guest authors
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Belt Tightening

How the recession might make for better business

In our personal lives, the current recession could prove to be an agent of positive change, if it prompts us to prioritize, consume less, save more, get back to basics, and figure out what really matters. Even for those far from bankruptcy, a bit of enforced belt tightening might be just what we need to correct some unhealthy habits and point toward a more sustainable future.

What's harder to see is how this retreat from irrational exuberance to rational sobriety could be good for business. The thought of people consuming less, living in a more prudent and conservative way, and prioritizing their needs sends shivers down the collective corporate spine.

But are these really two opposing forces of the recession? Could it be actions that promote long-term physical and financial health, recalibrate the life cycle of employment, and account for self-worth might tally up far more than the bottom dollar? The recession and the new norms that seem to be emerging spontaneously from it present us with a unique opportunity to reexamine, redefine, and rewrite the employer/employee relationship.

TAKE ACTION – *designing for Life's Changes*

1.

Quid pro quo

Companies and employees are partners in this adventure. Reinvent benefits around the idea of equality and co-investment.

2.

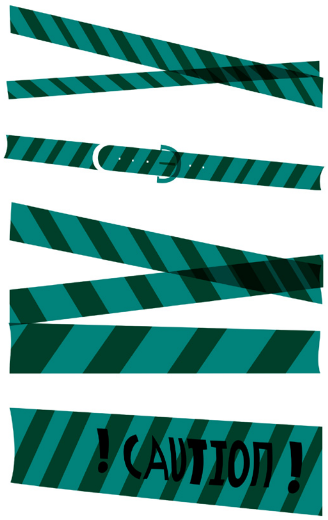
Shift from annual to perennial

Companies can no longer afford to nurture a precious bloom and then lop it off at its prime. A more sustainable approach will balance work and life to the benefit of everyone.

3.

Complexify compensation

Money's not the only thing that matters. At the next review, try a more layered approach that makes a few of your own into time tycoons, health heroes, and passion princes.



Proceed with caution

Losing a job and the health insurance that comes with it has the potential to make staying healthy a "need to do" instead of a "nice to do."

Recently, at a dinner party in San Francisco, a group of young professionals talked about how unemployment was changing their everyday habits. Dave has stopped skiing the double-black-diamond runs—he's seen people taken down the mountain on stretchers and knows he couldn't afford to have that happen to him.

Jamie is eating better and exercising more since losing her job and health insurance. She sees these activities as substitutes for insurance and figures she can afford to spend a little more on organic fruit and her membership to Crunch Gym.

How might employers promote an attitude of conscious responsibility for health? Could we rework benefits, especially healthcare, to prompt and reward engaged behaviors?

Released from the golden handcuffs

After a decade in corporate lockdown, an entire class of New Yorkers is back out on the street. Finding themselves freed from their jobs, many have taken advantage of their early release.

Shanti had been a good student and when the banks came calling after graduation, she answered. Wall Street gave her little satisfaction, but once inside, it was hard to consider leaving behind her choice apartment and closet full of high-end clothes.

Post-layoff, Shanti is studying to be a chef and savoring the joy of doing something she wants to do. She's bringing the flair of haute cuisine to a foundation of vegetarian Indian. She's even considering starting a catering business. With her drive and passion, the combination is sure to be potent.

Can we help financially savvy refugees from the banking industry reconnect to their passions?

In it for the long haul

Terry was a midlevel manager at a large company. Several years ago, he was offered a farewell package and shown the door, undoing his plans to retire at 60.

Undaunted, he became a realtor and hit the ground running. He worked every weekend and rarely took a break, still hoping to retire by 62.

Then his 401K tanked and his investments went south, and now he's back where he started.

This time he has a different plan. He doesn't know when, or even if, he's going to retire. What he does know is that he has to find a way to balance his work and his personal life, because waiting for the eventual retirement payout is a strategy that no longer makes sense.

Could cash-strapped corporations retain the knowledge, talent, and wisdom of their employees while creating more opportunities for sabbaticals, parenthood, and lifelong learning?

Mirror, mirror

The banking community—a group of savvy, money-focused folks—directly reflects how incentives and compensation structure inform behavior.

The populist outrage around their current compensation, bonus structure, and behavior is evident. The challenge now is to continue to incentivize profit and growth while promoting good civic behavior. Discounting profit relative to risk is one idea that makes a lot of sense. So, too, might the adaptation of accounting practices from successful teams outside the corporate structure.

Opportunity cost, or opportunity lost?

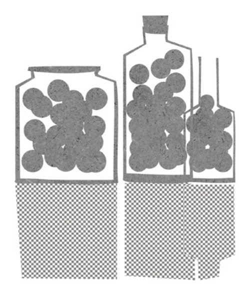
From the business school at University of California at Berkeley to the law school at Washington and Lee, grad-school applications are up by 30 percent. It's a different sort of personal accounting that's happening.

For many, the "opportunity cost" of further education has suddenly become less costly. Perhaps applicants have lost their jobs, or have seen their growth on permanent hold. Perhaps they see themselves in a dead-end industry and desire a change. Regardless of the reason, they will be reentering the workforce with more skills in hand.

Save now, safe later

With paltry savings and mounds of debt, a majority of the US population would quickly become insolvent were they to lose their job today. Most of us simply have no safety net.

But that's beginning to change. The savings rate is up from a low of -1 percent in mid-2005, to almost 5 percent today. Whether out of fear or necessity, people are beginning to build up a reserve that will enable them to be secure.



PATTERNS are a collection of shared thoughts, insights, and observations gathered through our work and the world around us. We invite you to join the conversation, so we can raise the bar and develop richer design thinking experiences collectively.

Be a pattern spotter: Now that you've been exposed to a few different examples, don't be surprised if you start seeing *Life's Changes* patterns all around. Keep your eyes open and let us know what you find, especially if it's the next new pattern.

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