

THE CHANGE CHALLENGE.....A Newsletter About Leadership

December 1, 2012



Welcome to the December issue of **The Change Challenge**. My new book, "*Leadership Conversations - Challenging High-Potential Managers to Become Great Leaders*," co-authored with Alan Berson the noted executive coach, is being printed and will be available January 28th. Accordingly, this issue marks the transition from change to leadership as the focus of each month's newsletter.

This month's feature article titled "**The Leadership Deficit**" asserts that President Obama and congressional leaders (none of whom changed in the election) must eliminate the leadership deficit before the budget deficit (or any other issue) can be resolved. The *Leading Change* article titled "**Leading with Vision**" describes how leaders use conversations to engage, align and motivate people to produce extraordinary results. The *Results through Relationships* article "**Three Perspectives**" explores the perspectives that leaders use in everyday conversations: idea exchange, understanding others, and exploring new possibilities.

Your feedback and recommendations to improve this newsletter are always appreciated via return email or the Change Blog at www.dickstieglitz.com.

Dick Stieglitz

Issue: 53



DICK STIEGLITZ, PhD
Business Consultant, Author
and Keynote Speaker

This Month's Articles

[The Leadership Deficit](#)

[Leading with Vision](#)

[Three Perspectives](#)

[Leadership Conversations](#)

[Buying & Selling a Company](#)

[Organizational Change](#)

Are your leadership

Feature Article

THE LEADERSHIP DEFICIT

Whether you're pleased or not with the outcome, it's ironic that the most expensive election in history (over \$6 billion) produced no change in leadership: Barack Obama remains as president, Harry Reid (D) and Mitch McConnell (R) still reign in the Senate, and John Boehner (R) and Nancy Pelosi (D) rule the House. The good part is that it's not a lame duck congress - at least not in the classic definition - and they can immediately begin to address the country's challenges. It's appropriate - albeit frightening - that the people who created the fiscal cliff must now eliminate it or jump off together. Is it possible for a status-quo election to change the status quo? Is it possible for a grossly partisan campaign to produce bipartisanship action? Yes - if the men and woman in leadership positions erase the leadership deficit.

No Mandate. Neither party earned a mandate in the election. Quite the contrary, many voters felt the candidates were smaller than the issues facing the country. Disappointment starts with President Obama. Voters generally like him even though he regularly engaged in the partisanship politics he so eloquently chastised in his 2008 campaign. The looming threat of the fiscal cliff requires leaders who are above such tactics. Robert Gates, former Secretary of Defense under Presidents Bush and Obama, said: "The inability of politicians to step outside their ideological cocoon prevents the best ideas from being implemented." Admiral Michael Mullen, former Chairman, Joint Chiefs of Staff, said: "The gravest threat to United States' national security is the abundant disorder in its fiscal affairs." These leaders are describing a burning platform - the economic decline of the United States.

The Burning Platform. To change the mindset of the American people and congress, Obama must describe the burning platform in terms so clear that every American and every special interest group will be eager to sacrifice to avoid it. Romney lost the election because he failed to explain the burning platform to voters and, of course, Obama could not have won on a burning platform. Two years ago, Erskine Bowles and Alan Simpson lead an Obama-appointed commission that developed a plan to dig the U.S. out of its economic sinkhole. They told the president and congress to warn the American people that they must pay higher taxes, work longer, expect less in retirement and other benefits, and change from consumption and short-term gratification to investment in lasting social and business infrastructure. Obama and congressional leaders ignored those recommendations but we re-elected them anyway.

Clinton-Bush Apology Tour. To drive the message home in a bipartisan way, former presidents Bill Clinton and George W. Bush should jointly tour the country and apologize in ways that probably would offend their political parties. Bush would concede it was a mistake to reduce taxes and take the country into two unfunded wars. Clinton would apologize for not fixing Social Security and Medicare when he had a golden chance. Bush would dispute Tea-Party Republicans' claim that even modest tax increases would cause economic ruin. Clinton would condemn Democratic attacks that equate vital Social Security and Medicare changes with demolishing those programs. Obama would cease being the main spokesman for his

conversations
effective?

LEADERSHIP CONVERSATIONS

CHALLENGING HIGH-POTENTIAL
MANAGERS TO BECOME
GREAT LEADERS



ALAN S. BERSON
RICHARD G. STIEGLITZ

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Whether you are newly-promoted into your first management role, a veteran of the C-suite or somewhere between, your most powerful tool as a leader is the ability to hold effective conversations. Rich with real-world examples and useful techniques, *Leadership Conversations* is essential reading for high-achieving managers looking to make it to the next level and leaders striving to develop their people.

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business can be a
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Richard G. Stieglitz, PhD
Stuart H. Sorokin, JD, LL.M., CPA

party's idealogy and together with presidents offer a vision for America's future. Such bold leadership would stimulate lively public debate and shake congress out of its entrenchment.

Give Us a Vision. Most voters would say Romney's vision for America was to shrink government and repeal Obamacare. That vision lost - but it was clear. Ask people about Obama's vision and they shrug their shoulders. Investments in infrastructure, education, energy, and research are needed; but they won't reduce unemployment or improve economic conditions in the short term. The country needs a vision to guide its decisions to:

- regain the middle-class prosperity of the 1960s
- share prosperity more evenly and eliminate poverty
- enable the government to deliver entitlements that it promises
- implement a rational climate-change policy
- encourage investors to build new Microsofts, Apples and Amazons

Obama must use the bully pulpit to explain the vision and show the world that the U.S. is putting its finances in order.

Management 101. If congress took Management 101 at any business school, it would fail because it is operating the government without a strategic plan, without a budget, and without metrics for success. Most of us agree the government is failing, but how should we measure its performance:

- What is a healthy GDP growth rate for the largest economy?
- What annual deficit and national debt are tolerable?
- What are appropriate tax rates for each economic class?
- What should our balance-of-trade be?
- How much should be spent per-capita on medical care?
- What is the baseline unemployment rate?

Let's put numbers on success so congressional leaders and the public can use quantitative objectives as the basis for success that everyone supports wholeheartedly.

Leadership Takes Courage. Presidents are not great leaders just because they get elected. To be remembered as great leaders, they must present a vision for the future and confront detractors in congress and special interest groups with Lincoln-like courage. Four years ago we celebrated Obama's election and hoped that a young, charismatic president would heal partisan divides. Obama's re-election is less inspiring, but it gives him an opportunity to fill the gaps in his record. Hopefully, he will demonstrate the willingness and courage to resolve issues that he has avoided for four years. Courage isn't easy in politics because the best course of action isn't always clear. Effective leaders rise above their craving for popularity and persuade people to acknowledge the necessity for essential but distasteful actions.

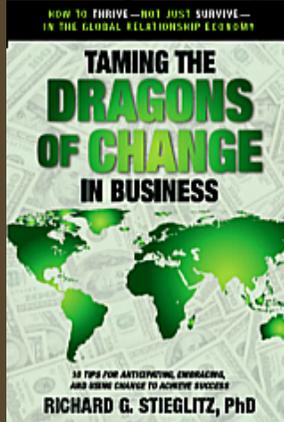
So What's Next? Obama should present his vision to Capitol Hill in the form of a bill - and follow up with bully-pulpit speeches to the American people and business executives. His legislative proposal should frame the issues and present solutions in five areas:

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- *Long-term fiscal stability.* An easy way would be to endorse the Simpson-Bowles plan which is widely accepted as bipartisan
- *Short-term stimulus.* The unemployed need jobs - stimulus is economically and politically appropriate when coupled with a credible long-term fiscal plan
- *Taxes.* Increase revenue by broadening the tax base, eliminating deductions, and promoting capital investments that produce jobs
- *Entitlement spending.* Make adjustments over several years in how payments are indexed to inflation, the eligibility age and criteria, and taxes that fund the programs
- *Discretionary spending.* Shrink the defense budget by ending marginal and irrelevant programs. In civilian areas, shift spending to state and local grants and the private sector

These ideas have been proposed and analyzed countless times, of course, but what has been missing is the presidential leadership to make them happen. Closing the leadership deficit will require courage and action!

Results Through Relationships

LEADING WITH VISION

Leaders use conversations to engage, connect, align, motivate, and direct their people. Consider the strategies, rallying cries, and results of President John F. Kennedy. After extensive conversations with cabinet members and technical experts, Kennedy felt confident in challenging congress and the American people: *"I believe this nation should commit itself to achieving the goal, before this decade is out, of landing a man on the moon and returning him safely to the earth. No single project in these times will be more impressive to mankind; and none will be so difficult or expensive to accomplish."*

In the months prior to this call to action, Kennedy held conversations with top scientists and advisers who cautioned him that the United States lacked the materials, the fuels, the engineering skills, and the budget for such a gargantuan project. Legend says his answer was "Now we have a list of things to do. I'll get the money." In delivering his famous speech, Kennedy met his commitment and ignited the imagination of young and old in the process.

And his vision was followed by action. He appointed Wernher von Braun, who designed German rockets during World War II, to build what became the National Aeronautics and Space Administration (NASA). NASA was deluged with applicants for virtually every position. Its go-no go interview question was: *"Do you believe we can land a man on the moon and return him safely in this decade?"* Any applicant who was reluctant to answer Yes was dismissed. Their conversations focused on how - not if - the goal would be achieved.

Let's consider events that followed from several leadership and management perspectives. First, the goal Kennedy set, though difficult and challenging, had well-defined success criteria that stimulated creativity. The ensuing conversations focused on building a team committed to landing a man to the moon. Furthermore, after that goal was achieved the technologies and strategies would naturally lead to exciting future projects. A second key action was how Kennedy built relationships. His early conversations stimulated enthusiasm and cemented commitment in his followers. His third leadership action was decisive decisions early on the project. Kennedy gave Von Braun full authority to direct the team, and Von Braun choose followers who saw challenge as an exciting adventure rather than as a mountain to climb.

In the end, of course, Kennedy's leadership produced historic results. NASA landed men on the moon and returned them safely in 1969, six years after Kennedy's death in 1963. He established a clear vision and motivated people to achieve it by using leadership conversations to

QUICKLINKS

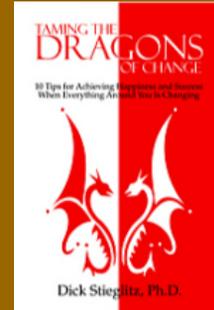
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Leading Change

THREE PERSPECTIVES

Every conversation is (or at least should be) conducted from three perspectives. The most productive leadership conversations touch all three in ways that foster innovation and breeds trust and respect:

- Perspective One: Idea Exchange. Each person conveys his ideas to the others. The criterion for successful idea exchanges are that each person states his position and intentions clearly, and presents new ideas and pertinent facts for others to consider.
- Perspective Two: Understanding Others. Each person seeks to understand the points that others make, as well as the context and emotions behind them. Probing questions are typical in this perspective. When done well, everyone feels heard and understood.
- Perspective Three: Exploring Possibilities. Everyone explores the what-else-is-possible aspects of the topic and focuses on the big picture. Conversations in this perspective frequently combine ideas in bold, innovative, and strategically valuable ways.

Few executives routinely engage all three perspectives, yet the ability to employ all three is the mark of a great leader. The order in which the three perspectives are addressed varies. For example, a visioning conversation held in the leadership mindset might begin in the third perspective, move to the second to define specifics, and conclude with the leader communicating decisions in the first perspective. Conversations held in the management mindset often remain in the first and second perspectives. They focus on what each person must do to get the job done because the boundaries are already established and are not open to debate.

Which perspective is the most important? It depends on your objective. If you must quickly win a point, focus on the first perspective (yours) by conducting a monologue that motivates others - commonly called a "pep talk." Curious people naturally focus on the second perspective because they want to learn. But beware: those same people are sometimes reluctant to voice their own views. Visionary leaders who consistently extend boundaries often have conversations in the third perspective, and instinctively engage the experience and knowledge of their people by employing the second perspective. Try using all three perspectives in your next conversation.

Friends & Colleagues,

If you or your organization want to improve the effectiveness of your leadership conversations, contact me to discuss new possibilities. If you found this e-letter to be interesting and useful, send it to a friend. If not, let me know at dick@dragonsofchange.com.

Until next month,

DICK