

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

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Welcome to the Change Challenge Newsletter

The current recession has produced a curious paradox: unemployment is rising even as many companies struggle to fill vacant positions. What implications will that paradox have when the recovery heats up? What should executives do today to prepare their organizations to grow? Those questions are the subject of this month's feature article that is titled: "*The Unemployment Paradox*."

This e-letter also discusses the second topic in the Future Changes series: "*Customers Replace Employees*." Future Changes are business transformations that are already in progress but won't reach their peak impact for a few years. They're important to you because they will affect how your organization operates - and they may be business opportunities in themselves. The On-The-Personal-Side article this month is titled "*Beanie Babies*." It describes the challenge of changing ourselves when lucrative careers change radically or evaporate altogether.

Your feedback and suggestions regarding this e-letter will be very much appreciated via return email or The Change Blog at www.dickstieglitz.com.

Sincerely,

Dick Stieglitz, PhD

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Business Consultant, Author
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**Are you and your
organization facing
major market**

THE UNEMPLOYMENT PARADOX

The Consumer Confidence Index is rising and surveys report optimism among business leaders despite gloomy April labor statistics. Unemployment claims rose to 637,000 and 13 million people were unemployed, and unemployment is projected to reach 15 million before the recession ends in 2010. The report also said there are roughly three million vacant jobs that employers are looking to fill. Sounds like promising news - but it's not. Instead, it indicates a widening gap between employer needs and worker skills. People who have lost jobs in shrinking industries like manufacturing, construction, and retail generally lack the skills required for open positions in growing industries like health care, education, green technologies, and government. At the same time, the worst fall in 50 years in real estate values has frozen unemployed workers in place because they can't afford to sell their homes and move.

The recession is transforming the economy - and such transformations don't happen overnight. As bad as it is today, the skills gap will create even worse challenges for employers and the unemployed when the economy begins to expand. The most optimistic economists predict it will take three years of sustained growth to absorb the unemployment created during this recession. Unemployment will stay painfully high because job seekers lack the credentials to enter areas where new jobs are being created. For employers, the bad news is they may be forced into bidding wars to fill positions from a frustratingly small pool of qualified candidates.

So far, many unemployed people are clinging to a desperate hope that things will return to "normal." It's hard to accept that their old jobs aren't coming back, and it will take years to rebuild their savings. For example, many of the 27,000 people laid off when Chrysler entered bankruptcy won't be rehired when it emerges. People in severely depressed rust-belt states are shunning well-paying jobs in southern states that are recovering because they are reluctant to move and retrain themselves. Similarly, laid-off Wall Street workers are grappling with the stark reality that they must change their lifestyle and accept a job that pays less. It will probably take several years for the realization to sink in that we are living in an entirely new "normal."

Employers need to change their thinking as well, recognizing that the "perfect" candidate may not exist. Some jobs in emerging industries require skills that salary, no matter how high, will be insufficient to attract enough qualified candidates until a new generation of workers can be trained. For example, the financial crisis has produced a demand for accounting specialties that far exceeds the labor supply. To solve this dilemma, employers and governments must fund training programs. The stimulus act, unfortunately, provided little funding to retrain workers. In the mean time, employers will be forced to accept imperfect fits to fill vacancies, and the unemployed must accept lower pay to start new careers.

These broad economic shifts arouse the dragons of change - the emotional resistance we all feel when we're forced to change. Change is the process of letting go of the old and embracing the new. The chasm between the old and the new is a chaotic but creative period. We struggle to accept that the old is gone, but at the same time we're not sure what the new will be. The uncertainty causes some to run from risky new beginnings and cling to the slim hope that things could be like they were. Business strategies that once produced great results, don't work any more. To stay on top in such times, you can't just react to changes. You must anticipate changes, embrace the realities of the changes you see, and use them to advance your success.

Today is the ideal time to hire talent that positions your organization for the economic rebound, but you may want to use alternative hiring techniques. For example, hire future employees as consultants for special projects to control compensation and verify that they fit your organization. A second idea is to hire employees with deferred start dates and pay them a salary retainer. This technique is particularly effective with new graduates. A third possibility is to hire baby-boomers. Many of them have lengthy experience and are looking for part time work since their retirement has been damaged by 401(k) losses and the drop in real estate values. Companies that put a hiring freeze in effect "until things turn around" run the risk of being forced to hire leftovers. The skills reservoir is as full as it will ever be - now is the time to drink the sweetest water!

Future Change #2

CUSTOMERS REPLACE EMPLOYEES

What if you didn't have employees at all? The ultimate virtual organization would be staffed entirely by customers. Businesses and government agencies may never reach that utopia, but highly integrated business-to-business supply chains, purchases over the Internet, checking your own food at the grocery store, and electronic banking all demonstrate a rapid change in provider-customer relationships. When customers do what employees once did, costs are reduced and satisfaction is increased because customers do things their own way on their own schedule.

Before long, on-line purchases of automobiles, appliances, electronics, furniture, and food will equal sales in mega-stores and malls. Similarly, we'll buy personal services like insurance, financial products, accounting, and legal advice on-line rather than in the provider's office. We'll view alternatives, choose options, negotiate price, and submit orders directly into the provider's supply chain. Then we'll monitor delivery like we track Amazon shipments on-line today. Transactions will be transparent, with providers and customers each knowing a lot about the other. Are you ready for your customers to know everything about your operations and costs, and your dealings with other clients? Every action you take today to integrate your operations with your customers' operations will be a significant step toward perpetuating your relationship.

This future change has been in progress for more than a decade, but it's no where near its peak. Your future success depends on your ability to recognize, embrace, and use this change to your advantage. Are you seeing this trend in your organization and elsewhere in your

changes? This book will help!



Global competition, new technologies, acquisitions, out-sourcings, and downsizings 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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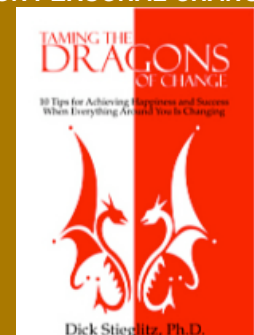
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ORDER DICK'S BOOK ON PERSONAL CHANGE



industry? Do you want your customers doing more for themselves? How will this phenomena affect competition and change your operating procedures? How can you use this change to increase revenue and reduce costs? Is there a whole new line-of-business for you in this change? If you aren't already exploiting this future change, you may find your organization falling behind other businesses that are using it in imaginative ways to produce earthshaking economic, social and political changes.

On The Personal Side **BEANIE BABIES**

A few years ago, a friend of mine sold beanie babies as a hobby to earn extra cash. One weekend he participated in a fair in Virginia and lost money. The fair was poorly advertised, attendance was down, and there were fewer vendors than normal. It was the third weekend fair in a row where his sales did not cover costs of the booth and a night in a hotel. Where was the opportunity in such a deteriorating market?

When we discussed his result, he said: "*Beanie babies are past their peak.*" It was hard for him to acknowledge that change because he owned thousands of beanie babies. But in doing so he had let go of the old and embraced the change. It was the first time he faced the new reality: selling beanie babies at fairs was no longer profitable. He didn't curse his misfortune or complain about the fair operators. Instead, he was grateful for the new insight and unexpected tax write-off, and began the transition to something new.

In today's business world, market shifts like a decline in the popularity of beanie babies are common. While he mourned the loss of easy income, my friend recovered. He sold his beanie baby collection profitably over the web at lower prices and virtually no overhead. If you're resilient, changes that initially seem to be defeats can be transformed into successes. Separate yourself from those who cling to old ways by:

- Recognizing changes in the environment around you,
- Embracing the changes and taming the dragon of loss,
- Being willing, even eager, to try something new,
- Keeping the solution simple and focused on your goals, and
- Being accountable to yourself for your old and new results.

What is the most significant change you face today? In what areas of your professional life are your results less than you'd like? Those areas require resiliency. The changes may require that you take a few steps down the ladder of success before you can climb higher. Those areas offer the opportunity to look at things differently, and change your approach to achieve success for your organization and yourself.

Friends & Colleagues,

If you're looking for ways to expand your success by exploiting major shifts in the market, send me an email and we'll schedule time to discuss the possibilities. If you found this e-letter to be useful, send it to a friend. If you didn't, please tell me 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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