

CRISIS? WHAT CRISIS? IT'S ALL OVER.....

The Crisis Is Over.

Didn't they tell you? No? Why do you think?

Because either they do not want you to know (so they can tax you), or they themselves have absolutely no idea what is going on!

I believe it is the latter...

Ladies and gentlemen, good afternoon. The good news is that the crisis is over. Done. finished. Kaput. Finito. Bring the champagne. Light the barbeque. We made it through...!!! Since the crisis is now over, we will all become rich. A tonne of tourists will flood the island, Russian investors will queue in order to buy our €5m villas and apartments and we will not have enough stock to accommodate demand, banks will offer corporate and personal loans with 3% interest at no questions asked, the economy will start running at 10% growth rates as we will go back to eating, drinking, dressing, shelving, piloting our Porches, Mercedes and Range Rovers and every else we used to do back in 2007-2008. And.....then of course we will wake up. Or rather, they will wake up to the nightmare.

The only statement that is indeed true from all of the above illusion is of course that the crisis is over. Yes it is. What we are now living is life at the **New Economy**. There is no crisis. This is life from now on. Realise it and accept this fact. This is it folks. This is how things will be from on and for years to come. Adjust, rethink, reengineer, change. Adaptation is the new not word around and a skill rare among people. Adapt your business to function with less customers, less available funding, less bank money, less profit margins, less confidence, less government money, less consumption, less less.. Change or die. Cliché? Stay the same then and see what happens. Do more, do different, do more efficiently, do smart. There is money out there. For the smart, the fast, the bold and of course for those who get it.

Those who keep on hoping that The Crisis Will Soon Be Over are up for a big surprise, including the government which constructs annual budgets on the basis of "lets' get through this year until the crisis is over". Wake up guys (and i am referring to all politicians). There is no crisis. And if your budgets are built on the hope that this crisis will be over soon, you are just digging a bigger hole which people will be asked to fill in, in 2-3 years time by which you will realise that your crisis is not ending. Of course it will not end. There is nothing to end. There is no crisis. Something must have an existence in order to end.* You cannot end that which does not exist! If you need to act, act now. Take measures Now. Change before you have to, because when you have to, it will be too late.

Just Wake Up and Ask Yourself This Simple Question: "What if the crisis is over and this is indeed the new economy? The new status quo. What if what we are currently living is in fact business as usual without the hope that the disease will go away?"

Please stop taking aspirin to cure the cancerous cells, the infected areas of the economy. The disease will not just go away after 2-3 years nor will aspirin help. You want cure? Take proper treatment. But take it now while the disease is at a manageable stage. Let it not spread.

Please find below an explanation of how we see the Cyprus Economy which validates our conclusion.

Executive Connections Cyprus Economy Thermometer



Throughout the years we have developed a model for “sensing” how the economy is doing in order to be able to predict, evaluate and adjust/react. This is a model we have tested over and over again and it works. If you are looking for statistical analysis and complex maths etc, the below analysis will not do that. If you are interested in practical real life applications and business sense then read on.

Corporate Service Providers / **Law Firms** etc represent the industry were the Cyprus recovery will start from. Lets call this Time Zero (T-0). These are companies which register new companies (focus on international companies) in Cyprus. When our clients in this field, systematically begin recruiting then we know that the descend of international companies has resumed. New international companies means new money in Cyprus. It also means that our Auditors have just gained a number of clients which will need Audit and International Tax planning services. Demand for **Auditors** usually peaks 3 months after T-0. At T-6m we begin to notice the first **Interest Rates Reductions** by banks. This is the result of extra liquidity, extra cash deposited by these new clients. Lower Interest rates encourage the real estate market as they lower the cost of buying. **Property developers** sell and initiate more

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projects. When they do, they need people and thus start hiring. **Unemployment is reduced** as the construction industry is responsible for one of unemployment's largest pools. When people go back to employment, their spending power increases, they now have more money in their pockets and what do they do with it? They spend it. They start consuming and go back to buying again. **Trading and Retail businesses** experience growth, they also recruit more (more working people, more consumption etc etc). Therefore, trade goes on the rise and **Advertising and Marketing** pick up the pace as companies want to acquire a bigger slice of this increased market.

Therefore, at any given time and measuring the demand for recruitment vs the industry that generates this demand, we are in a position to measure the economy's "temperature". Please note here that we are not talking about, sporadic recruitment demand. What we measure is repeated demand that directs towards a trend.

The Reverse....

The same is true for the reverse. If and when we notice a prolonged decline in Corporate Services Recruitment, we go on Red Alert. We then research the Audit business for signs that will validate declining **new** business on their end. If this is validated, we sound our internal siren. We now we need to close all open business asap. We also know that we have 6-9 months to acquire as much new business as possible before the downturn hits the banks and interest rates increase. When this happens, it is usually too late. 6 months after, the Property market will be severely affected, redundancies will be made, consumption, trade and retail will be hit, more unemployment will result in lower consumption and all advertising/marketing is brought to a halt.

Conclusion

The crisis is over. The decline is over. Things have settled down (literally!). We notice a sporadic increase in recruitment. Nothing concrete though. No trend. Corporate Service Providers are not signalling any major growth patterns (apart from a definite increase in their business originating from the Greek turbulence). However, this is like scavenging and should not be confused with substantial business growth.

Therefore, we conclude that the crisis is indeed over and what we are now experiencing is life after the crisis. This is how things will be for a long time to come.

This is the New Economy

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