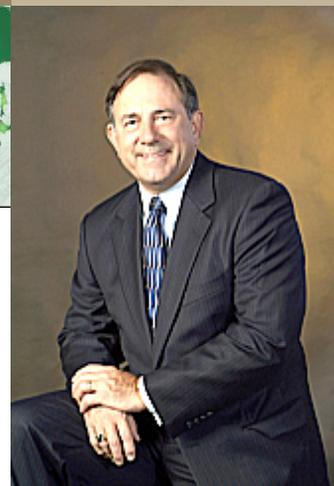


March 1, 2011

Issue: 35



### Welcome to the Change Challenge Newsletter

Welcome to the March *Change Challenge*. For the business owners I work with, hiring is not a political question. It's a matter of answering three questions: (1) Do I need more people? (2) Are skilled people available? And (3) Will my profit increase after I pay salaries and benefits? Of course, the answers depend on the business owner's view of the economic environment. This month's feature article titled "**17 Million Jobs**" describes how the business environment must change in order to create the 17 million new jobs the U.S. needs in this decade.

This month's *Leading Change* article titled "**Legends**" invites you to recall your first encounter with the culture of your current organization: What messages did you receive from your new co-workers? What legends did they tell you about? Who were the heroes, and how did they achieve that status? And the *Results Through Relationships* article titled "**Ten Percent Human**" claims that you couldn't live without the other seven billion humans on planet earth - even though, most of the time, you are unaware of what they are doing to help you survive.

Your feedback and suggestions to improve this e-letter are always appreciated via return email or through *The Change Blog* at [www.dickstieglitz.com](http://www.dickstieglitz.com).

*Dick Stieglitz*

DICK STIEGLITZ, PhD  
Business Consultant, Author  
and Keynote Speaker

### This Month's Articles

[17 Million Jobs](#)

[Legends](#)

[Ten Percent Human](#)

[Buying & Selling a Company](#)

[Business Change](#)

**Buying or selling a**

## 17 MILLION JOBS

To reach full employment, the U.S. economy must create 17 million new jobs in this decade: 7 million to replace losses during the recession and 10 million to keep up with population growth. As recently as the 1990s, the economy did better than that when it produced 22 million jobs. But with less than 50,000 jobs added in January, what we are doing obviously isn't working. Small companies are reluctant to hire, and big companies are moving operations overseas at the fastest rate in history. Whether we like it or not, in some key areas we will need *more* government, not less, to produce jobs.

**Stealing Our Jobs.** In addition to low wages, China and other Asian countries are stealing our jobs with tempting subsidies and aggressive spending on infrastructure, workforce training and education. U.S. companies take the bait because offshoring increases profits and reduces consumer prices. Suggestions that the U.S. provide equivalent incentives have been rejected as business favoritism or protectionism. The result is a wide range of products from shoes to cell phones are almost exclusively manufactured overseas. What's worse, today foreign governments are upping the ante by offering subsidies to entice U.S. companies to offshore their R&D programs as well.

**Jobs vs. the Deficit.** A recent poll asked people to identify the two most critical issues facing the nation. Jobs topped the list at 53%, the deficit was second at 27%, and just 16% were concerned about high taxes. That result isn't surprising given that job creation isn't keeping up with population growth and the U.S. has had three consecutive deficits over a trillion dollars. Republicans are pushing for deep budget cuts because they see the exploding national debt and associated interest burden as a roadblock to economic growth. Conversely, Democrats acknowledge that trillion dollar deficits are unsustainable, but agree with pollsters that creating jobs is the top priority. Sadly, neither party has offered a viable plan to deal with its own #1 priority, let alone shown a willingness to accommodate the other party's big concern. The two parties are so entrenched in their positions that the entire government may shut down March 4<sup>th</sup> unless they cooperate to pass a 2011 budget or procrastinate with another Continuing Resolution.

**No Quick Fix.** The truth is there's no quick fix for high unemployment. Everyone knew economic growth would precede employment growth and that's what is happening. Multiple factors impede hiring: weak consumer demand, uncertainty about taxes and health care costs, a dormant construction industry, and higher productivity to name a few. But those who beg the federal government to create more jobs must realize it is already doing a lot. Stimulus money is still being spent; Congress has authorized trillion dollar deficits; and the Fed is keeping a lid on interest rates. These policies already stretch the limits of prudent government.

**Structural Unemployment.** Historically, the U.S. job market has rebounded quickly after recessions, in part because workers moved to industries and cities where jobs were plentiful. Today, structural obstacles limit such movement. For example, 99 weeks of unemployment discourages workers from moving by giving them nearly two years to "wait until my old job comes back." In my opinion, job training should be compulsory for unemployment after 26 weeks. Half the jobs lost in the recession were in construction and manufacturing and, in general, those workers need training to fill positions in growth industries like energy, education and health care. A second obstacle is depressed housing prices: workers can't move when they can't sell their current house, can't get a loan for a new house, and can't find a firm job offer in another area. But by far the biggest obstacle is that many job seekers don't have the skills that employers need. Technology is ubiquitous in business, so those who lack experience using a computer in routine job functions have a severe handicap. Language differences exacerbate the digital divide. English is not only our national language, it is the universal language of business and the Internet so those who are not fluent in English are generally excluded from high-tech jobs.

**Boost Research & Development.** The U.S. just isn't creating high-paying jobs like it did in the 1990s. In the past, when manufacturing jobs moved to low-wage countries they were replaced with jobs in new industries built using the results of U.S. research. Many people think Washington lacks the guts to tackle issues like climate change, dependence on foreign oil, rising health care costs, educational deficiencies, and forcing a shift to renewable energy. But Congress could address these issues

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## TAMING THE DRAGONS OF CHANGE IN BUSINESS



33 TIPS FOR ANTICIPATING, EMBRACING,  
AND DRIVING CHANGE TO ACHIEVE SUCCESS  
RICHARD G. STIEGLITZ, PH.D.

and create millions of new jobs at the same time, reviving the model that invented the Internet, GPS and cell phones: a public-private R&D cooperative with venture capitalists eager to transform ideas into startup companies. Reinvigorating that model would require: (1) clear national goals in pivotal areas like clean energy and preventive medicine; (2) increased funding for R&D in DARPA, national labs and academia; and (3) tax credits to stimulate corporate investments in R&D. These actions would restart the U.S. innovation engine which, after a few years, would pump out new ideas, new companies, and most important of all: new jobs by the millions. Think back to the 1990s when desktop computers and the Internet produced the dot-com boom and spawned mega-companies like Microsoft, Google, Amazon and eBay?

**The German Model.** Manufacturing in the U.S. could grow if management, workers, and government agencies worked together. For example, Germany (a high-wage economy like ours) has recovered its global competitiveness in the past decade. They did it using targeted government spending, business incentives, and tax increases that stimulated demand for new technologies (e.g., energy taxes). There also were modest tax cuts and labor reforms that enabled companies to invest in R&D and reduce labor costs. But probably the most important change in Germany was focusing the political debate on global competitiveness and accepting the premise that everyone must sacrifice in the short-term to regain long-term prosperity. Similar concepts - plus a commitment to build quality products the world wants to buy - seems to be working in the resurrected U.S. auto industry and could work in other industries too.

**End of a Dreadful Decade.** Without question, the first decade of the 21<sup>st</sup> century has been especially dreadful for the U.S., starting with 9/11 and ending with an economic earthquake. The U.S. has fallen into a deep hole: millions of jobs have evaporated and millions of industrial workers, bankers, builders, newspapermen, and others are searching for new careers. The situation is aggravated by angry political rhetoric, polarized opinions, and legislative gridlock. Today we are at a turning point where Congress could do nothing and make things even worse, or it could lay the foundation for a new era of long-term prosperity. Growth will require increased spending on education, R&D, alternative energy, and infrastructure to create jobs and improve our global competitiveness. At the same time, we need spending cuts and tax increases that put the budget genie back in the bottle. Extricating ourselves from this crisis will require our best bipartisan thinking and sacrifices by everyone. But if anything, the U.S. is resilient and we band together in tough times like these. We all know people who can't find a job - let's give them an encouraging call and offer helpful ideas.

## Leading Change LEGENDS

A goal of my company was to: *"Earn third party recognition for our clients for the results we help them produce."* One project team pursued this goal especially vigorously. They researched awards offered to government employees and correlated the project's results with the award criteria. Four years later, the government's project manager was selected as one of the *"Top 100 IT Executives in Government,"* a prestigious award. Several members of our project team participated in the gala banquet where the client received her well-deserved award. Each member of our project team received a bonus because their client won the award. A year later, our company won a five-year renewal contract and they earned another bonus! Needless to say, the project became a legend inside our company, a legend that made our corporate purpose and our goals come alive.

Recall your first experiences with the culture of your current organization. What messages did you receive from your new co-workers during your first week? What legends did they tell you about? Who were the heroes, and what did they do to achieve that status? What behaviors were considered to be acceptable and unacceptable? Those messages, legends, heroes and behaviors are the culture of the organization which you joined.

A team provides purpose for its members. When new members join, they either: (1) support the team's purpose, (2) reject the purpose and leave quickly, or (3) in rare cases, motivate the team to modify the purpose and goals. Team members accept the purpose because it enables them to pursue their individual goals in context with the team's goals. They believe the purpose because of experiences, not because of training lectures or employee manuals. Any

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## QUICKLINKS

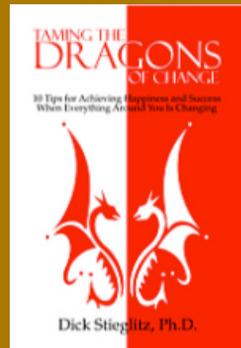
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inconsistencies between an employee's experiences and the purpose stated by management erode the culture and breed cynicism. Ask your team about its purpose and experiences. If members of the team don't answer instantaneously and consistently, your team probably needs a few new legends.

## **Personal Change**

### **TEN PERCENT HUMAN**

You probably think you take pretty good care of your body. But did you know you get help from trillions of microbes and bacteria that live in your body? Biologists say you couldn't exist without those microbes and bacteria in your intestines and blood, since they perform essential functions that human cells can't do. On a cell-count basis, just ten percent of your body is human. The rest is micro-life. Human cells are much larger, so microbes and bacteria contribute only about three pounds to your weight. On a cellular level, therefore, you are hybrid creature whose continued existence depends on effective collaboration between your human cells, and foreign microbes and bacteria.

You have a similar relationship with the seven billion human beings on planet earth. You couldn't exist without the functions they perform to help you. Most of the time, you don't know who they are, where they live, or precisely what they do for you. For example, do you know the people who purify the water you drink, the farmers who grow the fruit and vegetables you eat, or the workers who take your garbage away? They are probably as different from you as microbes and bacteria are from your human cells, yet each of them performs a vital function. If collaboration works for such life-essential functions, doesn't it make sense for you to collaborate with others to achieve the success you want?

There was a time I thought it was easiest to do things myself. I also thought the results would be better if I did them myself. Those thoughts were literally killers. In addition to limiting my output and my success, they exhausted me mentally and physically. I couldn't do everything myself - even when I had the skills I didn't have enough time. Today, I look for opportunities to collaborate. You shouldn't feel compelled to do everything yourself either. Today's global economy is so specialized and communications are so ubiquitous that it is usually easier, faster, and more effective to work together with a collaboration partner to do something new than to attempt to do it yourself.

## **Friends & Colleagues,**

If you are looking to increase the collaboration in your organization, contact me to discuss the possibilities. If you found this e-letter to be useful, please send it to a friend. If not, please let me know why at [dick@dragonsofchange.com](mailto:dick@dragonsofchange.com).

Until Next Month,

DICK