

THE CHANGE CHALLENGE

Dear Jim,

Welcome to the first edition of *The Change Challenge*. You're receiving this because of your interest in the science of change and/or your association with me. The purpose of the newsletter is to provide useful insights that will help you accomplish positive changes in your organization, your career, and your personal life. Feedback regarding the content or other aspects of change you would like to see addressed is always welcome.

Dick



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Change Topics

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FEATURED ARTICLE

The Politics Of Change

Change has become the bedrock issue in the 2008 Presidential campaign. In response to economic uncertainty, an unpopular war, record low Presidential approval ratings, and a grid-locked Congress, the candidates all promise to change Washington. But who among them is the best-qualified to lead change? Can *any of them* really accomplish the changes they promise?

The process of change is challenging in an organization as gigantic as the U.S. government. Change has two parts: letting go of the old and embracing the new. That's why today's compromise-politics is failing miserably - it does neither. In compromise, both parties regret what they've given up and try to get it back in the next round of negotiations. For example, consider the economic stimulus package recently passed by Congress and signed by the President. Immediately *after* the bill became law, leaders from both parties renounced the bill saying it didn't contain

Making Change Work

THE NEW REALITY

According to the Labor Department, U.S. manufacturing grew from one trillion dollars in 1975 to over four trillion dollars in 2005. With five percent of the world's population, we produce a quarter of the world's goods, and have done so for several decades. We are the largest manufacturing economy in the world by far. Japan, our nearest rival, is losing ground. Manufacturing in China is growing, but it still produces only one-tenth of the world's goods with seventeen percent of its population.

Unfortunately, the employment outlook in U.S. manufacturing is dismal. Manufacturers are investing heavily to redesign production lines and replace people with computer-controlled machines. When that isn't profitable, they off-shore work to China, Mexico and other places with low labor costs. While the dollar value of U.S. manufacturing continues to rise, employment dropped from a peak of twenty million in 1979 to fourteen million in 2005, the lowest number of employees since 1950.

On the bright side, business-friendly North Carolina is among the leaders in innovative manufacturing. According to their Workforce Development Commission, the state lost seventy-two thousand manufacturing jobs between 2002 and 2005 in furniture-making, textiles and electronics. At the same time, several thousand new jobs were created in profitable areas like specialty textiles, biotech and pharmaceuticals. Experts see this trend as the future of U.S. manufacturing: Produce high-value goods that use our technology advantages to offset high labor costs.

The new reality for the U.S. economy is that manufacturing is a declining source of employment. The manufacturing jobs created during the industrial age are gone forever, and will only be partly replaced with high-tech manufacturing positions. We are just beginning to deal with the implications of this new reality. U.S. manufacturers are working hard to control costs, but world markets will determine if our efforts will be enough. The core question is: *"Can the U.S. produce quality products and services at a cost that the world is willing to pay?"*

If a company can buy six workers in China or India for the

features they wanted. Both parties refused to let go of the old to embrace the new bill, and didn't seek a third alternative - one that's better for the country than either the partisan Democratic or Republican positions.

I've worked with the Executive Branch as a consultant since the Carter administration; and I was a Naval officer during the Johnson and Nixon administrations. In my experience, the most effective Presidents in effecting change where President Johnson, an insider with over 20 years in Congress, and President Reagan as an outsider with little Federal experience before his election. Therefore, neither an insider nor outsider has an edge in accomplishing change. Rather the traits those two Presidents shared were clarity in thinking, consistency in relationships, and perseverance in executing change. Relative to the 2008 election, the question isn't whether Senators Clinton and McCain as insiders or Senator Obama as an outsider are more qualified to lead change. The question is: *do they have the clarity, consistency and perseverance required to make change happen?*

In the next newsletter, we'll examine the merits and demerits of the Democratic and Republican Presidential candidates relative to effecting change in the economy, the war in Iraq, health care, immigration, and other issues. By then we should know

price of one in the U.S., we as consumers expect them to buy the six. But as citizens we're concerned that the U.S. industrial base is eroding. The only way to resolve our conflicting needs as consumers and citizens is to find ways to develop an educated workforce that produces more than it consumes and also creates new slices in the global economic pie that the world is willing to buy. We have become addicted to high salaries and high standards of living. The new reality is that now we have to earn them in competition with a globally connected world.

Results Through Relationships

STEPPING TO THE PLATE

Pitchers and catchers reported weeks ago, and the baseball season will have started by the time you see this. Which reminds me that, in my career, I have coached sports teams, supervised manufacturing, lead projects, and managed a company. The positions had one common characteristic: the team's objective was bigger than any individual could accomplish. At the start, my assignment in each position was outside my comfort zone. It would have been easier and less risky to decline the positions and continue doing what I was doing. However, when I 'stepped up to the plate,' I was excited about the opportunity even as I struggled to tame my fear-of-failure dragon.

We usually are afraid of starting anything new. Feeling fear is normal. Recognizing fear is courageous. And stepping through fear separates leaders from followers, winners from losers. One way to move through fear is collaboration. When you are called to lead change, the people you lead will look to you as an expert in the field, whether you are or not. They also expect you to tap into their capabilities and meld them into an effective team. That's where collaboration starts.

Of course, the group's collective abilities rather than your own will determine success or failure. Thinking and acting like a coach, you will define the objective, demonstrate techniques for the task at hand, and establish team values. New teams usually don't start off great. Rather they improve their performance by collaborating to bring out the best in each player. The primary source of competitive advantage in today's relationship economy is a team's ability to sense-and-respond faster than its competition. Teams that make collaboration a habit have a fundamental advantage in sensing and responding to the opportunities inherent in change.

whether Hillary Clinton or Barack Obama will be the Democratic candidate who faces John McCain in the November election. In the meantime, your thoughts on the candidates, their ability to lead change, and the issues are welcomed. Please send them to: dick@dragonsofchange.com.

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**TAMING THE
DRAGONS OF
CHANGE**

*"10 Tips For Achieving Happiness
& Success When Everything
Around You Is Changing"*

On The Personal Side

NEW CHOICES

A friend who was a drug and alcohol abuser has been in recovery almost ten years. For thirty years he was a street bum living in boxes on hot air gratings, begging or stealing food, in and out of jail, working odd jobs long enough to earn money to feed his habits. I asked him: *"What caused you to change so suddenly."* He answered quickly: *"When I was sixteen in high school, I was on drugs. My mother told me that when I got tired of living that way, there were other choices. I lived in the streets for years. Every time I saw her, she reminded me that I had other choices. One morning I woke up with a broken arm and an excruciating hangover, I remembered what she had told me and decided I didn't want to live that way any more. That morning I choose to change my life."*

He has acted on his new choice. Today he has a job that requires a certified driver's license. One requirement for the license is a random drug test at least once every six months. He said other drivers hate the test, but he looks forward to it. When the test is over and he gets the results, he jumps with joy and shouts: *"Yes, I did it! Clean and sober again!"* He is discovering life's joys like a child, having experiences that most of us had as teenagers even though he is nearly sixty. Things that I take for granted, are exciting and new for him. His experiences taught me two valuable lessons. First, the little things in life are really the biggest joys; and second, no matter what I may have done in the past or how long I have persisted in doing it, I can make a new choice today. Those new choices give you and me the awesome power to change the fundamental direction of our lives.

To My Friends & Colleagues,

I wish you success in making the changes you want to make, and the courage to deal with the changes you didn't expect or didn't want!

Sincerely,

Dick



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