

Dick Stieglitz Newsletter

THE CHANGE CHALLENGEA Newsletter About Change

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Issue: 8



Welcome to the Dick Stieglitz Change Challenge Newsletter

Welcome to the *Change Challenge*. Wow, a lot has changed in the last month. We have a president-elect, a rapidly deteriorating economy, and intense efforts by government and industry to deal with economic change. The transition from the Bush administration to the Obama administration is proceeding at flank speed. But this transition isn't like the Clinton-to-Bush transition eight years ago. Expectations for rapid change after January 20th are high, maybe unrealistically so. That's the subject of this month's featured article titled: *High Expectations*.

We also have a guest article this month from Dr. Earl Smith who has been a business mentor and friend for over ten years. He has contributed an article titled: "Change - Two of Many Perspectives." Thank you for your insights, Earl. This newsletter also contains an article about leading change titled: "The Expectations-Results Gap" adapted from my new book: "Taming the Dragons of Change In Business - 10 Tips for Anticipating, Embracing, and Using Change to Your Advantage."

If you want help with changes that are happening (or you want to have happen) in your organization, contact me by return email. As always your feedback is appreciated via email or *The Change Blog* at www.dickstieglitz.com.

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& Motivational Speaker

In This Issue
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Guest Article
Leading Change

Sincerely,

Dick

Featured Article

HIGH EXPECTATIONS

The day after the election I was at a client's office and saw that the Director of Administration was dog tired. Seems she spent Monday and Tuesday campaigning for Barack Obama, and then joined the euphoric early-morning celebration outside the White House when he was declared the winner. She gleefully said: "*Obama will fix everything!*" In a similar vein, the Outlook section of the Sunday Washington Post showed a foot-tall, color picture of Obama in a Superman costume. Great victories spawn high expectations, but in this case the optimism may be unrealistic. After winning a hotly contested election, Obama must re-unite the country, cure its economic ills, and avoid the temptations of one-party rule.

Obama's transition is more like Bush-to-Clinton in 1992 than Clinton-to-Bush in 2000. In 1992 we also had a recession, but when George-W took over in 2000 the dot-com bubble was bursting but the Federal government had a budget surplus. Obama also enjoys the same congressional majority as Clinton. So Obama's presidency begins like Clinton's (*it's about the economy stupid!*) including: unemployment at a 25-year high, the financial sector on government life-support, consumer confidence at record lows, and an out-of-control Federal deficit. Obama was lucky to have the financial crisis happen close to Election Day, but his luck will evaporate if the economy continues its downward spiral. His inspirational speaking ability will be an asset, but he must produce results quickly to retain the confidence of the American people.

If Obama delivers recovery in his first term, he will be hailed as a great president and rewarded with a second term. But if he fails, he's likely to be a one-term president like Carter. If the Obama administration pushes a partisan agenda in Congress, the country could easily fall into a morass of protectionism, choking regulations, and taxes that squash recovery. "Spreading the wealth" could cause investment capital to move off-shore, and increasing the capital gains tax will choke private investments just when the country needs them to rebuild. After Clinton's election, it took just two years for Republicans to regain power in the 1994 mid-term election. To his credit, Obama seems to understand the need to manage expectations as well as to implement changes that produce recovery.

At the end of the campaign, Obama scored an 80 on the 1-to-100 Change Quotient (CQ) scale relative to his ability to change Washington. That score was seven points ahead of McCain, but substantially behind President Reagan's 91 and President Johnson's 90. Obama rated highly in the relationship and communications factors of the CQ, but had weaknesses in clarity, consistency, and proven ability to execute. So what can President-elect Obama do?

In my view, he must provide a national growth strategy - a vision that

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focuses our creative power and restores our national pride. We need something akin to President Kennedy's post-Sputnik initiative to land an American on the moon. For example, the vision might be to make us the world's #1 supplier of alternative energy and green technologies - not solely to preserve the planet, but to regain our leadership in the world economy. The U.S. must produce something the world will buy in huge quantities, like we did with manufacturing after World War-II and computers in the information age. The strategy must stimulate both the supply side (industry incentives) and the demand side (consumer incentives).

Our economy obviously needs stimulation, but the vision should be the basis for recovery actions. The vision must replace the current wack-a-mole recovery plan being pursued in Congress with a coherent strategy of bi-partisan decisions that:

- (1) unleash industry's creativity while bailing out the auto industry and Wall Street
- (2) rebuild the housing industry while helping homeowners deal with foreclosure
- (3) deliver cheap energy today while developing new technologies for tomorrow
- (4) create millions of jobs while extending unemployment and repairing infrastructure
- (5) encourage personal and corporate investments while fixing the broken tax system.

These five fixes (and others) must be done as part of a grand strategy to revitalize America's position in the world economy. In my view, the two measures of Obama's success will be unemployment under 4% and a positive balance of trade - we can't afford to consume roughly \$60 billion more each month than we produce as a nation. His vision must stimulate the economy and awaken America's innovative genius. If Obama provides such a vision, he can change Washington and change America like he promised. To register your view on these matters, log onto the change blog at www.dickstieglitz.com.

GUEST ARTICLE

CHANGE - TWO OF MANY PERSPECTIVES

By Dr. Earl R. Smith II

During my six tours as a CEO and through the years of working with other CEOs, I have developed an understanding of the process of change that is considerably different from the one I learned at the Sloan School. I find that helping CEOs understand the subtleties of change is one of the major contributions that I make to their future and the future of their companies. Although I do not see change dualistically, it may be helpful to describe two of the major approaches to change in the constellation.

Action That Creates Change: I see this first approach to change in modernist and primarily tactical terms. It is presumptuous. CEOs often style themselves as visionaries or in messianic terms. Their self-images are ego-focused; they proceed as actors - proactively driving change often over the resistance of the world as they find it and the people on their team. There are

change to your
advantage.

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BOOK IS ALL ABOUT!**

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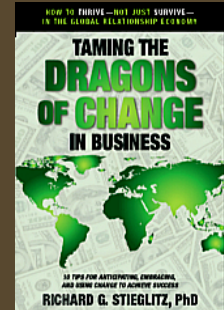
times when envisioning change in this way can be very productive. Change focused on a clear understanding of the needs of an organization is a good example. This is a form of engineering - tactical and directed. An example might be a company that is poised to move to the next level. There are other times when this envisioning of change can be destructive. Change based on a self-serving misunderstanding of an organization's need or a projection of bias onto those needs is a good example. This is a form of transference. An example might be the ego projection of a CEO onto a company. Here, the issues involved are inherently psychological.

Context That Creates Change: I see this second approach in post-modernist and strategic terms. It is inherently reactive. CEOs see themselves as pragmatists or in opportunistic terms. Their self-images are context-focused; they proceed as reactors - coactively managing change as they take advantage of the evolving business context and evolution of the people on their team. CEOs that are good at dealing with context-driven-change have keen eyes and ears that are sensitive to trends within their space. Being able to pick up the 'thin edge of the change wedge' is such an important capability in a postmodernist world where change is the one constant. This is an exercise in highly sensitive perception. The destructive side of this approach to change comes when context is overridden by a counter tendency. I have encountered CEOs that attempt to deal with rapidly changing context by rapidly changing their approach to managing their company. This amounts to moving the flatware around on the table. Each new period brings yet another 'visionaries vision'. The roiling waters of a CEO's capricious nature mask the evolution of context and limit potential.

Change Is: An effective approach to dealing with change involves considering these and other visions. It requires a constantly readjusted balance among them as developments demand. It is an extremely subtle dance. Difficulties in effectively addressing change come from not only the inherently complex nature of change and the human reaction to it - but also from ineffective understandings of the situation present. Simply put, approaching change from an egocentric perspective when contextual evolutions are driving the need to change is a kamikaze raid on a vacant lot. Alternatively, approaching change as a reaction to contextual evolutions when tactical responses are called for generates a similar result. Both are a waste of energy, resources and time.

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Dr. Smith ([drsmith@dr-smith.com](mailto:drsmith@dr-smith.com)) serves on boards of directors and advisory boards, or as a strategic advisor to CEOs. He specializes in turnaround management, strategic planning, leadership development and executive coaching.

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## **Leading Change**

### **THE EXPECTATIONS-RESULTS GAP**

Late one afternoon, I met with a government executive in his corner office. He looked tired as he said: *I'm frustrated. It's been a year since the enterprise planning off-site, and there is a huge gap between our results and the goals we set.* I felt responsible because my company helped him arrange the off-site and retain a world-class facilitator to conduct the 3-day event. The facilitator interviewed each participant in the off-site, and the meeting agenda clearly addressed the agency's core challenges.

He didn't know why the change initiative had stalled. The off-site had included stakeholders from all parts of the agency. Everyone knew the need for change, and embraced the strategic plan. It was a solid plan, and it was the right time for change. He lamented: *Our best and brightest leaders were there. They were empowered to take risks. We aligned resources and rewards with change, and our commitment was high. But a year is gone and we aren't close to our goals. What did I miss?*

Unfortunately, I've heard similar frustrations far too many times from capable leaders who understand the challenge of change, and believe they've done all the right things to make change happen in their organizations. Government and business are full of failed change initiatives. The initiatives are launched with enthusiasm and fanfare, but a year later (or less) change surrenders to the stonewall dragon. Managers return to old agendas confident the changes will be forgotten just like similar initiatives in prior years. The bottom line is the organization wastes money and time, change leaders lose credibility, and people become cynical about change. Of course, what these leaders are missing is effective execution.

In helping organizations change, I've found that leaders spend too much time developing a brilliant strategy and not enough executing it. Executives conduct stimulating off-sites and leave in full agreement about what must be done. But real change never occurs. Lack of execution is the root cause every time. Execution is more than a thorough plan, detailed schedule, and clear incentives and accountability; although those elements are essential. Execution is a discipline embedded in the culture that is invoked whenever goals are set and plans are made.

To avoid the horror of a failed change, consider that a culture of execution is a mandatory prerequisite for any change. If your organization hasn't built a culture for execution, it will be better served to delay strategic change and change the culture instead. That being said, if you decide to undertake change, declare the change, establish an urgency to change, and define a post-change vision of your organization. Form a team to pursue the change, preferably not as a collateral duty. As the change leader, follow through with personal attention and actions that say: *This change is our top priority.* Then follow-up relentlessly to ensure everyone in the organization executes their portion of the change, including yourself.

**Colleagues & Friends:**

I hope you found the articles in this newsletter to be useful in implementing the changes you want in your organization and your life. If you enjoyed this newsletter, send it to a friend. If you didn't like it, please tell me why at [dick@dragonsofchange.com](mailto:dick@dragonsofchange.com).

**Happy Holidays,**  
Dick

[www.DickStieglitz.com](http://www.DickStieglitz.com)