

From the Managing Director

In any given year, we interact with hundreds of managers, entrepreneurs and investors who represent a broad variety of industries. In our meetings, we discuss a variety of subjects and concerns of the business owner, which typically fall into one of four categories:

- 1) Growing revenues,
- 2) Managing people,
- 3) Minimizing taxes, and
- 4) Exploring capital transactions.

To make this newsletter more meaningful to you, we have changed the format to focus on these four key areas and have asked experts in each area to share some of their insights with us. We hope you find this newsletter and future issues not just useful, but an essential reference source throughout the New Year.

Speaking of the New Year, though it is over a month old, it is not too late to try and "identify the future that has already happened" as Peter Drucker advised and make a few predictions or observations. When we look back on the 2008-2009 recession (hoping it is not the 2008-2011 recession), it will be seen to have had important consequences as did past recessions. The 1981-1982 recession brought about the end of the "job for life" and the employer/employee relationship has never been the same since. The recession of the early '90's brought us outsourcing and globalization. What impact will the current recession have? Here are a couple of thoughts.

The newspaper industry has been financially struggling for some time and the recession is not helping their fortunes. Some predict that 2009 will be the year that a major US city is without a daily newspaper (one could argue that some cities have been without a newspaper worth reading for quite some time). I am not so sure that this would be a bad thing. Communities might be better served by the launch of independent, startup newspapers focused on local news and delivered in a more cost effective and targeted format such as online and allowing the reader to decide if they should incur the cost to print. The journalists who pride themselves on being the Fourth Estate can still carry out their valuable mission (though not an example of a local news scoop, had the \$1.2 million Merrill Lynch office renovation not been reported, would an offer to refund the cost have been forthcoming?). And this mission can hopefully be carried out within a business model that works.

The Christmas card trade may never be the same. It was reported that sales of traditional Christmas cards declined in 2008. This could be due to a decrease in corporate or personal budgets. Perhaps this is due to a sender's desire to lessen the environmental impact of the holiday one card at a time. Or maybe the trend is toward corporate responsibility of another form: this past season we received several "in lieu of a holiday card we are making a donation to this charity" electronic greeting cards. Whatever the root causes, are they the impetus that will increase the acceptance of electronic greeting cards for both corporate and personal use? If so, will they lead to the extinction of the physical Christmas card?

Finally, the budgets of state and local governments are being stretched. Their ability to raise revenues is not as great as that of the Federal government. However one instrument at their disposal is code enforcement: red light cameras, surprise commercial building inspections and new licensure requirements are a few examples. (Coincidentally we will then all need a good locally focused news source to keep us informed of the latest revenue schemes.) Some of these programs will grow into permanent profit centers for state and local governments. They will certainly be opportunities for businesses which enable and support such programs.

Yours in economic recovery,

Michael Hronchek

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