

September 2010

Issue: 29



DICK STIEGLITZ, PhD
Business Consultant, Author
and Keynote Speaker

Welcome to the Change Challenge Newsletter

Since September is when children return to school, this month's feature article titled "**Everyone Back to School**" looks at the suitability of our national educational system in a world of rapid change and intense global competition.

The *Personal Change* story titled "**The Best Ax Men**" takes a look at the career threats we face in a changing world - even if we are the best today at what we do. This month's *Leading Change* article titled "**Landmark Learning**" provides an example of how success accrues to those who transform scarcity into abundance.

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

Sincerely,

Dick Stieglitz

Feature Article

EVERYONE BACK TO SCHOOL

In This Issue

Everyone Back to School

The Best Ax Men

Landmark Learning

Buying & Selling a Company

Business Change

Last month I visited my alma mater, Rensselaer Polytechnic Institute, for the first time since receiving my PhD in 1970. The old buildings looked much the same, but there were many new ones. The most impressive was the Experimental Media & Performing Arts Center (EMPAC), a 220,000 square foot facility where technology and the arts challenge and transform each other. Seeing the large-scale visualization, immersion, and simulation environments in that building left me feeling outdated. I felt like I needed go back to school - my 40-year old PhD was incomplete in today=s world! I concluded that a national educational system that ends when people are in their early 20s (or sooner) is inadequate in a world of rapid change.

Everyone is wondering these days: "*The recession is over, when will people go back to work?*" It's a tough question because many jobs will never return. Unemployment is being blamed on everything from off-shoring, to big business hoarding cash, to illegal immigrants, to the decline of unions. But most economists agree the real cause is that rampant technological change reduced the need for workers with low-level skills. At the same time, the highly educated and highly skilled are stuffing their pockets with money. Evidence suggests that America does not offer as much opportunity as it once did - the American Dream is at risk of becoming an illusion.

The federal government is doing everything it can (e.g., extending unemployment and rescuing the auto industry) to restore the old normal - but it's an expensive and futile effort. 15 million unemployed workers, sluggish growth, and soaring deficits are just symptoms. The real challenge is preserving U.S. living standards in the face of global competition. For 50+ years, the U.S. pioneered breakthroughs in electronics, pharmaceuticals, and computing. Those innovations built a prosperous middle class while other countries joined the party by manufacturing the innovations more cheaply than we could. From a humanitarian view, the emergence of those countries is fantastic news - hundreds of millions of people have been lifted from poverty. But American workers are being left behind - those who do find new jobs often earn less than before the recession. In fact, economists say as many as one-third of all U.S. households (that's 100 million people!) earn less than their parents did at the same age.

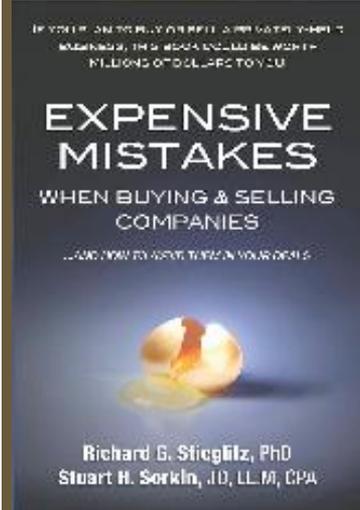
President Obama and Congress either don't see the decline in living standards, or don't know what to do about it. Two things require their urgent attention. First, they must stimulate jobs that pay wages commensurate with U.S. living standards in fledgling industries like nano-technology, bio-technology, and green technologies. Second, they must ensure American workers have the skills to perform those jobs! So far, Congress seems to be ignoring the living standard challenge. True, the stimulus provided funds for some technologies with real promise. But we're not even close to the level of public-private cooperation that is necessary. Worker re-education is particularly neglected. Billions are being spent on extended unemployment, but virtually nothing has been invested to prepare unemployed and under-employed workers for jobs in other industries. Congress could jump-start continuing education by linking extended benefits to mandatory educational programs for workers unemployed past the basic 26-week period.

Roughly half the jobs lost in this recession were in cyclical service industries like leisure and retail. Those relatively low-paying jobs will return as the economy recovers. The other half of the jobs were lost in manufacturing, construction, and finance where many of the high-paying jobs are gone forever. On the other hand, jobs are being added in health, education, and government. Sadly, a majority of the 15 million unemployed workers aren't qualified for jobs in those fields.

Surprisingly, even the manufacturing sector is struggling to expand. Manufacturing companies have added jobs slowly in 2010 while complaining they can't find workers. For the last ten years, manufacturers have moved relentlessly toward automation, cutting workers and off-shoring low-skilled tasks to countries with cheap labor. Today, manufacturers of advanced products like solar cells and medical devices want to expand, but they need workers who can operate automated machinery, read blueprints, and apply math skills that most assembly line workers don't have. Governments and companies must cooperate to train workers who are exhausting unemployment in the skills required to fill those jobs.

Arne Duncan, Obama's Secretary of Education, has an unprecedented

Buying or selling a business can be a lucrative but risky transaction

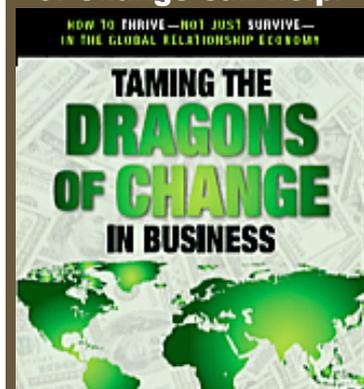


CLICK BOOK COVER TO ORDER FROM AMAZON.COM

A popular maxim says average people learn from their mistakes, stupid people repeat their mistakes, and brilliant people learn from the mistakes of other. This book is designed to move you toward the brilliant category among business owners who buy and sell privately-held companies.

Looking to have your organization embrace change?

Taming the Dragons of Change can help!



opportunity in this regard. No Education Secretary has ever had so much money to work with - \$10 billion in stimulus funds! A large block of that money went to states to prevent teacher lay-offs, but Mr. Duncan himself called the remaining money "a moon shot for America." Race-To-the-top grants will be issued this fall; and school districts, non-profits, and for-profit educational institutions are lined up to grab the money. The focus seems to be accountability, merit pay for teachers, innovative K-12 curricula, and lowering drop-out rates - all worthwhile efforts. But some money should be used to retrain unemployed workers. President Obama hit the nail on the head when he asked every American to commit to at least one year of post-high school training - but unemployment and stimulus funds weren't provided to help them do that.

Congress has passed band-aid fixes to build infrastructure, extend unemployment, and encourage business lending; but precious little to maintain our living standards in the face of intense global competition. In the past, we led the world because of our education and innovation - and we can do it again! I had more education than my father, who had more education than his father. But that trend is reversing even in my own family. In the 1960s, the U.S. had the top high school graduation rate in the world (today we're barely in the top 20). Those graduates filled high-paying jobs in computing, aerospace, electronics, and communications. But U.S. innovation has slowed too - only three of the top 10 global companies in solar power are based in the U.S.

After past recessions, U.S. workers moved to higher paying jobs in new fields. But today, productivity gains and technological changes happen so fast that skills from old jobs often aren't transferrable. Our national educational system needs a make-over - it is inadequate to meet the global competition we are facing. Working together, governments, companies, and workers can meet the living standard challenge through research, innovation and, most importantly, continuing education. The government must encourage job-generating R&D and training programs using business-friendly policies and incentives, rather than quick fixes like unemployment extensions. Companies must evaluate their strategic plans against the challenges of the new global economy. And workers (that includes me and you) must continuously reach out for more training and education throughout our careers. We all need to go back to school!

Personal Change THE BEST AX MEN

Cavemen invented the ax in prehistoric times to cut trees for firewood. The best ax men got the best wood with the least effort. Over centuries, the durability and cutting power of the ax improved steadily. When men began to build log houses, the ax was an essential tool. Then the chainsaw was invented. The axes in use at the time were the best in history, and the first chainsaws were crude and unreliable. Many of the best ax men laughed at the chainsaw and refused to use it. The *I'm-the-best* dragon left them unwilling to change. But it wasn't long before living standards for even the best ax men began to decline. Men who were mediocre with an ax but adept at using a chainsaw became the industry leaders.

Relentless technological advances and evolving global relationships are changing industries as radically as the chainsaw changed logging - the auto industry, computing, and newspapers to name a few. Cobol programmers and Banyan network technicians, for example, are the ax men of the computer industry. Old techniques in these industries still work, often better than ever. But it's just a matter of time until the "best ax men" who refuse to change will be unemployable.



**CLICK BOOK COVER TO
ORDER FROM
AMAZON.COM**

The recession, layoffs, budget shortfalls, new technologies, acquisitions, and out-sourcings have produced a world of constant 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!**

QUICKLINKS

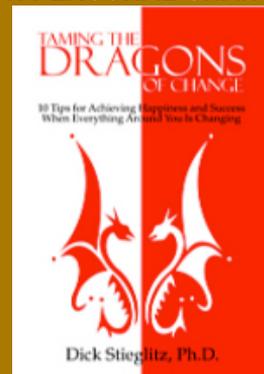
[Dick Stieglitz's Website](#)

[Dragons Of Change
Website](#)

[Presentations &
Workshops](#)

[The Change Blog!](#)

**ORDER DICK'S BOOK
ON PERSONAL CHANGE**



Change is inevitable in every field, including yours. A radical change usually begins with a new tool, a new technique, or a new approach that at first seems cumbersome, inefficient, and expensive. When you see such a change in your field, remember these tips:

- \$ Learn all you can about the new tool, technique, or approach,
- \$ Look for new opportunities that are created by the change,
- \$ Be creative and resourceful in trying new things, and
- \$ Proactively lead change within your organization and industry.

You may consider yourself to be among the best "ax men" in your industry today, but tame the *I'm-the-best* dragon in order to use new tools, techniques, and approaches to expand your success.

Leading Change LANDMARK LEARNING

An Ohio high school earned a prestigious *Innovations in American Government* award for transforming a budget shortfall into a landmark learning program. The curricula required computers for two thousand students, but the budget allowed only a hundred thousand dollars for technical support. School officials and parents changed the slim budget into an opportunity by creating a student-led company to deliver the services. Class schedules were redesigned to include courses in computer and network fundamentals. Students supported the school=s computer system and received valuable hands-on experience at the same time.

Starting as freshman, students could select classes in software, web design, and network maintenance. Roughly ten percent of freshman, twenty-five percent of sophomores, and one-third of juniors and seniors selected the program, which included one class each day and a workshop before or after school. The students also learned customer service and business management skills. Local businesses preferentially hired employees from the student-led company, and the computer training increased the college acceptance rate.

The school=s solution to the budget shortfall defies old rules of the industrial age. First, that scarce skills must be expensive and difficult to find. And the corollary, if scarce skills become plentiful, they will be devalued. Today's global economy, as illustrated by this high school's innovative program, is reversing scarcity-based rules. In today's economy, value is driven by abundance. For example, email, cell phones, and blackberries are valuable because so many people are connected. Those devices let us communicate with anyone anywhere any time. Success in the global economy goes to those who transform scarcity into abundance.

Friends & Colleagues,

If you are looking for ways to adapt new approaches, tools, and techniques in your organization, contact me to discuss the possibilities. If you found this e-letter to be interesting and useful, send it to a friend. If not, please 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

CLICK BOOK COVER TO
ORDER THROUGH
AMAZON.COM

Join Our Mailing List!