

## **Perspectives - On Business**

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### Components of Continuity

*"If anything is certain, it is that change is certain. The world we are planning for today will not exist in this form tomorrow."*

-- Philip (Bayard) Crosby (b. 1926), American writer, author

Natural disasters. Terrorist attacks. Untimely death or disability. Ever wonder what would happen to your affairs if you suddenly were unable to conduct normal daily business? Does your approach to answering these questions resemble the "head in the sand" method?

It needn't be so overwhelming that you put it off, but many avoid it altogether. Knowing where to start is key. Management succession and continuity of operations provide the framework.

Addressing these two critical planning components can help ensure your operations run smoothly in the event of a crisis. Succession planning covers chain of command and responsibility issues. Continuity of operations planning outlines steps to be taken in the event of a major disaster.

Since life, business, and personal needs change constantly, planning for these contingencies ought to be periodically reviewed and updated. Thanks in part to work of insurance agents selling policies such as key man or personal insurance and property and casualty insurance at least those portions of planning are revisited occasionally.

Bear in mind that insurance policies are only a portion of the total solution. They will work best as part of a comprehensive plan for the continuity and succession of your business.

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### **Future Finances' Market Update**

By Max Larsen

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Last week was interesting to say the least. On Tuesday *The Wall Street Journal* had an article titled: "Too Far, Too Fast, Part II: Investors, Wary Again, Tap

Brakes on Speeding Stocks". The opening paragraph started: "After Friday's surge, stock indexes fell back yesterday as investors worried again whether the market has come too far, too fast." It certainly sounded ominous didn't it? So, what happened the very next day? You guessed it, the Dow shot up to a 2 year high - since June 2001. Go figure...

All sarcasm aside, the Dow and the S&P 500 had a seesaw week yet managed to eke out small gains while the NASDAQ (mostly tech stocks) wasn't as lucky. The headliner of the week was undoubtedly Fed Chairman Greenspan's semi-annual monetary report to Congress. Normally, most of us don't know what Alan Greenspan is saying until it's explained to us - given his propensity to use jargon-riddled and indecipherable gobbledygook. This time it was different - he spoke clearly so even the members of Congress could understand him.

He told lawmakers the economic "picture has brightened" considerably from last summer and "the prospects are good for sustained expansion of the U.S. Economy." He also expressed optimism that hiring will accelerate throughout the year - pegging the unemployment rate at 5.25 - 5.5% by the 4th quarter. The current job situation, however, is far from booming, and Greenspan used that (along with benign inflation) to explain why the "Fed can be patient in removing its current policy recommendation." Note: The implication is he would keep interest rates low.

#### Speaking of interest rates

I saw an interesting statistic in *Investor Business Daily*. Politicians and the media have repeatedly reminded us 2.2 million jobs have been lost during the last 3 plus years. As it turns out, since 1970, the Fed has never raised interest rates when payrolls weren't expanded. Never.

If that holds true, even if businesses add 200,000 jobs a month, it will take nearly a year to get back to even. This implies no rate hike until 2005 - somewhat longer than I originally thought.

#### Consumer Confidence

Despite consensus views looking for small gains, two consumer surveys (University of Michigan's Consumer Sentiment Index and the ABC/Money Magazine Consumer Comfort Index) slipped downward, reversing most of the last few months' gains. Both were trying to explain the drop due to concerns about spending, deficits and jobs. I don't buy it. Sometimes it's much simpler than that.

Here's my theory - we're suffering from seasonal depression. First, we're being inundated by the coverage of the Democratic race for President. Every one of the five remaining candidates is trying to paint a picture of an economy that resembles The Great Depression. It's simply not true, we all know that, but no one seems to be held accountable for these exaggerations.

Now that you're feeling a little down we have the final insult - the rotten weather. One advantage of having clients around the country is getting detailed reports of how sunny or warm it is where they live. Not this year. The south has been freezing; the west has had record cold, and the east unprecedented snow falls. The Midwest has fared no better with what seems an abnormally miserable winter. Get my point? It's cold and we're tired of hearing all this negativity. My prediction: we'll see the consumer index increase as soon as the temperature rises.

The stock market is closed today for President's Day. Have a great week my friends and I'll be back next week - hopefully a little warmer.

*Thanks to friends like you who refer new business to us, our practice continues to grow.*

As always, your comments and reactions are welcome. Please feel free to share this newsletter with others you think may find it interesting or useful. We respect your privacy and will not share your address with others. Click [here](#) to send a comment, to subscribe, or unsubscribe.

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