

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

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Issue: 18



Welcome to the Change Challenge Newsletter

As leaders, we sometimes lead in ways that get in the way of the changes we want to make. The current recession is an example, and is the subject of this month's feature article titled: "***Shooting Ourselves in the Foot.***"

The Results Through Relationships article this month, titled "Cavemen ***With Email***," points out that how we cooperate with others (or not) usually determines our success or failure. This e-letter also contains an On the Personal Side article titled: "***Drop That Banana***" which suggests that to have what we really want in the future, we may have to let go of some of what we have today.

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

Sincerely,

Dick Stieglitz, PhD

Feature Article

SHOOTING OURSELVES IN THE FOOT

Leaders sometimes take actions that interfere with achieving their stated goals. Ending the current recession is an example at the national level. Everyone wants it to end quickly, but our leaders persist in rhetoric and actions that prolong it. According to a survey by the Human Resources Association, even with the Fed's rosy economic forecasts, employers are less optimistic about the future today than a year ago. They are skeptical and cautious, with many planning to freeze salaries and delay hiring. Even worse, they also continue to curtail investments in the capital equipment and R&D that produce future jobs.

DICK STIEGLITZ, PhD
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**Looking to make
some changes in
your organization?**

The economy's decline is slowing, but nearly seven million Americans have lost their jobs in the last 18 months and unemployment has risen to 9.8 percent. Just last week 500,000 more filed first-time unemployment claims - the lowest number in a year, but still headed in the wrong direction. The recession will be history when unemployment returns to normal - say five percent - and the economy consistently generates enough new jobs to keep up with population growth. Despite the \$787 billion stimulus act, employment is still way down in manufacturing, hospitality, retail, and construction. Many of the manufacturing jobs probably are gone forever, either off-shored or replaced by new technologies.

So where will seven million new jobs come from? Name an industry that could create a million new, high-paying jobs over the next year. You can't because there is no such industry - and we need seven of them to replace job losses in the last 18 months, and about one a month thereafter to keep up with population growth. But we have done it before. For example, the U.S. economy created over 20 million jobs during the 1990s dot-com boom, and millions more in the early 2000s during the boom in financial innovations. Unfortunately, today U.S. businesses are keeping their heads low after a barrage of attacks.

Why have recruiting departments gone into hiding? When businesses are ruthlessly maligned, they retrench which delays the recovery. According to popular opinion driven by Washington rhetoric:

- \$ Financial companies caused the economic meltdown,
- \$ Oil companies caused the astronomical increase in fuel prices,
- \$ Insurance companies caused high health care costs, and
- \$ U.S. automobile companies were grossly mismanaged.

Unquestionably, those companies contributed in a big way to the problems. But so did Congress, federal agencies, labor unions, consumers, and doctors. Until big business (where most of the jobs were lost) begins to rehire, high unemployment will persist - so we are shooting ourselves in the proverbial foot with never-ending attacks on businesses!

It's convenient to blame the recession and job losses on big business. But the real cause is that we aren't creating enough new jobs. American companies have been off-shoring for decades, but we bounced back from recessions in the 1980s and 1990s by generating millions of new jobs through emerging technologies such as personal computers, the Internet, and cell phones. But in recent years, off-shored manufacturing and software jobs have been replaced mostly by low-paying jobs in the retail and service industries.

The challenges we face today in health care, global warming, food and water supplies, renewable energy, and transportation are actually opportunities for the Federal government to stimulate research investments by dozens of Fortune-1000 companies. We need government-business cooperation like we had on the Apollo Program which not only produced short-term jobs; it also developed computing, communications, fuel cell, and digital-imaging technologies from which whole new industries emerged. Big companies like Exxon-Mobil, General Motors, Microsoft, DuPont, IBM, HP, Cisco, and Google (to name only a few) aren't enemies of our economy - *they are our economy*.

What can we do to get back on track? Rather than belittle and over-tax industry, our government must stimulate a dynamic public-private partnership of research and innovation with supportive actions such as:

- \$ Specific national goals for health care, renewable energy, and other challenges
- \$ Massive R&D efforts at government agencies like DOE, DARPA, and national labs
- \$ Multi-billion dollar program where government matches industry R&D investments
- \$ Tax credits for companies that invest part of their R&D budget in basic research
- \$ Increased spending on education, especially graduate research fellowships.

These actions will create lucrative and satisfying jobs by the millions every year but, unfortunately, they will take some time to ramp up given today's anti-business environment.

President Obama faces enormous challenges. But sometimes his speeches make it seem like political gains from vilifying big business are more important than helping businesses generate jobs, re-establishing our position as the global leader in technology, and ushering in a new period of long-term prosperity. Challenging frontiers like renewable energy, the energy grid, high-speed broadband, and health care could become platforms on which entrepreneurs build new companies, generate millions of jobs, and create new prosperity for all.

Ironically, the recession itself is an opportunity - U.S. presidents have broad leeway to make bold moves in bad times. Eisenhower started the interstate highway system during the Korean War; FDR provided electrical power in rural areas during the Great Depression; and Lincoln started the transcontinental railroad during the Civil War. Such infrastructure investments created jobs and spawned whole new industries in their time. The good news is we've already started down this path in the stimulus act, and we aren't that far behind our global competitors. If we stop shooting ourselves in the foot by business-bashing, government and big business can build the platforms that will rekindle prosperity in our time.

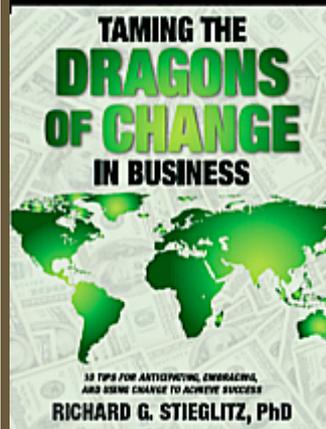
Results Through Relationships

CAVEMEN WITH EMAIL

In 1998, my company joined a team to take an exciting new security product to market.

Taming the Dragons of Change can help!

HOW TO THRIVE—NOT JUST SURVIVE—
IN THE GLOBAL RELATIONSHIP ECONOMY



The recession, layoffs, budget changes, 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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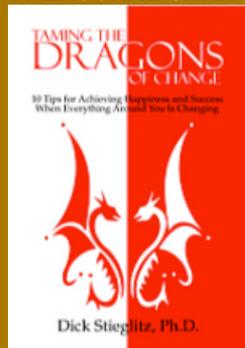
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ON PERSONAL CHANGE**



The product had huge potential because it was easily scalable across the entire Internet. Our role was to design the channel distribution program. Our staff invested hundreds of hours to examine alternative distribution strategies, quantify costs and returns-on-investment, and evaluate risks. We gave the patent holder the information we developed at our expense. They choose to manage channel distribution themselves and cut us out of the deal. It was a common, if somewhat unfair, business decision. But they exacerbated the matter by making offers to lure away the key people in my company who developed the distribution plan despite contract clauses that explicitly prohibited such behavior.

My reaction when employees told me about their job offers was a test of our corporate *win-win* value. The employees naturally were attracted by lucrative salaries and stock in the company that held the patent. How should I handle the situation? My first instinct was to sue. But that was *lose-lose*: we would both waste resources in a legal battle that would make no positive contribution to the project. Altruistically, another voice said we should continue to help them. I liked that idea, except it had a *lose-win* feel. We also could attempt to bring a competing product to market, but that *win-lose* approach would surely create cut-throat competition and legal hassles. It's easy to be *win-win* when everyone else is *win-win*. The challenge is to be *win-win* when others are not - to find a *win-win* solution or walk away from the deal. This time we walked.

How effectively we work with others ultimately determines our success or failure. This promising technology never got to market because the patent holder behaved like a caveman who was happy having the only email address in existence. They treated other partners the same way as they treated us. Without relationships to develop, distribute, and implement the product, they went bankrupt a year later. They missed a fundamental principle for success in today's economy: Achieve ubiquity as quickly as possible. As Netscape showed in the early 1990s, one way to achieve ubiquity is to give the product away. If I had the chance again today, that's the strategy I would recommend for the channel distribution program.

On the Personal Side DROP THAT BANANA

I've heard that one way to catch a wild monkey is to put a cage with narrow spaces between the bars in the jungle with a banana inside. Monkeys instinctively want bananas. They will grab every banana they can find, and stubbornly will not let go. So a wild monkey reaches its hand into the cage, grabs the banana, and can't get its hand out. The monkey wants to escape from the cage, but it refuses to let go of the banana. The banana is more important than freedom.

Like monkeys, we sometimes use our power of choice to not make a change. We would rather hold on to what we have, than reach for the things we say we want. Health care is a current example. We want to improve the quality of health care, extend coverage to everyone, and be able to make our own health care choices. But we are unwilling to give up Cadillac health care plans, tax-deductible premiums, no-limit malpractice suits, and obesity. Those are our bananas. We choose to continue health care as it exists today and we can't pull our hand out of the cage. I call these *aroma situations*: We know that the status quo stinks, but we have become accustomed to the smell.

To have what we really want tomorrow - in health care, renewable energy, and other areas - we may have to let go of a few things that we have today. Each of us chooses how we will use, or not use, our power of choice. Maybe we should take a close look at the bananas we are holding on to. Those bananas may be barriers to our future happiness and success. What bananas stop you from making the choices that you otherwise would like to make in your organization, in your career, and in your life?

Friends & Colleagues,

If you are looking for ways to implement the changes you want, send me an email to discuss new strategies. If this e-letter was useful, send it to a friend. If it wasn'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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