

THE CHANGE CHALLENGE.....A Newsletter About Change

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Welcome to the Change Challenge Newsletter

Business and government are in a period of creative destruction. The old balance has been destroyed, but we don't know what the next order will be. It's a painful process for everyone: government, businesses, and workers. That's the subject of the feature article this month titled: "*What's Next?*"

"*Is That Opportunity Knocking?*" - the *Leading Change* article this month - suggests that opportunity often sneaks up on us disguised as an unwanted change or a difficult challenge. Are you recognizing the opportunities for yourself and your organization in today's changing world?

This e-letter also contains the third topic in the *Future Changes* series titled: "*Communications Eliminate Jobs.*" Today's amazing communications devices eliminate middlemen and allow us to conduct business with people whom we rarely meet face-to-face. *Future Changes* are important because they will deeply affect how your organization operates - and they may be business opportunities for you in themselves.

Your feedback and recommendations to make this e-letter more useful would be appreciated via return email or The Change Blog at www.dickstieglitz.com.

Sincerely,

Dick Stieglitz, PhD

DICK STIEGLITZ, PhD
Business Consultant, Author
and Keynote Speaker

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**Are you wondering
what's next and how**

Feature Article WHAT'S NEXT?

Business and government are groping through a period of creative destruction. The old balance has been destroyed and a new order of things is being created. Nobody knows what the new order will look like, but for sure Washington will exert more control over free markets. What is less clear is whether the new order will produce a more stable and vibrant capitalism, or if it will stifle the innovation and entrepreneurship that has lifted America out of previous recessions. But defending the old capitalism is a waste of time. The Enron and Tyco scandals eroded public trust, and the Madoff ponzi scheme and reckless actions by financial institutions obliterated any trust that was left.

But we don't trust government either. Most of us hope the \$787 billion American Recovery & Reinvestment Act (ARRA) will somehow put millions of Americans back to work through massive spending on education, energy, roads, and health care. Others see ARRA as a pork-filled Trojan horse. ARRA is a make-or-break challenge for Washington. Will the government implement it effectively - or repeat recent contracting fiascos on a \$787 billion scale? Years after the events we still hear how taxpayer funds were wasted in the Hurricane Katrina cleanup, in rebuilding Iraq, and in Homeland Security after 9/11. And the Treasury Department's \$700 billion Troubled Assets Relief Program (TARP) seems to be doing little more than demonizing business and undermining cooperation between government and businesses.

So far, President Obama has been able to use the crisis to expand government, implement sweeping new programs, and manipulate mega-industries. He seems sincere when he says he wants to divest the government's ownership stake in automakers and banks quickly. Meanwhile, rules are being introduced that could do more harm than good, and the ownership is being used to push the government's agenda regardless of its effects on the companies' recovery. For example, forcing banks to relent on foreclosures, pushing auto-makers to manufacture cars for which there is no obvious demand, and passing stringent new credit card rules.

Employment is still the key to recovery. Even in times of high growth, about 15 million American jobs disappear each year but are replaced with 18 million new jobs in industry expansions and start-up companies. We are losing more jobs in this recession than normal, but the bigger problem is that the economy isn't creating new jobs. Make no mistake about it, businesses create new jobs by the millions - not government. On the other hand, only government can limit environmental damage, ensure competition, protect consumers, and provide health care for those who can't afford it. In the new order, hopefully those will be the respective roles of business and government.

When government leaders intervene in the economy, they seem surprised by the unintended consequences. For example, look at the reaction of banks that participate in TARP to compensation restrictions. There is no doubt that the current crisis requires regulatory changes and aggressive (but temporary) government interventions that would be wrong in normal times. But outsourcing rule-writing to Congress for health care, carbon emissions, and financial regulations is like giving an alcoholic the keys to the liquor warehouse. Congress is much more likely than the Executive Branch to allow special interests to shape legislation and derail tough choices.

Our national energy policy is a prime example. Nearly 70 percent of Americans believe we should drill our own oil instead of spending \$700 billion per year to import it. But Congress has yielded to a coalition of special interests whose causes are advanced in odd ways by not using our natural resources. Furthermore, under the carbon-emissions bill now being debated in Congress, almost all of the valuable permits to emit carbon dioxide will be given away free - thus creating a huge pot of favors for Congress to give to its favorite lobbyists. That seems plain dumb when the priorities are to fight climate change and lower the federal deficit. A simple and more direct approach would be to institute a carbon emissions tax - but so many special interest groups are against such a tax that almost no one has the courage to propose it.

Opportunities abound for business and government leaders in this crisis - but it may be the toughest challenge they've faced in their careers because there are no sign posts to guide the way. In moving from the old order to an as-yet unclear new order, leaders must let go of the old and embrace the new. The chasm between the old and new is frightening. We are reluctant to admit that the old is gone, mainly because we're not sure what the new will be like. To succeed in such times of change, anticipate what the changes will be in your industry, embrace the realities of the new order, and use the changes to advance your success.

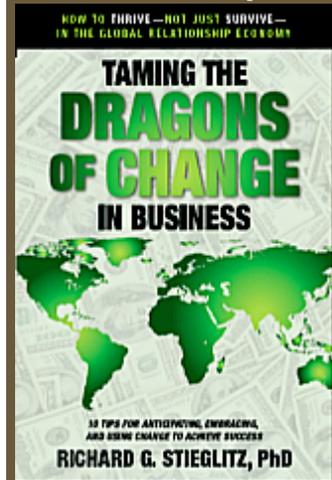
Leading Change IS THAT OPPORTUNITY KNOCKING?

An entrepreneur visited my house to provide an estimate for refinishing the wood floors. He was the founder and owner of his company, which came highly recommended by neighbors. We discussed the challenges of running a small business and I asked: "How did you start your business?" He said that his last employer went bankrupt unexpectedly. One day he was working hard, and the next he was unemployed. He felt he knew the business well, and decided to use his misfortune as an opportunity. He contacted customers whom he had given estimates, hired workers who also were unemployed, and he was in business. His business is thriving today despite these tough economic times.

Opportunity sometimes arrives in ugly packages - for this man it was the bankruptcy of his employer. Would you see that as an opportunity if it happened to you? Too often, "Oh no, what now?" is our first reaction to a change. We may be angry about or afraid of change. Coping with the layoffs, mergers, and new technologies that are common in today's business world can cause confusion, discouragement, and suspicion. If you let them, those dragons will cause your attitude and performance to deteriorate. They also can cause you to miss a lucrative opportunity that is embedded in the change.

It's much easier to recognize new opportunities when you're thankful for everything that

you can profit from
the change? This
book will help!



The recession, layoffs, global competition, new technologies, acquisitions, and out-sourcings have produced a world of perpetual change. Today, ideas travel at the speed of light. You can communicate with anyone, anywhere, at any time, on any subject. To stay on top, you must do more than react. You must anticipate, embrace, and use

change to your advantage.
**THAT'S WHAT THIS
BOOK IS ALL ABOUT!**

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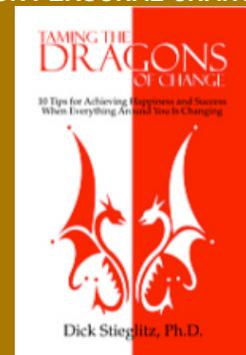
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happens, even the pain and uncertainty of an unwanted change. Instead of judging change to be good or bad, look at it as opportunity. Exploit the positive aspects of the change no matter how obscure or small they may be. You set the mood around you by how you react when change happens. What is your attitude toward today's changes? Do you view them as opportunities or problems? Attitudes are contagious. Is yours worth catching?

Future Change #3 **COMMUNICATIONS REPLACE JOBS**

Whenever the world moves from one age to the next, jobs disappear. In the agricultural age, the cotton gin replaced farm hands. In the industrial age, machines and assembly lines replaced craftsmen. In the information age, computers performed jobs previously done by humans. And in today's relationship economy, high-speed communications (e.g., e-mails, blackberries, cell phones, streaming video, and instant messaging) are wiping out more jobs. Communication devices allow us to eliminate the middlemen and have business relationships with people whom we rarely, if ever, meet face-to-face.

A story from Tom Friedman's book "*The World Is Flat*" illustrates the point. An entrepreneur owned several McDonalds franchises in the mid-west. The drive-through windows were a continuous problem, so he replaced the drive-through attendants with stay-at-home moms in Colorado. Three moms working remotely were able to handle the peak traffic that previously required six people. They used remote TV monitors to watch and communicate with customers in cars. Because they were better trained and more focused, throughput (cars/hour) increased 20 percent, the error rate decreased 60 percent, and personnel costs were cut by 40 percent (the moms were more highly paid)! If communications can do that at a McDonalds, certainly you can use communications to streamline your more sophisticated business operations.

Any task that has repeatable steps and structured rules is a candidate for outsourcing, off-shoring, or cloud computing. For example, TurboTax and ten-dollar-an-hour accountants in India changed the tax return preparation industry. But TurboTax and the Indians aren't safe either. Last April, the IRS offered a prototype for selected taxpayers to prepare and submit tax returns on-line. Taxpayers got an instant refund if they were entitled, or paid by electronic transfer from their checking account if they weren't. Whether you are a free-agent consultant or a Fortune-50 executive, to thrive you'd better be on the creation side and not the elimination side of such job redefinitions.

You've probably already seen this *future change* in your line-of-business - but you're likely to see a whole lot more of it. Are you thinking of how your organization can use communications tools and techniques to increase revenue or reduce costs? Is there a new line-of-business for you in helping others make this change?

Friends & Colleagues,

If you're wondering what's next for your organization as the new balance between government and business sorts itself out, contact me and we'll schedule time to discuss how you can benefit from the changes. If you found this e-letter to be useful, send it to a friend. If you didn't, let me know why at dick@dragonsofchange.com.

Until Next Month,

Dick

www.DickStieglitz.com

**TAMING THE DRAGONS
OF CHANGE**
10 Tips For Achieving Happiness
and Success When Everything Around You
Is Changing



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