

The New Normal: Adapt or Die

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I was meeting with a commercial tenant representative today over coffee, and during our discussion about what trends he was noticing in business, he said that he had been accumulating leads more rapidly over the past few months. His view was that people were starting to consume more, or at least entertain thoughts of consumption and expansion efforts in business. They're not feeling more confident because the economy is on an upward trajectory; they're just tired of being depressed. I think he's absolutely correct. When you get hammered by a lot of bad news, eventually you don't care anymore. It gets to a point that you become sensitized toward bad news, and you just start moving forward with plans, and loosening the purse strings for no other reason than you become tired of the ways things are.

This is the *new normal*.

Thinking about this, I realized that, although my set of circumstances differs, and my perspective is shaped by the view from my seat, my conclusion is the same.

Things changed in the Fall of '07, and have not been the same since. 2009 was an improvement, challenging but good. Business in 2010 is different to the way it was in 2009 — things are changing rapidly. There's more activity, but not greater volume; clients are focused on cost cutting, do not have the ability to risk their remaining resources, are being smarter about their spending, and are less likely to ride with a project for as long as they had done in earlier years. These factors are pressuring the market for services to change from the a la carte delivery of specific services to a more all-encompassing pre fixe. Clients are demanding the delivery of those services in a way that adds value to their projects. This is leading to more price stability for buyers of services, more specialization and niche building by sellers of services, and a movement away from the traditional ways in which services were priced and delivered.

Once again, a *new normal*.

Naturally, the question of whether we “are at the bottom” and “when is the economy going to return to normal” will be asked. Well it isn't going to — there's a new normal.

Our economy has lost millions of jobs during this recession, and even if we could replace them, it would take many years to do so. Current business conditions, however, discourage small businesses from adding new workers. Specifically, health care costs, taxes, data privacy concerns, payroll costs and employee benefits are a major discouragement to hiring new employees. At the same time, new technology has made it easier to outsource job functions

than to hire more employees. A company that needed 8 employees 10 years ago can now achieve the same output with only 3 employees. It's possible now to bank online and make deposits from the office; bookkeeping and accounting are easily outsourced as online software programs download banking, billing, revenue and expense data and process the data into registers and reports; billing and accounting information can be accessed from the internet by an outsourced independent contractor; printing, copying, marketing, advertising, internet strategy, as well as informational technology are all outsourced, and administrative and secretarial services are shared between companies that have co-located in larger office space, with any excess services needed being handled by virtual assistants.

My point being that the old jobs lost are not going to come back, big companies will shrink, and small companies will try to remain small. Jobs are being created, and will continue to be created but they are being created by new businesses, not existing businesses. The new jobs are in different fields, and workers will need new skills.

Once again, this will be the *new normal*. The new normal is to adapt or die. Adaptation will need to be done quickly, and will require one to be nimble. Large entities are by their nature not nimble and cannot adapt quickly enough to create significant opportunities in the new normal. It's up to us little guys to do that. I'm up to the challenge, are you?