

Navigating without a Road Map



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Often in life we're forced to make decisions with too little information. Phone's dead and you don't have access to GPS? Lost the instructions for assembling that new gas grill? Don't have the recipe for your favorite dessert? "No problem," I often tell my wife or my kids, "I'll just use the Force."

In low-stakes situations like those, you can get away with that. For me, "using the Force" has worked out often enough that my kids might actually believe I have superpowers, or at least some mystical connection to the universe (full disclosure: they're almost all adults now, so there's a small chance they've just been humoring me all these years).

But when the stakes are high, operating with too little information can be risky or even dangerous. Many leaders in business and politics pride themselves on their ability to make the right decisions. Going with their gut has always served them well. They, and those around them, can easily mistake lucky guesses for wisdom (either that, or those around them have just been humoring them all these years).

Throughout the COVID-19 crisis, we've all had to make choices with too little information. At first, whether to cancel our vacations or our business travel. Then, whether to keep our business open or shutter them in the name of safety. Whether to visit grandma. Whether to wear a face mask. Whether to go to the grocery store. Whether to furlough or lay off employees.

The economies of the world have taken a huge hit. The economic impact of this crisis is unprecedented in the history of the world. We're definitely in a recession. It's probably even a depression. No one's really using the "D" word yet, but that's mostly because we don't yet have all the data. And that's the worst part. We have to make decisions now without really understanding just how bad it is.

But to be clear, it's bad.

In May I attended a webinar by Jim Meil of ACT Research. The presentation, titled "Industrial Markets: How bad is it? Where do we go from here?" was presented by the American Gear Manufacturers Association as part of their ongoing webinar series. Meil specializes in industrial markets, including the gear industry, and he has been a regular presenter at the AGMA Annual Meeting and AGMA events for a number of years.

Meil's take was that the road to recovery is going to be quite long. The data he presented was sobering. For example, April's drop in U.S. industrial output was the greatest drop in 100 years of collecting data. Meil's best guess is that economic recovery will begin in the second half of 2020, but that it will probably be 2022 before things are back to normal.

And even Meil, who specializes in this sort of thing, admits there's a lot of hope and guesswork in his prognosis. The problem, he says, is that we just don't know the extent of the damage or what's going to happen next. Will there be a vaccine? Will there be future outbreaks? Is COVID-19 going to come back strongly in the fall and winter?

Regardless, Meil's information is much better than my own. His guesses are better informed than mine.

Even though businesses are opening up and it feels like things are starting to return to normal, don't be fooled. We're still in for some rough times ahead. Having the best information will go a long way toward helping you make the best decisions you can. So I encourage you to visit www.agma.org to see what other educational opportunities are available and how else your industry's association can help you. There are more webinars to come, dealing with tough issues like tariffs, trade relations and more. Many of them are open to members and non-members alike, so they're definitely worth checking out.

In a situation as fluid as the one we're in, you're never going to get a detailed road map. But that doesn't mean you should just pick a direction and drive, either. The more information you have, the less your decisions will rely on guesswork. And although you'll still have to fill in some pretty big holes, at least you won't have to rely entirely on using "the Force."