

EPISODE 1645

[INTRO]

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FT: So Money Episode 1645, the power of failure and how setbacks can move us forward with Amy Shoenthal, author of the new book, *The Setback Cycle*.

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ANNOUNCER: You're listening to So Money with award-winning money guru, Farnoosh Torabi. Each day, in a 30-minute dose of financial inspiration from the world's top business minds, authors, influencers, and from Farnoosh herself. Looking for ways to save on gas, or double your double coupons? Sorry, you're in the wrong place. Seeking profound ways to live a richer, happier life. Welcome to So Money.

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AS: *"I kept seeing this pattern of how every time someone would be talking to me about their career journey, about their origin story. The thing that they got most excited to tell me was the moment or the period of time when they climbed out of some sort of setback."*

[EPISODE]

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FT: Welcome to So Money, everybody. I'm Farnoosh Torabi. We're talking about one of my favorite topics today, the F word, failure, or setbacks, as my guest likes to call them. Amy Shoenthal is the author of a brand-new book that comes out tomorrow. It's called *The Setback Cycle*, and it's getting a lot of attention. Because I think, it's probably one of the most relatable books out there. It's already topping bestseller lists, and the book is about how defining

moments can move us forward. Whether you're stuck in a rut right now after a layoff, or trying to navigate debt moving through an unexpected transition in your life.

The Setback Cycle offers guidance on how to take yourself through your toughest moments and forge a stronger path forward. his book is all about how everything in life happens for a reason. There's no spirituality to this. It's actually a lot of science, neuroscience that proves why humans, you and I are well equipped to work through setbacks.

A little bit more about Amy. She's a journalist, and author, and marketing consultant. Throughout her career, she's worked with some of the biggest brands worldwide from Procter and Gamble, to Google, providing strategic marketing guidance and helping shape their brand narratives. She's also the author of a local children's book about the independent own businesses in her own beloved neighborhood of Sunnyside, Queens, where she lives with her husband and daughter. Here's Amy Shoenthal.

Amy Shoenthal, welcome to So Money. You're about to indulge us in one of my favorite topics, which is setbacks. I've had many of them. Just kind of the point, you are a brilliant journalist and new author of *The Setback Cycle*. Welcome, and thank you again.

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AS: Thank you so much for having me. I'm so excited to talk to you about this.

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FT: Ugh, your book is really hitting a nerve. Let me tell you, if there's anyone on this episode listening who's like, "I've never had a setback." Maybe you want to check that math again. It's what makes us human. This is how we learn. This is how we ultimately triumph. Your book focuses on mostly professional and career-oriented setbacks. Disclaimer, this is not about traumatic events, and this isn't a book that – I love how you state this, like very upfront. You're like, "This is not a spiritual book. This is not a book that's like everything happens for a reason."

But in our careers, even in our financial lives, when we experience setback, your system here that you really want to share with your audience is a good one. We need this, because in the moment, it's devastating when something doesn't go your way. It doesn't go to plan. We don't like uncertainty. Tell us first a little bit, Amy, about you, and how you arrived at this topic. Because you have done a lot of things, you are an expert in many areas. I want to know your own origin story behind this book.

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AS: Oh my goodness. Where to begin? Well, for many years, basically, for 20 years, I've been doing freelance writing on the side of my marketing career. Through both – I guess through my many roles, I've basically been studying the habits of leaders in many different ways. The habits of successful leaders, of not-so-great leaders. I guess what really came to light, especially over the past few years, and especially in some of the profiles of founders, and entrepreneurs, and leaders that I did, mostly for Forbes women. I kept seeing this pattern of how every time someone would be talking to me about their career journey, about their origin story. The thing that they got most excited to tell me was the moment or the period of time when they climbed out of some sort of setback.

I use the word setback very, very intentionally, because as you said, there's so much research and there's so much that's been written about things like post-traumatic growth, and grief, and things as simple as like learning from your mistakes. You learned that lesson as a kid, it's important to learn from your mistakes. I think I was seeing all of those things, but they weren't. I couldn't really see, I didn't really see the pattern articulated anywhere. That's how I started researching, and talking to people about what I was seeing. That's how I arrived at this notion of, it's always a setback that gets them there. It could be a micro setback, it could be a series of small ones, it could be a major, life-altering one. But at the end of the day, it's always a setback.

A setback in its truest definition is a reversal in progress. It's when you're working towards something, you are in a forward trajectory, and something unexpectedly, either through unforeseen circumstances, a mistake you made, someone else's fault. Something unexpectedly bumps you backwards. If you think of something like a divorce, or relationship ending, or a co-

founder breakup, or insert job loss, or whatever financial setback you have. A dip in market, like things like that. It's always a setback, and it's not always a dramatic one.

That's how I arrived at like, this is the common thread that I am seeing through everyone's story. Let's explore it, let's dive into it. Let's see what some experts have to say about it, and let's take these lessons and figure out how we can apply it to our own lives. Because as you said, we've all experienced setbacks. If you're listening and thinking, "Oh, I haven't really experienced one." Maybe now that I've defined it for you, you realize something that you experienced perhaps is a setback or was one.

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FT: Another thing you do very intentionally is that you call the book, the setback cycle, not this like clean U-shaped, bounce back. And much like the financial world, the market, the economy moves in cycles. Sometimes when people come to me, and they're like, "I'm really afraid of investing. I'm really afraid of doing anything with my money that requires any bit of risk." I say, "I get that, but if you want to – if you want to benefit from the upswing, you have to also account for the setbacks." There's an expression like, "What goes up must come down" or "What goes down, also it goes up." It's just part of like the mindset that needs to be addressed.

I loved the neuroscience that you brought really quickly into the book. I learned a lot about the basal ganglia, which is our brains command center. This was interesting. I thought that our brains are hardwired actually to learn more from setback than success. Similarly, in the financial world, the pain of losing money is greater than the measure of happiness we experience from a win, which is actually a good thing. Because when we experience pain, there is a moment of reckoning and learning possibly. What else did you learn scientifically about setbacks?

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AS: Oh my God, there's so much. My new favorite person is a woman named Chantel Prat. She is a neuroscientist. What I love about her, I have her book actually, it's called *The Neuroscience of You*. It's fascinating, it's heavy, it's intense. But what I love about Chantel is that, someone like me, who doesn't have like that scientific background, or I don't really understand very

complicated neuroscientific principles. I came to her, and I asked her my questions, and I really wanted to understand like, if everyone, or if so many people, I have spoken to who have gone through this, seemingly very similar formula. Is it biological? Is it a human nature kind of thing? What's the science behind this?

She explained it to me in a way that was very easy for me to understand, which is really what you were just saying, like, we learn more from the dips. A setback results in a dopamine dip. Everyone understands the concept of dopamine, I think today, and in terms of just like, you're scrolling social media and you want the dopamine hit. Well, it's the dips that get us to stand out alert and say, "What just happened? Why do I feel like that?" Because our brains are always seeking rewards, and moving away from discomfort.

When you get that discomfort, when you get that negative experience, you want to do everything in your power to avoid a similar experience. That's why, at a very sort of surface level explanation, that's really why we learn more. Our brains change, our brains adapt more when we experience those dips, those setbacks. I like to equate it with strength building and exercise. Because if you're someone who does weightlifting, the muscle has to break down before it rebuilds as strength. It's the same with your brain, and it's the same when you're just a person who has experienced a setback. That's why it's probably the same in the financial world. If you've been through it, and then you are going through it again in some different way, you kind of recognize it, and you're less afraid of it.

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FT: Right. I was thinking about fear a lot as I was reading your book. That what you're really equipping us with in your – and we'll go through the stages, the cyclical stages that, really, if you embrace this in you, if you adapt this setback cycle in your own life, you're essentially – you're not fearless, but you're more equipped to navigate scary things.

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AS: Absolutely.

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FT: Let's make this really tactical. You open the book, talking about Reshma Saujani, who is the founder. We know her today as the founder of Girls Who Code. But you take us back to, I didn't even realize this. She ran for a congressional seat back in, I don't know what year was this. 1999?

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AS: 2009, yes.

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FT: 2009, yes. You open with this race that you write had garnered national attention. Young voters were really excited to elect Saujani, hoping she would unseat the longtime New York City congresswoman, Carolyn Maloney. Well, this was a setback for Reshma. She called it a spectacular loss, which is a choice words. Tell us a little bit about why you wanted to open with Reshma, and maybe through her ultimate journey and narrative, you can work us through the phases that you outlined in the book: establish, embrace, explore, and emerge. But take us back to 2000 – we say, nine?

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AS: 2009, yes.

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FT: Okay.

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AS: It was a while ago now. I mean, feels like yesterday. I feel like it's the year 2020. Years ago was 1980. But I mean, like an elder millennial time warp.

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FT: Yes.

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AS: I think, for me, Reshma has just like the most clear, delineated phases of the setback cycle. One thing she said to me, and I've interviewed her many times, she has been very generous to share her wisdom, and share her story so openly, so candidly. She said to me, I said, "How do you get the strength to work through setbacks? This is amazing. The way you come out of them is like, you gloriously emerge from your setbacks. It's really phenomenal. She said, "I rise like a phoenix through the ashes. Like my friends always say, 'Don't get in Reshma's way.'" She's like, "I've been through it before, so I'm just not afraid to go after it again."

Basically, if we go back to 2009, and her election, she got all this attention, and she knew it was – she was up against the incumbent, and it was a long shot that she would win. But she was starting to get really confident, like celebrities were backing her. She was getting so much attention. She thought she really had a shot. But when election day came, she not only lost, she lost – I think she only got like 17% of the votes. She lost by 83%. Like she says, she didn't just lose, she lost spectacularly. But what it taught her was that failure won't break you. I mean, it was that very campaign trail when she was visiting schools, and talking to educators that she started to see the disparity, the gender disparity in computer science, and coding, and STEM. Especially among this preteen, to teenage, like 12 to 17 age range.

That insight that she got along the campaign trail is what led her to create, eventually create Girls Who Code, and now they've – I think it's over half a million girls have learned how to code through this program. It's like phenomenal. Everyone knows this program. I feel like a lot of people who are now in the workforce are graduates of this program from when they were teenagers. Just the impact that she was able to make, that she wouldn't have maybe realized if she hadn't gone through that setback. It's the same formula that she applied. I actually talked about two of her setbacks, because the second one is during the pandemic, when she was forced like so many parents to be at home, doing remote learning with her young child. She saw

that no one was helping the situation, like it was a very clear problem. All of her friends, all of my friends, all of your friends, we were all talking about it. It was insane, and nobody seemed to care. There was no safety net.

Like many of us, she realized that the economy was basically relying on the unpaid and undervalued labor of mothers, parents, but mostly mothers. That's what led her to create what was first, the Marshall Plan for moms, which was incredibly ambitious and had some potentially – it had some math in there and some ideas for applying a payment to those who were at home caring for children, which was super controversial. People hate that. I mean, I have my own thoughts on that. But people really get upset by that for some reason. She knew it would be controversial, but she didn't care. She was like, "People are going to attack me." They're going to say, "You're not an economist, you don't know. Where did you come up with these numbers?" She was like, "But I've been through it before. I'm not afraid of the criticism. Nobody's making a plan, so why not me?"

She made the plan, and look how far she's gotten. She's impacted legislation at the federal level. It was rebranded, it was named, "Mom's first." Because now, it's an ongoing movement. But she's had some major successes, especially in the State of New York, and our local government, and at the federal level. So yes, she pretty much emerges like a phoenix from her – I think I do say in the book like, you're not expected to do it as Reshma does it, but she's just like a very bold, very incredible example of someone who has gone through the setback cycle multiple times.

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FT: It seems – I don't know her personally, but you've interviewed her many times. Is she really just born courageous? How do you – because here's the thing, I think, the confidence that she has is unique. This is a real struggle for a lot of people, particularly women, especially as she, Reshma is working in male-dominated domains like politics and tech. Even entrepreneurship at large, it's tough. As you were reporting, and researching this, and hearing from women like, "Hmm." Can you speak a little bit to the confidence piece? Because I think that's just so important. If you can't muster that up in you, it's like, how does the rest of this come together?

Because ultimately, putting one foot forward in front of the other, it requires belief in yourself and having that resilience.

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AS: I think that, yes, I'm sure Reshma was born with a level of confidence that probably surpasses maybe the average person. However, I think she would probably say to that, why can't you have the same level of confidence? I think her approach is just like, if no one's going to figure it out, I'm going to go figure it out. Yes, I'm going to mess up, but I'm not afraid of it. I think, sure, that's easy for her to say maybe, but she's also just like been through it. She has failed, so her fear of failure is probably a little bit less, because she has done it before. If you follow her on social media, she actually posts like failure Friday, and she talks very openly about her failures. Because she wants to encourage people to get out there and make the change that they want to see, regardless of a potential lack of confidence, a potential fear of failure. Because I think, what she wants to inspire in people, what I want to inspire in people is that, you kind of have to go after these things and go after them boldly. Failure probably won't break you. I mean, don't blow up your life or do anything crazy.

I always say to people who are considering leaving their jobs because they want to go out and start their own business, I say, maybe lay the groundwork before you totally like give up your health insurance and your paycheck. Working out of a setback, once you realize you're in one does not mean you have to totally abandon everything that came before. There are ways to carve new paths and explore new options without leaving your job, leaving your relationship, completely changing careers. I would say, there's a nice way to tiptoe out of a setback if you find yourself in one.

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FT: You also say that setbacks are messy.

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AS: They sure are.

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FT: We got to embrace the mess, which again is hard. I don't even like a messy house. How am I going to embrace the mess that is in my journey as an entrepreneur, as a – all these other roles that I play? What did you find really helped women who were potentially resistant to these messes, like the perfectionism in us, that's why the pain of setback is so grave.

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AS: Totally. Look, I am not immune to this. I spent years researching setbacks. I wrote about it. I've become the expert on setbacks, and yet, when I find myself in my own inevitable setbacks, I want to fast forward through it. I don't want to go through the embrace phase, which is the moment where we have to sort of glean the data. Why does this feel so icky? Why is it bringing up all kinds of insecurities? I want to fast forward right through that.

My natural instinct is to try to fast forward through that, even though, even though I wrote the book, and I know better. I want to fast forward through the messy middle. But what I tried to do now, with some level of success is recognize what I'm in when I'm in it, and understand that the faster – instead of trying to speed by it, and not deal with it, and ignore it. Now, I kind of recognize that like, the faster I acknowledge what's happening, and know why it's impacting me so much and go through the phase of the embracing, and the understanding, and the thinking. Like, "Oh, this is bringing up my insecurity of thinking that people don't see me as a smart person. People are insulting my intelligence," or things like that. Those are my insecurities. Once I kind of acknowledge that, I can work through it. Guess what, I work through my setbacks faster, because I go through it, not around it, not avoiding it.

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FT: Yes. I'll share a recent setback I had, I launched an investing class online, and hundreds of people signed up. It was my first time doing something like this, and I even went in with the understanding that I'm going to learn, and they're going to be some setbacks. But the scary

thing about, even when you anticipate failure, I think this is still scary, because you don't know what it's going to look like, and will you be equipped, and will you be able to recover?

So this is what happened. I thought I had all my ducks in a row, I'm a producer, so I've like thought five steps ahead, but I didn't even think to check with Zoom who is going to be my – where I was going to host it. Is there a limit to how many people can show up to this even?

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AS: Oh, no.

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FT: Oh, there was. It was 100. I pay Zoom, so I wasn't even thinking that like I would be limited in this regard. I even, in my dreams thought like maybe it was 300. Because I remember at one point, thinking about it, but like, "Oh, I'm okay, because I pay Zoom." Well, I was not okay, and several people tried to join, and couldn't, and were upset with me rightfully. So, I cleaned up the mess, and all is fine. But I think, the great thing that I did in hindsight, following that setback was to share it with people, and let it – I didn't hide behind the setback. I was embarrassed for myself for a minute, but I got over it pretty quickly.

You know what happened, and you talked about this in your book. The importance of having community around your setbacks. When I shared it, I got some really constructive insights. People were like, "Well, that's happened to me" or "I will have you know that I attended at someone else's Zoom, who runs a multimillion-dollar business and has staff, and team, and assistance, and this still happened." Because, truthfully, in my mind, I was beating myself up. I was like, "Oh, this is a symptom of being a solopreneur. I pride myself in doing everything myself, but here we go, here's what happens when I'm only one person." And then to find out, this happens a lot to many people. That was, oh, it did make me smile.

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AS: It makes you feel better to know like you're not alone, other people have gone through it. No one is going to beat you up as much as you beat yourself up. I'm sure you made good with all the people who couldn't, after –

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FT: Of course. Yes. Yes.

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AT: – overcompensate for it. But like, you're going to beat yourself up the most for this, and you're also never going to make that mistake again.

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FT: Right. It's so true. You also explore in the book, through the setbacks that are not, that have nothing to do with us, like the pandemic, the financial recessions, inflation. What is your advice for meeting those moments in a way that you can work through that gracefully, constructively, get on the other side of that? Because you can feel most helpless in those moments when this is not something within your realm, your control. Maybe share some insights there? I'm sure you have many.

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AS: I do. I think, look, there are always going to be situations that you can't control. It is almost impossible to predict them. I don't think any of us say, maybe a dozen people could have predicted the pandemic before it happened. That was obviously uprooted all of our lives, and shifted our perception in so many ways. But what you can do is recognize the things that you can control. One of the activities that I have in the book, I believe it's in the emerge phase. As you're kind of like coming out of your setback, and you're emerging from it, and you have to start to plot that path forward. Are you going to start a new business? Are you going to leave your marriage? Are you going to pull your money out of this thing? Are you going to part ways with

your co-founder? You've made the decision of what you're going to do? Now, you have to do it. That sometimes is the scariest part. But I always say, focus on what you can control.

An activity that an executive coach, her name is Roshan Shah. She told me this activity, and I put it in the book. It's called the ABC Scenario Planning Approach. Plan A is the ideal outcome. I create this business, and it does really well in year one, and I 2x my revenue in year two, and I 5x my revenue in year three. That's your plan A, great.

Now, go to plan B. So many founders don't even go to plan B. They just go to plan A and that's it. What are you going to do if you lose this major client? What are you going to do if this distribution model doesn't work for this customer? Go through plan B. What's the second scenario? What's the backup plan? Then, go to plan C. Make a backup to the backup plan. These scenarios may not play out, and like I said, there are going to be unforeseen circumstances. But when you are embarking on something new and unknown, if you can really kind of like lay out the details of scenario A, B, and C, you at least feel like, and you probably do, to some extent, have control over your situation, over what's going to happen, over these outcomes.

Far too few people go through this level of detailed scenario planning, but I think it can be incredibly helpful to kind of ground you, and say, "Okay. I'm ready to –" For me, I'm launching a book next month, and I'm just like, "Okay. This is a little chaotic, but I have things under control. and I can only control what I can. We're just kind of going with it." I think scenario planning is a great exercise.

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FT: I call it worst-case scenario planning. I talked about this in *A Healthy State of Panic*, because –

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AS: You do, yes.

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FT: I do. Whether it's like, it was the pandemic, and we were trying to figure out, "Okay. Where are we going to live?" Because living where we were was no longer viable in Brooklyn, and it was just – we were unhappy. So, it was like, plan A, find a dream home in the suburbs. Plan B, rent something, something in the suburbs. Plan C, move in with family. I think it's just helpful to get good with – you got to love Plan B, you got to love Plan C, you got to be good with it. It does diminish the fear.

Then, I think it also, to your point, reminds you of just how resourced you are, and what your options are, and what you're actually capable of. So going back to also that confidence piece, I think it then gives you more confidence to go, and try for A, knowing that you're going to be okay, even if it doesn't work out, work out.

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AS: Totally.

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FT: I love your book, *The Setback Cycle*.

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AS: Oh, thank you. Thank you so much.

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FT: I recommend it to everybody. I think, especially, as we are now – it's coming out in March. This year, I don't know what my crystal ball says, but I just think it's going to be another year of uncertainty, financially, market-wise, like a lot of layoffs. It's an election year, which is also, it brings with it a host of uncertainties politically, economically. We'll see. But if you need some

advice, you need some structure, Amy Schoenthal his book, *The Setback Cycle* is a must read. Thank you so much, Amy, for writing your book.

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AS: Thank you so much. Thank you or having me. This was wonderful.

[END OF INTERVIEW]

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FT: Thanks again to Amy Shoenthal for joining us. Her book is called *The Setback Cycle*. I'll have that link in our show notes so you can grab your copy. I'll see you back here on Wednesday. I hope your day is so money.

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