

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

December 1, 2013

Issue: 63



McKinsey Institute projects that disruptive technologies will eliminate two billion jobs by 2030 - half of all the jobs on Earth. Are you and your organization preparing for such a change? That is the subject of this month's feature article titled "**Disruptive Technologies.**"

The *Leading Change* article titled "**Change Is the Natural Order**" cautions that you and your organization must change because your market and your customers are changing. The *Personal Change* article titled "**Dark Matter**" points out that today's technological advances exhibit phenomena that can't be explained under old business rules.

As always, your feedback and recommendations to improve this newsletter will be appreciated via return email or through *The Change Blog* at [www.dickstieglitz.com](http://www.dickstieglitz.com).

## Dick Stieglitz

**Feature Article**

DICK STIEGLITZ, PhD  
Business Consultant, Author  
and Executive Coach

### This Month's Articles

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## DISRUPTIVE TECHNOLOGIES

*"The task of a leader is to get people from where they are to where they have never been."* - Henry Kissinger

McKinsey Institute projects that by 2030 disruptive technologies like mobile computing, 3-D printing, robotics, an Internet of things, and DNA engineering will eliminate more than 2 billion existing jobs - that's about half of all jobs on Earth. Entire industries will disappear. On the other hand, McKinsey says the technologies will generate over \$30 trillion per year in economic activity and billions of new jobs. But the new jobs will require skills that are in short supply today. Our business plans and political debates should focus on that skills deficit rather than the budget deficit.

**Third Industrial Revolution.** The first industrial revolution began in textiles and agriculture during the 19th century. Tedious tasks performed in weavers' cottages and farmers' fields were mechanized. The second revolution occurred in the 20th century when Henry Ford used an assembly line to mass produce autos in sprawling factories. The 21st century's digital revolution is changing not only how products are made, but where. The nature of labor is changing and production is moving closer to customers. Factories of the future will produce custom goods in an environment more like cottages and fields than Ford's factories. People who produce goods and services will be in continuous electronic contact with engineers, sales and marketing people, logisticians, and other experts around the world.

**Jobs Deficit.** Today's jobs deficit - about 20 million Americans are under employed or unemployed - will get worse before it gets better. For example:

- Driverless vehicles may eliminate millions of jobs when taxis, buses, trucks and delivery vans become driverless. That will also shrink the need for gas stations, parking lots, and traffic cops.
- 3-D printers may be used in retail, health care, and construction in addition to manufacturing. Printed clothes and shoes could be produced while you wait in your local shopping mall.
- Mobile devices will enable people to work anywhere, thus reducing the need for central offices and eliminating rush-hour traffic jams.
- An Internet of things (i.e., smart systems) will connect virtually everything with powerful sensors that enable a shift from owning things to renting them when needed.

Unemployed workers don't care why their jobs disappear. But to leaders in industry and government these structural changes necessitate retraining virtually the entire workforce and retooling business models.

**Jobs Related to Basic Needs.** In addition to new technology jobs, millions of new jobs will be created to fill the basic needs of an expanding and aging population. Specifically, lucrative opportunities are projected in:

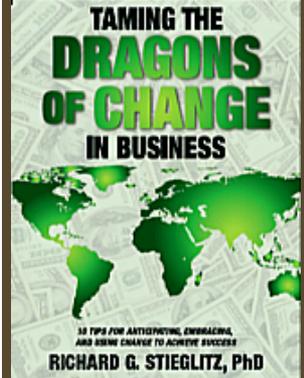
- (1) life sciences and health care,
- (2) energy production and distribution,
- (3) safe foods and clean water, and
- (4) hospitality and leisure activities.

For example, demand for products that ensure safe food (e.g., smart tags, tracking systems, disinfectants, and packaging) is already growing as a result of recent food contamination incidents and new safety regulations.

**Skills Divide.** Technology already is dividing workers into winners and losers: those who are skilled at working with automation and those who are replaced by it. Furthermore, the gap between the skills for high-paying jobs and the typical skills of students and unemployed workers is widening. In September, the Labor Department estimated there were four million vacant positions that require science, technology, engineering and math (STEM) skills. For example, manufacturing vacancies require workers who can set-

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ALAN S. BERSON  
RICHARD G. STIEGLITZ

up, operate and maintain smart equipment. There's also a shortage of entry-level workers with basic STEM skills such as the ability to read and follow a basic blueprint.

**Building Jobs Pipeline.** Technology has changed the way every business and organization operates - but the speed of the change is being taken too lightly. Building a pipeline that connects people to good jobs over a lifetime will require policy changes, education reform, and public-private partnerships. Educational institutions, businesses, and governments seem to be stuck in 20th century thinking - the same can be said of unions, associations, and civic organizations. The rising skills bar is pushing businesses to home grow talent to stay competitive. But businesses can't meet the challenge alone.

**Can Washington Keep Up?** Consumers are enthusiastically adapting to the Internet age of on-line purchases delivered quickly and cheaply. Private-sector companies are also adapting because the market severely punishes those who are slow to change. The same is true for the military except the stakes are literally life or death - which is why so many new technologies sprout in military applications. However, Washington is struggling to understand the new world, let alone enact relevant rules and regulations in a timely way. Government would do best to stick to the fundamentals: better schools and worker training, a level playing field for entrepreneurs, and modern infrastructure to support commerce.

**Disrupt Your Operation.** Leaders must be willing to disrupt operations and take people where they have never been - an especially daunting concept for government and successful businesses. Disruptive advances require businesses and governments to coordinate their initiatives. Washington should incentivize state and local governments and businesses to train future employees and sharpen workers' skills. Industry should collaborate with communities to create vocational programs and offer internships for high school students and unemployed workers. Educators should push every student toward STEM learning to ensure they are not replaced by machines but instead learn how to use and maintain them. And students should teach their elders how to integrate social media into daily activities. Those who lead the change and adapt to the change will prosper. Those who don't, won't.

## Leading Change CHANGE IS THE NATURAL ORDER

***"I'm convinced that when the rate of change inside an organization is slower than the rate of change outside, the end of the organization is in sight."*** - Jack Welch

You and your organization can choose to change proactively or reactively. Either way, eventually you must change because your market and your customers are changing. As a leader, you must stay in front of change or jobs will be lost - possibly your own. The greater your current success, the more difficult it is to pursue the next breakthrough - it's hard to catch a new wave when you are blithely riding high on the current one.

People are generally more anxious about uncertainty than change. Yet every time you plan a new strategy, undertake a new venture, or

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

**QUICKLINKS**

[Dick Stieglitz's Website](#)

Implement a new process, you introduce uncertainty. To align your people behind a change, ensure they believe that:

- The change is essential for success,
- Their concerns and ideas will be heard and considered,
- Effects of the change have been recognized, and
- They will receive help to overcome adverse impacts.

During periods of change, leaders must define actions that will be taken, who will be impacted by the change and how, and steps to mitigate adverse impacts.

What people resist are improperly implemented and poorly designed changes that disrupt productivity and undermine trust. In poorly implemented changes, key employees are left wondering why their old job is gone while others kept theirs. Their doubts are worth considering. One senior executive who filled leadership positions in two federal agencies under two presidents said he thinks in terms of a 4-year action plan for a major change. It takes that long to define the change, develop an implementation plan, address resistance, and perfect and institutionalize the change.

When you implement change, tell your people precisely why the change is necessary. Describe the core issue it addresses or the opportunity it creates. When you are up-front with people about change, their concerns can be dealt with in an atmosphere of trust and respect. Conversations about concerns are more effective than ones about fear, since fear evokes emotional responses.

### Personal Change **DARK MATTER**

***"The future belongs to those who see possibilities before they become obvious to everyone."*** - John Scully

For decades, scientists have known that the laws of gravity discovered by Isaac Newton and refined by Albert Einstein are flawed. The issue is that the universe doesn't contain enough visible matter to generate the gravitational attraction that keeps galaxies from flying apart. So scientists postulate the existence of a mysterious substance they called *dark matter*. *Dark matter* has never been detected in any lab experiment but scientists recently studied a long-ago collision of two galaxies and confirmed its existence and measured its contribution to gravity.

Today's awesome advances in technology exhibit phenomena that can't be explained without the business equivalent of *dark matter*. Ventures succeed that, according to all rules, should fail; while well-managed Fortune-500 companies fall into difficult times. That's why a frank, systematic review of your strategic direction is essential even though organizations are uncomfortable speculating about the future. The stronger the resistance to a self-assessment, the louder the alarm bell should ring!

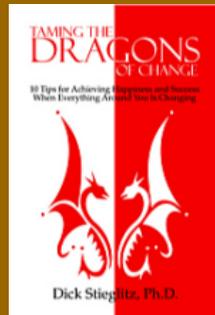
You receive subtle messages that something is changing long before you discover what that something is. Pay attention to those early signs. Opportunity rarely knocks loudly at the front door and yells: "*I'm here!*" More often it enters through a side door disguised as a disappointing loss, unexplained result, or major challenge. Do you recognize them as opportunities and embrace them?

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When an unexpected event or unwanted change occurs, it's natural to be disappointed, confused and maybe even a bit angry. Display emotional agility by looking for opportunity in adverse situations. Instead of cursing a setback or change that was unavoidable, be thankful for it. Consciously and consistently convert unexpected changes into opportunities. That will help you be optimistic, to make the best of every situation, and to recognize alarms as early indicators of change.

### **Colleagues and Friends,**

If you are concerned about setting 2014 objectives for your organization that are appropriate in a rapidly changing environment, contact me to discuss the possibilities. If you found this e-letter to be useful, please forward it to a friend. If not, let me know why at [dick@DragonsofChange.com](mailto:dick@DragonsofChange.com).

Until January First,

DICK