

In December 2007 the United States entered into a severe recession – as a matter of fact, it’s now considered the worst recession in 50 years. (A recession is defined as simply as a period when GDP falls (negative real economic growth) for at least two quarters.) Many people naturally assume that when this recession ends, and all cycles DO end, that everything in this country will go back to “the way it was!” Salespeople will go back to ringing the register and commissions will once again soar. And, as I write this, while the recession does show signs of abating, **it’s not clear at all when it will end.** While many economists are predicting some growth by the end of 2009, no one is predicting anything more than marginal growth, at best. It will still feel like a recession to most consumers and businesses. And that’s the problem.

Salespeople are the lifeblood of this economy. And for the most part, salespeople have had it pretty easy for over a decade. If you are simply decent at what you do, you could have made a lot of money in sales prior to this last crisis. But this recession is going to change the behavior of people even after it ends. Here are some facts.

If you simply consider how severely the banking system has been impacted, you know that the days of easy credit and lending are gone for a long time; likely for a generation. There isn’t a CEO today running a bank or mortgage business that would or COULD allow the kind of predatory lending that crippled and nearly destroyed the American consumer and American Businesses. And yet, it was these lending practices and the financial products banks created that allowed consumer spending to go unchecked for so long. The lack of rules for lending and complete oversight turned out to be a recipe for disaster. So do you really believe when the cycle turns it’s really going back to the “way it was?” Or would a safer bet be that in order to compete for every sale, you will need to learn, understand and implement the tools used by Top Sales Producers today in order to give you the “real edge” for success?

Consider this: Most American consumers have multiple credit cards. As a matter of fact, you would be hard pressed to find anyone who doesn’t have a credit card or two in their wallet. Credit cards give consumers a sense of “peace of mind.” If you need cash fast, you can simply just pull out a little piece of plastic and just like that, your cash crunch is fixed. But what is currently happening in the credit markets may come as a surprise to you. Today, there is **5 trillion dollars** of credit cards lines outstanding in this country. In Q4, nearly 500 billion of those lines were cut. The current estimate from Wall Street analysts today is that by the end of 2009, 2.5 trillion dollars of those lines will be wiped out by banking institutions that can no longer afford or are willing to take the risk with consumers. (Remember, most of these lines were extended when unemployment sat under 6%. Today we are at 9.4% unemployment on our way to 10%.) That’s over 50% of credit currently available, simply wiped out. The consumer who relied on that credit as a safety net...well, you can imagine the psychological impact this will have. So do you really believe when the cycle turns, it’s really going back to the “way it was?”



The Mortgage bust of 2008 was devastating, not just to the banking system but also to many American home owners. Today 1 in 5 homes in this Country sit “underwater.” That means 1 in 5 of all home owners owe more on their mortgages than their house is currently worth? We now know that the housing crisis was in fact, a bubble. But as I write this today, the downward spiral in home prices continues. Worse, the federal government has projected price decreases through 2010. As a baseline, the stress tests recently performed on big banks included a total fall in housing prices of 41 percent from 2006 through 2010. Their “more adverse” forecast projected a **drop of 48%** — suggesting that important housing ratios, like price to rent, and price to construction cost — would fall to their lowest levels in 20 years. In Arizona, where I live, some areas have home price declines of over 50% or more and we are only in mid 2009.

Imagine that for a moment, you buy a house in 2006 for \$1mm and four years later you can sell it for less than \$600,000. And because so many of these consumers bought houses they not could afford through inept lending practices, it’s impossible to believe that most consumers could simply write a check for the difference if they needed to sell it. (And in this scenario, I’m not even considering the millions who refinanced and took even more money out of their home.) This is true no matter what price level you purchased at. Psychologically, the consumer has changed because the wealth they thought they were creating looks more like a giant hole.

Recently consumers and investors have breathed a huge sigh of relief following the nice stock market run during the past few months. There is a sense that the tide has shifted and we are once again on our way to renewed growth. Will there be renewed growth? Yes, especially when compared to the terrible sales numbers over the past few years. But what is about to change is something many people in this country have little memory of, nor really understand.

For the past six months, the Government has printed money to bail its way out of this crisis of liquidity. Trillions of dollars have been printed and I really mean “printed.” And we have now become so used to the word trillion, it hardly seems like much. It’s just as easy to write a million as it is to write a trillion. But exactly how much is a trillion? David Schwartz, a children's book author whose book “How Much Is a Million?” tries to wrap young minds around the concept. He explains, "One million seconds comes out to be about 11½ days. A billion seconds is 32 years. And a trillion seconds is 32,000 years. I like to say that I have a pretty good idea what I'll be doing a million seconds from now, no idea what I'll be doing a billion seconds from now, and an excellent idea of what I'll be doing a trillion seconds from now."

Or, think of a trillion like this: A trillion dollar bills laid end to end would actually reach the sun. Or you could spend a dollar per second for 32,000 years to equal a trillion. Or one trillion dollars in pennies would weigh as much as 2,755,778 Argentinosauruses (the largest known dinosaur). The point is a trillion is A LOT of money. And if you simply

think logically, you realize there has to be a consequence for such action. There is always a consequence.

One of the most real, long-term affects of Governments printing and supplying money is inflation. In January and February, many economists were making the argument for deflation. If you know me or read anything I said back then or over the past few years, you know I have believed inflation would be a natural response to the kind of Government intervention we have just witnessed. Why? **The textbook definition of Inflation is “the very specific case of a rise in general price levels driven by an increasing money supply.”** And in the history of this Country, there has Never, Ever been the kind of monetary stimulus we have seen during this current crisis. Not even close. So if the price of your goods and services goes up and the cost of lending increases (higher interest rates), do you really believe when the cycle turns, selling will return to the “way it was?” Even if you disagree with this argument, you know that there has to be a consequence for \$11,000,000,000,000 of National Debt.

There has never been a more important time for salespeople to take their selling skills to a higher level. If you intend to stay in sales, there are very real tools you can use everyday to succeed in ways you never thought imaginable. But, if you are simply waiting for the cycle to turn or fighting everyday for something to be different, you are in the wrong battle.