expensive to fix.

What do you intend to do with it afterwards?

This is probably the main factor when it comes to investing in real estate, because what you intend to do with the property after you

buying it makes all the difference when you're determining which types of properties are suitable and which are not.

If you're thinking of refurbishing a property, and then reselling it as a single family home, buying a small farm on the edge of town could be a perfectly profitable proposition.

It's likely that you'll be able to sell the property for more than you paid for it and justify the investment.

On the other hand, if you're thinking of renting out the property you'll want to investigate the current rental rates in the neighborhood before you're able to determine the success of the investment with any degree of accuracy.

There are some areas where the base rent for housing is low, which is good news for tenants, but can result in a major inconvenience for the investor who has paid hundreds of thousands of dollars for a property that they will only be able to rent for a couple of hundred dollars a month.

The moral of our story? Take the time to carefully analyze your options and choose your home well before closing the deal, no matter how attractive the deal may seem.

Of course, if you've been investing in the real estate market for the last ten years, none of this is news to you! Experienced investors who are familiar with things like market trends and identifying weaknesses in potential properties find themselves with a buffet of low-priced real estate spread out before them.

Just remember that investing during a recession is a slightly different proposition than investing when the economy is growing.

You'll hear me say it again and again, because it can't be emphasized enough, when you're investing in real estate during a recession, you're investing for the long term.

Many of today's real estate investors have made their fortunes in the market by taking advantage of today's "Now, now, now!" mentality.

When the economy is strong, it's not at all uncommon for a savvy investor to be able to buy and flip a property in the space of a week.

Any property you invest in during a recession can remain in your possession for several months before you are able to make a maximum return, because the whole point of investing during a recession is to buy an asset at the lowest possible price and sell it when the economy is going to turn around.

It's rare for the experienced investor to find themselves in this situation, but it's perfectly possible to splash out when the temptation of pages and pages of available properties appears too much to resist.

Suddenly, they are responsible not only for the amount you pay for the initial investment to buy the property in the first place, but for the taxes, refurbishment and maintenance needed to keep it maintained and prepare it for sale.

Try to limit yourself with a realistic expectation of what you can afford in the long term. If, the recession continues and you find that there is enough capital in hand to pick up a few more properties you always have that option, but disposing of a property that cannot continue during a recession can be more difficult than taking a submarine and diving to Atlantis, which is why investing in real estate during a recession is so lucrative to begin with.

#### Share Investments

When companies start to lose more and more money, the profits give way to a little more than paying daily expenses and thus opening the door to successfully investing in the swings of the open market and the principles of investing in the stock market during a recession are very similar to the principles of investing in real estate.

When you invest in the stock market during a recession you have the opportunity to take advantage of a company's poor fortunes.

How?

When companies are making money their value goes through the roof, and as the value of the company increases so does the value of its shares. So when a company is booming the share price will be booming too.

Change the situation a little, however, and the story changes. Take the mortgage giant Fannie Mae, for example.

In July 2008 the value of its shares fell from$ 16 to just over

a little over $8 per share. By September of that same year, the share price was just under $1.

Fannie Mae is just one of many companies that suffered a similar fate during the last recession. It's situations like these that present stock holders willing to think long-term with a golden opportunity to make a profit.

If they can buy the shares when they are low, as in the case of Fannie Mae, at less than 1/16th of their value, they can sit back, fold their hands and wait for the recession to end.

When the recession is over they can sell their shares for a nice profit, sit back and celebrate a job well done.

That doesn't mean you should go out, find a company that's failing and throw your life savings into its shares. That's a recipe for disaster that many investors have fallen for over the years!

There are a few things you should pay attention to.

1. Firstly, when you are choosing a company to invest in, it is essential that you choose one that will weather the storm of the recession
2. If you sink your savings into a company and it outlives you, as a result of the recession it will be better off than it was before. To determine whether a company will survive to see a bright new future instead of being thrown out when the recession separates the wheat from the chaff, answer the following questions:

How long have they been in business? Companies that have been in business for many years are not likely to go under because of a simple recession, in fact, they may have already weathered many of them. A company that has proven its staying power is an excellent investment option, and should definitely be considered first.

What do they do? Although companies that specialize tend to be opinion leaders, when the economy is normal, if they are unable to expand and contract to adjust to a changing economy they will 'go under again'. If a company is unable to expand and diversify, and if it doesn't offer a product that people are guaranteed to need day after day, there is a high risk that it will go under during the recession.

Is your industry stable? Historically, there are certain sectors that tend to fare better in a recession than others, and these

Utility stocks (telephone, gas, electric), food and "escape entertainments" such as cigarettes, alcohol and gambling have a history of tremendous success when it comes to coming back from a recession, because these are the sectors in which most consumers have needs and will continue to pump their money into.

Is it a need? The industries listed above are stable choices during a recession because they are considered necessities, however, if there's one sector that you can be sure won't go through any kind of recession, it's the health and pharmaceutical industry.

No matter what the economy looks like, people are going to get sick and they're going to need their medication to recover.

This is a strong, stable choice for your portfolio, and it's one you can count on to bring balance.

What about gold? Gold isn't going anywhere. If you're looking for a safe, solid, low-risk investment during a period of recession, gold is an excellent choice. There's very little chance that the value of gold will depreciate rapidly, and it's definitely not going anywhere.

Successful investing is not always just a question of knowing what to invest in. Often, it's also a question of knowing what not to invest in. There are some industries that often bring returns when the stock market is high, but which are extremely risky in times of recession.

Can you guess which industries those are? Any industry that specializes in luxury services will take a hit when conscientious investors start counting their pennies, and as a result, so will their shareholders.

Industries to avoid should be airlines, luxury resorts, restaurants and, of course, financial institutions and loans (which will go under with their borrowers slipping further and further into debt).

If you are unfamiliar with the investment process the best thing you could do for yourself to ensure the continued growth and success of your investments is to find a qualified financial advisor and/or investment broker to work with.

Ideally, they will be able to look at a company's history and its current place in the market and so you will know whether or not it is a good option for investment.

Choose your broker carefully, because the last thing you want is to see your hard work and careful planning fall flat, because not only was your broker too ambitious, but he pushed you into an investment that was doomed to fail from the start.

1) Diversify. Regardless of how established the company is, there is no way to positively predict how it will react in the event of a recession.

Your mother always told you not to put all your eggs in one basket, and she was absolutely right. If you can spread your investments across several companies and in a variety of industries, you'll have a better chance of being able to profit from the recession.

Like real estate, investing in shares opens the door to the possibility of huge profits. You may not be able to enjoy the same $100,000 profit that you would have if you had chosen to invest in houses instead of stocks, but you will make a comfortable profit, which will help carry you into the new economy.

This example. Let's say you decided to take advantage of Fannie Mae's current position and bought 4,000 shares. (For the record, this is not something I recommend, Fannie Mae is

simply a hypothetical example for the purpose of this book).

At face value you would invest less than $4,000.

You set the investments aside and forget about them as the recession draws to a close. Somehow, Fannie Mae has managed to weather the recession, and because of it its shares will rise back to their original price of $16 each.

This means that the shares you bought during the recession, the ones you paid less than a dollar for, are sixteen times their original value. This means that instead of the $4,000 worth of shares you thought you had, you're now sitting on $64,000 worth of shares.

That's a gain of $60,000. $60,000, the value of more than 3 years' salary by the Portuguese (around five years for many) for you to start your new life, all because you had the good sense to invest in the stock market when the selling price was low and the shares were cheap.

You saw the opportunity and you grabbed it, and now you're going to reap the rewards.

# Part 2: And Just Waiting

There are many ways to use an economic downturn to improve your future and reap profits, however, most of these methods require you to take a long-term view of the effects of the recession, and sit back and allow the poor economy to fade away.

That's a great attitude to take if you have hundreds of thousands of dollars sitting in the bank and can afford to wait out the economy, however, if you're like most of the rest of us, you're on a tight budget even when the economy is booming!

If you're just starting out when the economy is good, how on earth are you going to keep your head above water when the recession is flooding businesses from coast to coast?

It can be done, if you're smart enough and experienced enough to look out for the hidden opportunities lurking behind every misfortune.

#### Recession-Proof Your Job

The first thing you want to do is protect your job.

As I mentioned earlier, that's where small businesses will start when the recession hits.

When people stop spending money, they'll be among the first businesses to stop wanting it because they simply haven't had time to dig their roots.

If you work for a company that will feel few effects as a result of a recession, then you have very little to worry about. Regardless of which company you work for, however, it's already a great time to start making yourself indispensable.

It's a simple fact that the employees who are the first to go when a company starts making redundancies are those who aren't considered important enough to stay and are like some kind of acceptable loss in a war zone. These workers have to go if the company is to thrive.

Becoming an indispensable part of your company is the first step towards recession-proofing your work. Even companies that are cutting back on their teams will hesitate to get rid of individuals who are essential to the company's daily operations.

This would be an excellent time to consider volunteering for extra work or becoming more actively involved in long-term projects or contracts.

If you can, get involved in various projects that your company is working on (obviously without stretching yourself so thin that you can no longer do your job to the best of your ability).

In times of recession companies may be cutting back on their staff, but that doesn't mean they'll be able to cut back on the amount of work they have to do.

It just means that that work will be re-delegated. If you're already actively involved in several ongoing projects the company will find it much easier to simply grant you additional responsibilities on these projects than in trying to bring a new man into the team.

This is not the time to try to ask for a promotion or transfer, yet promise that it will happen. The minute you accept this kind of option you become the new man on the block, and become more vulnerable when it comes to thinking about and deciding who will go and who will stay.

Just before the series of layoffs in 2007, due to the termination of numerous government contracts, a well-known government agency had just inaugurated a new department.

Despite the fact that many of these employees had been with the company longer than the time of that project, because the department was "new", they were among the first to lose their jobs when the company started laying people off.

Attitude counts for A LOT. A recent article published by Fortune magazine stated that when management is trying to decide who will stay and who will go, often an employee's attitude and ability to boost morale is as strong a determining factor as their ability to do their job.

When the going gets tough, the tough have to go. Remember, companies trying to stay on top during a recession will have higher expectations of their employees than ever before.

The only way these workers will be able to meet these expectations is if they are able to keep morale high.

An employee who drags their feet will quickly be looking for another job.

#### In the case of ...

Hopefully the economic downturn won't have an impact on your job, but that doesn't mean you shouldn't take precautions.

You don't want to wait until you're holding off on making the mortgage payment and start looking around for a job, and you don't want to wait until you need something and start talking to your old bosses and coworkers and your friends and acquaintances who might be able to offer you work when things go wrong.

###### Networking

If you know anything about property, you know that "location, location, location" is every agent's mantra. (Right after "buy low and sell high".) A piece of property that's close to schools, supermarkets and public transport is going to be much more desirable than one that's far from everything, no matter how beautiful the location.

The same thing applies to you when it comes to finding a job.

That house in the middle of everything will sell much more quickly, and you, in the midst of a huge network of friends and potential employers, will be able to find a job much more quickly.

If you've kept in touch with your bosses and colleagues, both past and present, you'll probably already know who can hire you and who cannot.

If you wait to contact them until you've been fired, you'll find yourself debating. They'll know that the only reason you're contacting them is because you're hoping to get a job, and they'll look at you unfavorably, not just because you've been fired.

unfavorably, not only because you're willing to use your friends in this way in the first place, but that you've been caught off guard.

They will be much more concerned about their own affairs than they are about yours.

###### Be Visible

No matter how much you're looking forward to spending the next three weeks aboard a Carnival cruise ship, when the company starts making budget cuts then it's absolutely and positively not the time to take a vacation.

You can't show someone how valuable you are if you're not there!

When you sit down to review employee records and someone asks:

"Hey, where are you ...?" And someone replies:

"Oh, he's on vacation..."-

Well, you can imagine where the conversation is going.

This doesn't mean that you have to deprive yourself of a week's well-deserved vacation away from the office. If you tend to have your vacations en masse (disappearing for two to three weeks at a time), this is a good opportunity to split up the vacation, with one week now, three or four days later, while keeping an eye on the companies.

Nobody expects you to work until you die (and if they do, they'll never admit it in public). You just don't want to take a vacation at a time when it could turn into a permanent vacation.

Remember, the average recession in the United States only lasts eleven months. Giving up your extended vacation for a year is a small price to pay to keep your job ... and your salary ... and your savings

... and your health insurance ...

You get the picture. You can always enjoy this month in Aruba next year.

###### Offering Suggestions on Ways to Save the Company Money

In the midst of a recession, even companies that have historically been very well run are going to have to shift their focus to creating a way to cut the fat out of their budget, while continuing to remain competitive in the market and attracting consumers who would otherwise prefer to spend their money elsewhere. This is going to be their priority!

Because saving money while continuing to make money is going to be a vital part of the company's existence (and because that can be difficult to do in an economy that thrives on the idea that you have to spend money to make money) if employees can do something to help you achieve that goal they will instantly become one of the company's greatest assets.

You may not have assets that are generating a concrete return in the middle of a recession. Employees who may not help the company move forward, but can preserve its bottom line and that will be worth its weight in gold in the eyes of company bosses, and you can guarantee that these people won't be the ones putting you in the dole queue!

Can you come up with all the smart suggestions to help your company reduce its costs?

Here are some ideas to get you started:

* Cut office supplies costs. You'd be amazed what the office spends on pencils, paper and folders in a month!
* Find a way to cut production costs without losing quality.

If you can figure out a way to lower the cost of transporting your products and you'll instantly become a golden child in your office!

The rising cost of oil (and subsequently gasoline) has led to an almost absurd increase in the cost of transporting goods, which has forced companies to increase the price of their goods, which in turn is leading to loss of business in the economic downturn because customers complain about the rising price of goods and go do their business elsewhere.

* Employee benefits. Companies that don't offer their employees any benefits usually don't have employees for long. Even the most carefree companies usually throw a Christmas party or other annual event for the people who keep the company going, as well as a steady stream of incentives throughout the year to keep morale high and encourage greater productivity.

If you can think of ways to improve employee perks by spending company you'll be well on your way to establishing yourself as a valued member of your company's team.

###### Keep Your Knowledge Up to Date

No matter what industry you're in, changes in supply, demand and technology will require you to stay up to date with what's happening on the ground.

If you've simply rested until now, while your colleagues have been studying, attending certification classes and furthering their education, you'll find yourself in a tricky situation in the middle of a recession.

When preparing to face a recession, companies will consider the long-term outlook for their company rather than the short-term, which

means that your priority when considering which employees will go and which will stay is to find high-quality workers who will be able to help the company continue to push forward in times of change.

This is one of those times when that insignificant piece of paper helps.

Unless you've worked extensively with the technologies or programs your company specializes in knowing inside and out you need the benefit of taking a class or two to learn how to do it, otherwise you'll find yourself being pushed out of the company in favour of a young worker who has taken the time to expand their horizons.

Education counts. If you don't have it, take this opportunity to see what kind of training your company offers and what certifications are available in your field.

###### THERE IS NO WAY

**OF YOU BEING HARMED BY TAKING THIS STEP!**

Ideally, furthering your education will make your boss see you as a valuable asset to his company and keep your job secure during these difficult times, however, if your company still decides to let you go, these qualifications will be fantastic on your CV when you go looking for another job.

Companies love ambitious, motivated employees as much as they love well-educated, more experienced ones, and by taking the initiative to get these certifications, without being forced to by your boss, you'll be proving your worth.

###### Keep Looking

Going around announcing the fact that you're looking for another job will annoy employers, but you can secretly do it in the face of an economic downturn and a possible layoff because it's just common sense.

By continuing to look for a job, even if you already have a job, you'll be accomplishing several things:

* Firstly, you'll be able to keep an eye on what's becoming available on the job market and with whom. Although you don't want to be the new kid on the block when companies are looking to start cutting their payrolls, if a favorable position becomes available in a company that has a very good chance of growing in a recession, and at the same time your company is almost guaranteed to cut your job in the next eight to twelve weeks, you'd be a fool not to seize the opportunity.

It may mean taking a bit of a risk, but at the end of the day you'll be preparing yourself for a better position in a company, while your coworkers are on the unemployment line.

* Secondly, you'll be preparing for change. If you've ever seen the children's video Kung Fu Panda you'll remember the infamous words of the immortal master Oogway "There is no good news or bad news. There is only news." The determining factor as to whether news is seen as good or bad is precisely how you see it.

If you look at the recession and a possible layoff as a stimulus for change (change that you may be preparing for if you make the effort), then you won't have any problems when the time comes to say goodbye to the old and hello to the new.

On the other hand, if you're still rooted in thoughts that the world is going to come to an end, if you lose your job and have to go looking for another one, you'll find yourself plunged into confusion and misery when you receive your resignation letter, a dirty place that will wait for you until the consequences become too obvious.

#### If You Get Fired

*"When one door closes, another opens, but often we look so long at the closed door that we don't see the one that opened for us."*

*Alexander Graham Bell*

It started like a normal morning. You got up, had your daily dose of caffeine, devoured a sandwich and donuts on the road and strolled into your office with your bag in one hand and your cell phone in the other, only to see the boss come in and tell you (with almost no sadness) that you've been fired and you only have two weeks to find another job.

Unfortunately, hundreds of people will find themselves in this position because the economy is still in recession. No matter how normal it is, an economic recession will take a toll on its residents.

At this point, you have two options.

You can choose to go crazy, like Milton in the movie Office Space, clinging desperately to your belief that the company could never let you go because they can't possibly function without you.

Or unfortunately you can pack up your things, stapler, calculator and the photo with your wife and kids from last Christmas and move on.

Studies show that generations X and Y have a much better chance of getting through an economic downturn without suffering a major blow to their self-esteem or financial security than baby boomers.

Why?

Because the thought of spending their entire adult lives working for the same company has never occurred to them. They expect to change jobs several times in their careers, hoping for opportunity upon

opportunity as it presents itself, and are more likely to look at a redundancy as an opportunity to complete their CV in other areas than their older colleagues.

Is this what you want to be? Do you want to be that employee who looks at that pink piece of paper and thinks: "Hmmm, maybe I'll finally get the chance to try my hand at college soccer teaching / / write the next great novel / etc."

No, next year couldn't help you make great strides towards who you want to be when you grow up. Yes, you could find your new destiny in a couple of months, when you adapt to this new lifestyle and wait for the chance to slip back into the industry you want to call your own.

The point is, one way or another this too shall pass. Sooner or later the economy is improving, and you'll be able to continue with the plans you had when you first took the job you were so worried about losing.

The question is, how do you intend to spend your time in between? Do you want to spend it constantly sweating and worrying about how the recession will affect your financial situation?

Or do you want to be able to grab the opportunity presented to you with both hands and say, "Not a single second of a single minute of an hour of a day passed me by that I wasn't looking at that open door! "

### Keeping Your Business Afloat Until the Flood Waters Pass

If you're a business owner you'll have a much more personal view of the effects of the economic downturn, as it will turn your profit margin into losses.

It's at times like these when many entrepreneurs find themselves wishing they could go back to the days when they were just a worker, because then all they had to worry about was whether or not to keep their job, and now their investment is about to collapse on their heads and leave them in debt and bankrupt.

The good news is that if you own a company facing the inevitability of an economic downturn then you are in a prime position to take advantage of it. An economic downturn can be an enlightened entrepreneur's best friend if you know how to use the opportunities that only present themselves in times of difficulty like these.

If you are prepared to take the steps you need to take in order to make these possibilities a reality, then you are in an excellent position to ensure that, when every other business out there is struggling, you continue to thrive.

###### How Low Can You Go?

The first thing you have to remember is that an economic recession happens for a reason, and that reason is that people are trying to hold on to their money as if they're afraid of the next Great Depression that's waiting just around the corner for them.

You're not going to be able to wring that money out of your customers with marketing strategies. They're too smart for that (or so they'd like you to think).

If you can't take their money the old-fashioned way, how are you going to keep your company thriving? By doing what businessmen and women have been doing for centuries to make sure they stay on top of their game.

You're going to undermine the competition! Think of it this way. If you only had fifty dollars in your pocket and you needed to buy a new light bulb for your house, where would you most likely go to buy that bulb?

Go to an expensive distributor that specializes in high quality light bulbs or go to Wal-Mart, where you can buy a perfectly good light bulb for half that amount, which will be more useful until you have the money to buy something of high quality that will last?

If you're watching this and wondering why anyone would pass up the opportunity to have a good light at home you obviously haven't looked at Wal-Mart's financial reports recently. There's a reason Wal-Mart is one of the largest retailers in the country, and it's not because it offers high quality.

It's because it offers mediocre, generic, but necessarily cheap items.

Stores like Wal-Mart thrive in times of economic recession like these, because even those customers who turn up their noses at the idea of a shopping place so completely devoid of XPTO labels will see things a little differently when their budget doesn't allow them to continue living the luxurious lifestyle they've become accustomed to.

They are thrust into a position where they will dominate the distribution market because they are able to offer a wide range of basic necessities of daily life (such as living room lamps) at a significantly lower price than their competitors.

During an economic downturn, people are looking for ways in which they can save money, even if that means accepting slightly lower quality products and services.

If you can offer them products and services at a lower price than your competition, you will have done three things:

1. Ensured that you have a steady stream of profit coming in at a time when most companies are losing money. If you can convince these customers that you deserve to have their business, you'll be able to keep the money flowing steadily into your pocket and you can be sure they'll tell their friends.
2. Stealing them away from your competition. Loyalty is a beautiful thing in the business world. As a general rule, when consumers find a supplier they are happy with, they will continue to do business with them to continue enjoying that good relationship... even if it means they have to spend a little more.

An economic recession throws loyalty out of the window, because most people are much more concerned about the state of their pocket than they are about whether or not a company they do business with exists

If you can offer your products and services at a lower price than the competition, you can be sure that you'll be enjoying your business for a long time to come.

1. You've cemented your future. As I mentioned above, consumers develop an incredible sense of loyalty to suppliers and their products and services when the experience is good. By coming in and offering them a great deal you've laid the foundations for building a fantastic relationship with your customers, and as long as you continue to offer them the same experience you're ensuring that even when the economy recovers you'll retain their business and their loyalty.

Regardless of how sleazy or underhand it may seem, invest the time to look around and find out what your competition is charging, then deliberately undercut them.

And remember, in love and war there are no wars, and when it comes to helping your business through an economic downturn it's definitely a war.

###### Keep Your Business Macro

The first thing e-commerce has taught us is that, with the huge amount of competition we face in the market, if you want to have a chance of succeeding you need to specialize.

Tackling a large niche is simply too risky, and you'll be facing so much competition that your consumers are going elsewhere long before they know what you have to offer in favor of someone who is clearly going to be able to give them what they want.

An economic recession is the exception to the rule. During an economic recession people's main motivation will be to save as much money as humanly possible, and while the recession is lasting you'll want to grab as much market share as possible

What am I talking about? Let's say your company specializes in providing transportation services between the Greyhound station and the local universities in a big city.

It's a good job, if you can get it! Then an economic recession hits, and people are starting to walk or take public transport to the detriment of keeping and parking a car or calling a cab.

Suddenly you're faced with a dilemma. There are literally hundreds of people every day leaving the Greyhound station for unknown places in the city, and each of these people needs a ride because they refuse to lose their precious money on private transportation.

What do you do? Will you simply allow this opportunity to pass you by, or will you expand your horizons a little?

This is an excellent example of how an economic downturn can help a company later on and direct it to a customer base it might not otherwise have had.

There's very little chance that none of these people would have been interested in hopping on a ride to the local university unless they were going somewhere nearby, but if you were willing to spread your wings a little and provide transportation services to various points throughout the city, rather than just to universities, this could quadruple your profit margins.

Your business will grow because it will become more macro, less specialized and more generalized to the needs of the people around you.

This is in direct opposition to what you've been told about business development in today's economy, but is it?

**A changing economy= A changing business**

By making your business more generalized you are only doing what others have done -you are generalizing and putting your fingers in more pies. The company's accountant will extend his services and serve as a personal financial advisor to the CEO to help the company take advantage of the opportunities offered by the stock market in light of the recession.

A bus driver will extend his services to transport passengers throughout the city.

It's all about becoming more and more macro and reaching out to markets that were previously closed to you, but are now open due to a renewed need for the services we have to offer.

The work is still there.

The consumers are still there. The need is still there.

The difference is that now you'll be the one riding the coattails.

If you have any experience in investing you know that the key to successful investing is to maximize your profit margin (your cost/sales ratio) as much as possible.

In other words, you want to buy low and sell high!

An economic downturn offers a unique opportunity to do this, but you have to be an experienced investor to know what to do when you're done.

One of the many disadvantages of an economic downturn is that it inevitably causes the value of people's assets to fall dramatically.

Houses that were worth hundreds of thousands of dollars the year before will be lucky to sell for six figures. Share prices will be set at fifty-five percent.

This provides investors with the golden opportunity they have been looking for.

As the recession makes the prices of these investments lower than they would ever be under normal circumstances, investors have the chance to rush in like a knight in shining armor, and scoop up these investments and then wait.

The biggest benefit when it comes to economic and business downturns is that, although it may take a few months (or years), sooner or later the economy will recover.

When that happens, the value of all the assets that were worthless during the recession will increase too.

At that point you'll be sitting on a gold mine!

###### Open Yourself Up to the Possibility of an International Market

Before the advent and massive popularity of the Internet, engaging in international trade was a huge and difficult proposition, requiring you to have many domestic suppliers, provide your own means of communication and transportation of your product, and most importantly, develop the network of contacts to open doors to an industry community that will allow you to justify the investment of exporting your products and services abroad.

Of course, as the US economy has placed such a high value on the US dollar, you have had to convince companies to pay a higher price for your services than would be simpler if they worked within your borders or on your own continent.

There have been several developments that have changed this, and which could open your doors to an international community. Firstly, the Internet has connected companies across the globe into a single network of industry suppliers.

Some time ago, it was inconceivable that a company in the United States would be able to write a computer program for a company in Beijing, and have it in their hands by dinner time.

The Internet has made this possible, and has made operating in the international community more profitable and efficient than ever before.

Unfortunately, the US economy in recession has caused the relative value of the dollar to fall dramatically. Believe it or not, when you're thinking of opening your doors to the international community this will actually work in your favor!

A big part of the reason for the huge number of layoffs in the US since the recession began is that US companies have found a cheap labor base in companies abroad with a weaker economy. If a company chooses to outsource its customer support services to the Philippines, for example, it will pay workers less than half the minimum wage required by the government in the US, how many Americans will be willing to invest the time and effort required to succeed in the US?

and effort required to succeed in corporate America for the minimum wage in the first place?

These employees don't have to be paid, vacation or insurance, or retirement, or any of the other "perks" that companies are offering American workers in order to secure their loyalty and service rather than lose them to another company that is willing to provide it for them.

Because of this, companies are able to cut their payroll costs dramatically. When the company is already suffering from a reduction in profits due to the economic recession, saving on expenses looks very good.

You can use this principle to your advantage. With the value of the dollar falling there is no longer such a dramatic difference between our wage rates and the rest of the world, and you can use the reduced value of the dollar and combine it with the ability to offer your customers a good price on your goods and services and therefore put yourself in a position to not only be able to justify your services, but to give your customers a reason to prefer them.

top quality work at a bargain price!

# Part 3: A Virtual Treasure

**The Other Hidden Benefit of Recession**

Economic downturns are a vital part of the economy, and they can play a big part in helping you and your company look forward to a bright new future.

However, these aren't the only benefits of a recession!

Now that the heavy lifting is out of the way, let's take a second look at some of the lighter benefits of the day - the little day-to-day perks that will get you through until the investment of your time and money and your willingness to take a long-term view pay off and you're able to enjoy everything the recession had to offer.

#### Riding in Style Has Never Been Easier.

In part one we talked about how the real estate market reacted to the recession, and how the free-falling values of the housing market presented investors with real promise.

The good news is that housing stocks aren't the only things that tend to freefall in value when recession hits!

If you've been holding off on buying the convertible or SUV of your dreams, now is the time to do it.

Along with houses, cars are selling for a few cents on the dollar what you would have had to pay for them before the recession.

This is especially true of luxury vehicles, high-spending vehicles or other cars that simply aren't considered high-quality vehicles.

These vehicles are so unpopular that they're sitting in piles right now, gathering dust and waiting for someone to come and pick them up.

Someone like you, perhaps?

I bet you never really imagined that an economic recession could help you realize your dreams, did you?

That's just another of the hidden benefits of the recession that nobody talks about, because they're so busy moaning about the downsides.

The simple fact of the matter is that an economic recession starts to lower the prices of everything, the prices of which have been rising in recent years in the face of an economic boom, and if you started to take into account the fact that the price of oil is leading people to buy small, functional commuter vehicles, rather than luxury models or gas-guzzling SUVs, then you'd be right.

then you've found yourself with a golden opportunity.

For example, a used car lot at a certain car dealership recently put SUVs on its website that had been sitting idle for an extended period of time.

These SUVs were originally being sold for US$ 25,000.

They were now on sale for less than $16,000 and still gathering dust.

You can only imagine what they will eventually do to sell with the economy continuing to fall. Imagine being able to buy an SUV that once would have sunk you into debt and is now at less than 50% of its original value.

How can you argue with that?

#### You Can Find Anything Second Hand Cheaply

When people are trying to save money rather than spend it, they're also trying to earn it, which means that second-hand sales abound.

(By coincidence, an economic recession is also a great time to be a loan shark).

If you're looking for something, chances are that somewhere out there, someone is selling it.

This encompasses everything from socks to accessories for little red wagons.

This is a prime time to take advantage of the number of second-hand opportunities that will be available and do some things you've been putting off for a while.

What can you find second-hand? Pretty much anything.

Somehow, no matter how odd an object may be, inevitably someone somewhere has considered it to be such a good investment, and now with an economic recession, in the face of necessity getting rid of those objects in question is almost irresistible.

This means that no matter what you're looking for, among the multitude of Goodwill, Salvation Army and second-hand stores, it has to exist somewhere.

# Conclusion

The conclusion is that when it comes to not surviving, and thriving in the midst of an economic downturn, it's all about thinking long-term.

You're going to have to have the courage to take a chance where most people would tell you that no chance should be taken and leave behind the expectations of instant gratification that plague so many people in today's society and instead grab the opportunities presented due to the economic downturn with both hands.

If you have the courage to make the investments, and if you have the patience and perseverance to weather the recession and eventually enjoy all the benefits that the end of a recession inevitably brings, then you will not only overcome the recession and survive, but also thrive and be proud, and your bank account and retirement fund firmly intact.

## Good luck to you!!!

[*http://www.luisgregorio.net*](http://www.luisgregorio.net/)