



# FUTURES \$ OPTIONS

## “New Year’s resolutions”

by Philip J. Baratz, C.T.A.\*

For most people, the time between Thanksgiving and middle of December is spent trolling around for gifts—in some cases, it is for the “Perfect Gift”, while in others it is just to get that name off your list. Once the shopping is done, the last 10 days of December, through the first week of January, are generally spent with family and friends, at a series of parties, dinners, and other relaxing endeavors. As far as heating oil distributors go, as the Beach Boys said, “Wouldn’t it be nice....” Heating oil dealers don’t have that luxury. There is no down time in December (at least, hopefully, there is no down time). Many oil companies celebrate Thanksgiving in May. Christmas and New Years can be found with days off in July. President’s Day shows up on the August calendar.

While the rest of the world is relaxing, many decide on their list of “New Year’s Resolutions”. The list can be very detailed or very generic. It might include something very unrealistic—like dropping those 40 extra pounds—or, it might be something quite achievable—such as developing a new marketing plan for your business. One of my theories (and, I admit to having way too many theories) is that since there is no slow time at the end of the calendar year, oil guys just don’t make those resolutions. The good news is that there are no resolutions to break. The bad news is that the opportunity to realize the value of sitting down to “strategize” is often missed.

As the year winds down (this is being written in December), we are spending a good deal of time with many of our clients, trying to get them to look towards the future. Today is full of problems and issues to deal with. Tomorrow is full of opportunity. However, seizing the opportunity cannot happen if you are always mired in “the today”. The issues that you face, whether it is from competitive forces, service department or management issues, or utility “give-aways”, are all real issues that should take up some of your time. But how much time? If you focus none of your time on the present, your business will fall apart. But, if you focus none of your time on the future, you might not have one. Time management, and prioritization are skills that very few of us have innately. They are, however, skills that can be learned.

Many business owners seek refuge in their offices on Sunday mornings, when the staff is gone and the phones are “on service”. If you ask those same owners why they don’t just close their door, and have all their calls held on a Tuesday, they look at you as if you are crazy. If you ask what happens if they are out of the office for a full day, usually the answer is “nothing much,” but the thought of making believe that they are out of the office, and getting some important work done, doesn’t cross their minds. It is all about time management, and making the most of that time. Projects that usually take weeks to finish up—and often finished not particularly well—can take only a day or two if approached properly. Since your heating oil is just as good as the other guys’, you need to make your business one that has perceived value to the customer, not one that is just another commodity. All that takes planning, focus and execution, and that ability is within each one of us.

Most oil dealers run their hedging programs as a hybrid between an impassioned formal plan, and a seat-of-the-pants plan. Some years it works better than others, but the ultimate result is more happenstance—how cold it was, or wasn’t, and how wide were the swings in oil prices. In the long run, everything SEEMS to even out, but sometimes those tough years are really tough. Opinions should not be confused with market understanding or logic. We all like to buy dips - unless they dip some more. We all like owning wetbarrels when it gets cold out—unless it gets too cold, and we run out.

Contrary to our normal articles, this one is not a plea to look at your hedging programs. Nor is it an appeal to worry about basis or Heating-Degree Days. It is simply a reminder that there is a good chance that the issues that wake you up at 2 o’clock in the morning are probably not as unique as you think they are. We deal with many companies facing similar concerns. If I sound like a convert to some space-age marketing and management cult, don’t worry. My feet are firmly planted on the ground, but I’m not leaving them there in one place long enough to grow roots.

If you would like a little advice on how to plan and execute for both the present and the future, give us a call. □

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