Addendum to # 5

Further strategies for prudent business owners

Prudent owners are constantly alert for **threats** to their business and **opportunities** to create a better future; senseless owners just go with the flow, ignoring both, hoping things work out.

"A prudent [sensible, wise, shrewd, astute] person with insight foresees danger coming and prepares for it; but the senseless rush blindly forward and suffer the consequences" **Proverbs 22:3 Passion**

BACKGROUND:

a) The true rate of inflation is NOT 1.5% - it's around 8%...

...It means that what $100 could buy 12 months ago only buys about $93 today
...This also explains why the prices of tangible assets (property, bullion, art) are rising
...And why workers are screaming for more wages and government handouts
...Invariably interest rates WILL have to rise
...How would a 2% rise in variable rates impact you? What about 5%?

b) The banks are in strife with way too many home loans and poor lending standards...

...Bail-in laws now mean depositor's money will be taken to bail out any bank in trouble

c) The Bible describes the 'system' we're operating in as "Babylon" in Revelation 17 & 18...

...Babylon's goal is to enslave the world, especially businesses and the marketplace
...As God's steward, count the cost (Luke 11:28) and seek His will (Matt 6:10) before acting
...Check out the World Economic Forum's "Great Reset" and what it will means for all of us
...When the current illusion ends, there will be a massive seizure of borrowers' assets.

Strategies, tactics and truths to consider for strengthen your business and future

* ***As stewards of God's assets, seek first counsel from His Handbook for Business, the Bible (e.g., Prov 16:3, 9)***
* ***The following are suggestions only; advice from your tax adviser/accountant is recommended before acting***
* ***It's March 2022 and TIME IS OF THE ESSENCE!***

1. Your number 1 priority is to get out of debt:

* Never forget the warning in **Proverbs 22:7** (borrowers are the lender's slaves)
* Especially on your # 1 asset - the family home
* If assets are sold, there may be a cost - a loss; selling fees; capital gains tax
* To regain control of your title, discharge the mortgage once the loan is repaid.

2. Your number 2 priority is to build a cash reserve:

* Cash is king during tough times...if you can't pay your bills on time, it's game over
* 'Cash' doesn't mean the undraw portion of a loan...it means CASH available
* The ideal would be enough cash to cover up to six months expenses
* Opportunities to buy distressed assets will abound
* Don't waste money buying depreciating assets such as cars
* Outsourcing services can save money rather than doing everything inhouse
* Liquidate non-core assets...even dare-I-say, one of the investment properties.

3. IF you must retain some debt or need to borrow for business use:

* Borrowing against an asset using a small (or no) deposit is a big risk
* Quarantine loans with different lenders to avoid the all-monies-mortgage clause
* Read & understand the loan documents, especially the Events-of-Default clauses
* If you are in default, the risk of losing assets is huge; so, consider changing banks
* If you're having problems don't ask the bank for help; go with a workable plan to fix it
* Borrow for plant /equipment from a source other than your main bank lender
* Consider (secured) loans from within the family as an alternative
* Get as far ahead of the repayment schedule as possible to build equity.

4. Prepare your business for tough times:

* Minimize the money tied-up in working capital assets (trading stock & debtors)
* Expect a slowdown in customer collections (many are already insolvent)
* Cash-starved suppliers will be looking to do deals...so, if you have cash, then deal
* Apply the 80-20 principle to customers & products - where should you be focused?
* Apply always, the greatest ever definition of marketing - 'communicating love'
* Review the other business building advice under this "On Radio" tab.

5. Get and retain control of your assets:

* Once your home mortgage is discharged never borrow against this equity
* Avoid investments where you are someone else's liability (e.g., managed funds)
* Only invest in tangible asset (if you can't touch it, you don't own it)
* Don't invest in scheme if you don't understand the paperwork
* Don't invest in anything that relies on a secondary market to sell out
* Do not get into anything unless there is an exit strategy
* Acting as guarantor for another's loan puts all your assets at risk.

6. Prepare for a wealth transfer...

* Throughout history, bubbles have always imploded; this one will too, soon
* Asset prices will plunge when the bubble music ends
* And as always, borrowers will be the biggest losers
* Those with cash will acquire the assets from those with debt
* There will be a big move out of **fiat** (let-it-be) money into **real** money (gold/silver).

7. The precise timing of any bursting bubble is unknown:

* Already there are signs in the USA, with interest rates about to rise (March 22)
* A credit crunch, when banks reduce or stop lending, is the most likely trigger.

QUERIES:

You are welcome to email any queries you may have to me at - peter@themarketingspirit.com.au

* I am not a licensed financial planner or investment adviser; I am a researcher, truth-seeker and servant of the Jesus Christ (John 12:26)

* My counsel comes from decades of research, observation and advising business owners as a public accountant, marketing & management consultant.