



# Inbox

---

## Insights

### Economic Recovery? Not according to Webster...

By John Kielich, CPA, CVA

When the term “economic downturn” hit the media, everyone was trying to figure out exactly what it meant – not only as a term, but, also, in regard to the implications to their lives, both personal and business. Now, we are all trying to determine exactly what “recovery” means.

Let’s start with the definition of recovery:

- **Re•cov•er•y** [ri kuhv uh ree] n., pl. –ies a regaining of something lost or stolen.

Now, let’s compare Webster’s explanation with what is going on in the market:

- Jobs were still being lost in September, albeit at a slower pace than what we have seen in the last twelve months, but still a loss. *Analysis: We should be adding jobs to be able to say there is a recovery.*
- Housing has been another area that experts point to when discussing the recovery. The current results of Fannie Mae and Freddie Mac are depressing. Delinquencies are still quite high while sales and the price of homes continue to be very low. *Analysis: We have not regained any ground in this area yet.*
- As I listened to the quarterly earning reports of the major public companies, reported revenues were consistently below the prior year. Better earnings were generally the result of cost cutting efforts rather than a result of better sales. *Analysis: Company performance, at least on the sales side, is not showing recovery.*
- It seems as though the stock market may be the first bonafide indicator of a recovery. Although the continuation of positive movement in the stock market will depend upon the success of corporations to show measurable growth in sales, many reports indicate that the outlook is good. A full recovery, however, is estimated to take 15 to 25 years. *Analysis: Stock market performance is certainly an area that is in a recovery mode.*

Unfortunately, the market does not yet match Webster’s definition of recovery. However, our adaptation to the market, actions taken by Washington and more time will undoubtedly lead to a different, but successful, recovery.

At Kolb+Co. we have the resources to assist you in designing and implementing a sound acquisition process and the tools to help you assess a potential candidate. Contact John Kielich, [jkielich@kolbco.com](mailto:jkielich@kolbco.com) or 262/754-9400 to discuss your situation.