



Keeping Things in Perspective

Even though it seems like the world is falling apart, there are still plenty of things financial professionals, particularly management accountants, can do to cope and come out ahead.

Reading and watching the news these days can be downright depressing: foreclosures, bankruptcies, what looks like a crumbling financial system. As a long-time member of the banking industry, I wanted to share some thoughts to help put the current situation in a bit more, well, perspective.

While it may appear that all banks are in crisis, that isn't the reality. What we hear about in the national news mostly relates to large, multinational banks, which make up less than 1% of the total banks in the U.S. Granted, many of these banks are floundering, and their survival has become the focal point for many, including the Federal Reserve Bank and U.S. Congress. That's as it should be because the top 50 banks control huge amounts of loans and deposits—and provide the bulk of the liquidity for the world's capital markets.

We all know the news on Wall Street, but what about on Main Street? There, regional and community banks are lending money.

At my \$1 billion community bank in Upper Bucks County, Pa., for example, we made more loans this past January than we did in the entire fourth quarter of 2008. That's good news for the many management accountants who don't work at large multinational companies and are seeking sources of capital.

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To tap into this local source of financial support, management accountants should consider the following:

1. Start an open, honest dialogue with your banker, and provide him or her with accurate, realistic information. That might mean discussing what your company would do if revenues dropped by 10%, 20%, or even 30% and how the bank could support you if that happened. To prepare for that revenue fall-off, devise a contingency plan. We hear about them often in IT, but how about one for your business

plan, too?

2. Sharpen your forecasting skills. In the current environment, accurately foreseeing the future is a talent worth cultivating. Along with it goes developing creative solutions that will help ensure the sustainability of your business.

3. Most difficult of all, don't get hung up on national trends and news. Ask yourself: "How much does the movement of the Dow Jones or S&P 500 really affect my life?" I'd guess that the answer for some is "a lot," but, for many of us, there's still cause for gratitude and optimism. More to the point, follow news that relates to your particular geographic location or business segment. The big picture might be grim, but the little one might be considerably better.

Rather than get mired in despair, look at what's in front of you, and start there. If we ask how we can change the world, it seems insurmountable, impossible. But if we start by looking at how we can change ourselves, the rest will follow.

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