

Wondering What to Expect in “The New Normal?”

Here’s a Hint: Change is the Rule, Not the Exception

Few women have been entirely unaffected by the economic meltdown of 2008–2009. For those who haven’t personally experienced a crisis like a job loss, someone in our circle of family, friends, and neighbors probably has.

In those late-evening moments with the bills spread across the kitchen table, are you feeling the stress? Can you see it affecting your family, relationships, emotions, or even health?

As we’ve weathered the recession and entered what now, hopefully, is the beginning of recovery, there’s been much talk about “The New Normal.” You may now be asking yourself, “What will it look like, and how can I plan for it?”



Blips on the Radar

Clues to the answer may already be visible. “What normal looks like” has already changed in countless households across the country, maybe yours. Sure—if things are different at home, you know it, because you’re *living* it. But have you stepped back for a big-picture view?

Has your daughter moved back home after graduating from college instead of moving right along to a career and independent life? Or maybe you’ve lost a job or become underemployed, and begun to feel like that “crazy” idea about pursuing a passion, like launching a business or freelance career, might not be so crazy.

When change happens, it can sneak up so subtly that we hardly notice. But “the way things look right now” can also mislead us into thinking it’s the way they’ll look always. It probably isn’t.

Perspective is the Key

In 2006, how many really thought home prices wouldn’t keep rising? How many really knew it was a bubble that would burst? Few saw the crisis coming—even though we had recently experienced a similar cycle, with the Internet, technology, and telecommunications boom and bust.

Just as we’re now talking about The New Normal, there was plenty of talk of “New Austerity” and “New Frugality” during the recession of the early 90s. But it was quickly forgotten. By the late 90s the economy was booming. Most people would have found talk of frugality to be quaint.

What’s the lesson? It’s easy to say, but challenging to do: don’t forget the past, and don’t let present circumstances, which may be extreme, overly influence your sense of the future. That may sound abstract, but here are some thoughts to bring it down to earth.

Learn from your experience of the crisis. Before the crisis, did you overuse debt to finance your lifestyle? Did you assume a particular job would always be there, and that you didn’t need a Plan B? In business life, did you start taking key customers for granted and let the prospect pipeline slack? Did you base the family budget on an expectation of always having two fat paychecks, only to suddenly find yourself with, at best, one skinny one?

These are just a few of many examples. But a basic takeaway cuts across most of them: always include, in your plans for both business and personal finance, contingencies for best case, worst case, and “middling” scenarios.

If you’re afraid that, once things get better, you might quickly forget what you’ve learned, write down your basic insights now. Frame that piece of paper and hang it on the wall, so it will always be there as a reminder of what you learned during this important era.

Carry what you may have learned recently about what matters most to you into The New Normal.

Example: not to downplay the importance of hard work, loyalty to an employer, and dedication, but perhaps you spent a number of years giving heart and soul to one particular job or company, to an extreme extent of sacrificing family life too much.

Sure—you did it with an expectation of a secure, long-term future in exchange. But if that promise turned out to be not so set in stone, feed that lesson into future decisions on how you’ll balance work and personal life.

Expect the future to look more like the past than you might conclude based on current circumstances. While each generation brings its own new twists, history tends to repeat itself—not in terms of specifics, but of broad patterns.

Example: some of us remember reading in textbooks that a collapse we would speak of in the same breath as “The Great Depression” was virtually impossible, due to government safeguards. It now appears that the current crisis will prove not to have reached those depths, but it’s been deep enough that “The Great Depression” has indeed been uttered in the same breath.

Nevertheless, history shows a pattern of up, down, and middling cycles. We can’t predict the future with certainty, but a preponderance of evidence suggests we’ll see similar patterns. The New Normal, in other words, might look much different from, say, the peak of the housing boom. But it’s also likely to look a lot different from 2009.

What Does All This Mean for Me?

It’s a double-edge sword. The stumbling block for so many people as they go through the cycles is that they base decisions on “the now” rather than on *the now plus possible changes, in either direction*. It’s a mistake to base decisions on an assumption that a boom will last forever. But it’s also an error to plan your life on an expectation of an indefinite bust.

The takeaway is to always plan for contingencies. When times are good, you should of course take thought-out advantage of such benefits as career and investment growth opportunities. But don’t get caught up in euphoria and position yourself to be holding the hot potato at the end of the party. Instead, have a Plan B to get yourself and your family through the next lean or middling cycle, so you’ll land where you can enjoy yourself when happy days are here again.

And if you have children who are now too young to truly understand the crisis of 2008–2009, be sure to teach them about it when they’re older so that they, too, will be equipped to make wiser life decisions.

If we take these lessons to heart, stick with sensible practices, and try to have longer memories, The New Normal could be a future that finds us stronger, wiser, more adaptable, and better prepared for a variety.