

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

May 1, 2013



Welcome to the May 2013 issue of *The Change Challenge*. Like each of us in our personal and professional lives, Congress faces a range of national issues - but which should take priority? That is the subject of this month's feature article "**Priorities - A Leader's Most Essential Choice.**"

The *Leading Change* article "**Staying Ahead of Change**" suggests that it's just a matter of time before game-changing transformations affect your industry and your job. The *Results Through Relationships* article "'**Yes-and**' **Instead of 'Either-or'**" shows that *Yes-and* thinking combines the best of your ideas with the best ideas of others in a way that works for everyone.

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

**Dick Stieglitz**

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**Issue: 57**



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and Keynote Speaker

### This Month's Articles

[Priorities: A Leader's Most Essential Choice](#)

[Staying Ahead of Change](#)

[Think 'Yes-And'](#)

[Leadership Conversations](#)

[Buying & Selling a Company](#)

[Organizational Change](#)

## Feature Article

### PRIORITIES: A LEADER'S MOST ESSENTIAL CHOICE

*A leader determines the organization's direction in the decisions he or she makes about priorities.*

President Obama hit the nail on the head when he said: "*The greatest nation on earth cannot conduct its business by drifting from one manufactured crisis to the next.*" With its government in gridlock, its national debt rising, its population ageing in a financially unsustainable way, its schools mediocre compared to other rich countries, its infrastructure deteriorating, its tax code tortuous, and its immigration system archaic, the U.S. has fallen from first in the World Economic Forum's competitive rankings to seventh. Fortunately, Congress dealt with the two most recent crises - the sequester and FY13 budget - and is moving to other priorities. But which issues should get top priority? The priorities they choose will determine the direction of the country and the speed of the recovery.

**The Cycle of Change.** Congress often cites a 10-year cycle to reduce the annual deficit. That means we are living choices they made in the early 2000s. The priorities they set today will determine the 2025 economy. Take infrastructure, for example - arguably the easiest issue to fix. Pushed to respond in 2012, Obama said *No* to the Keystone XL pipeline - low environmental risk was a higher priority than new jobs and energy independence. Even if infrastructure was a top priority, Congress would take a year to pass a bill; State and local governments would take a year or more to fund projects and issue contracts; followed by years of construction. So it would be at least five years before Congressional action becomes better roads, airports, mass transit, power distribution systems, etc. The change cycle for education is longer since it will be roughly 20 years before the effects of better education for children benefit the economy and society at large. The change cycle for health care, renewable energy, and immigration are also in the 20-year range.

**Now the Good News.** Even though political gridlock retards growth, the underlying growth prospects are strong and parts of the economy are working well. Unemployment is slowly falling, the housing market is alive again, the stock market hit new highs, and consumer balance sheets are stronger. Displaying true American spirit, state and local governments aren't waiting for Washington to come up with solutions; they are tackling the issues. In some cases Federal law is a catalyst for change - education reform is an example. Virtually all states have updated curriculums, made testing more rigorous, and are using incentive programs to hold teachers accountable for results. Most states fund independent charter schools. On the other hand, federal limits on interstate tolls have pushed states to be creative in paying for improved highways and bridges. Unfortunately, made-in-Washington crises could impact initiatives that are working. Better schools and better roads are good for the economy, but if Washington doesn't limit growth in entitlement spending, the country may still go broke.

**Private-Sector Entrepreneurship.** Another reason for optimism is that U.S. companies have made innovation a priority and entrepreneurs are spreading ideas across industries. For example, breakthroughs in fracking for oil and gas are boosting the entire economy. Many countries have large oil and gas reserves in impermeable rocks, but American companies developed technology to tap those reserves, and entrepreneurs are commercializing the technology and the gas. States are making reforms to attract investors, and shale-gas production has made the U.S. into the world's top gas producer. Furthermore, cheap gas is being used to produce cheap electricity which is luring investors into energy-intensive industries like steelmaking, fertilizers, and plastics. Concurrently, some investors are shifting from safe, low-yield assets to fund startups and small businesses that have the potential to become tomorrow's Microsoft, Apple, Google or Facebook. Focusing on the priorities produces results.

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## 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, a veteran of the C-suite or somewhere in between, your most powerful tool is the ability to touch the hearts and minds of people through effective conversations. Rich with real-world examples and useful ideas, *Leadership Conversations* is a must-read for high-achieving managers looking to reach the next level and leaders striving to develop others.

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

IF YOU'RE BUYING OR SELLING A BUSINESS, YOU'RE  
MAKING THE MOST CRUCIAL BUSINESS  
DECISION OF YOUR LIFE

## EXPENSIVE MISTAKES

WHEN BUYING & SELLING  
COMPANIES

...AND HOW TO AVOID THEM IN YOUR DEAL



Richard G. Stieglitz, PhD  
Stuart H. Sorkin, JD, LL.M., CPA

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**Are You Focusing on the Right Priorities?** As a leader, is it possible that you are pushing your people to work on peripheral priorities? If that is the case, it's probably because you aren't working on the top priorities either. Unless you are an individual contributor, you should be leading and managing. Getting your people what they need to achieve the organization's goals is your top priority. One way to determine if you're working on the right priorities is to ask your key people if they are receiving the direction, support and resources they need to get the job done. You may not like their answers, but now you will have a prioritized to-do list.

**Look at Your Calendar.** Your calendar is another indicator of whether you are working on the right priorities. The meetings and actions on your schedule are what you consider to be top priorities. The higher your position, the longer the time horizon should be for those items. A short time horizon, say a few weeks, might be appropriate for a first-line manager; while a horizon of years would be typical for a senior executive. For example, an executive leader whose calendar is crammed with project reviews rather than strategic planning probably is not adequately addressing the future.

**Setting Priorities.** Setting the right priorities is essential to success in your professional and personal lives, although the cycle of change is likely to be shorter than in government. Are priorities for your organization clear and concise? Could your team accomplish more in these turbulent times if it had fewer priorities?

### Leading Change

#### STAYING AHEAD OF CHANGE

Jack Welsh, former CEO of General Electric, challenged his executive team to "change before you have to." For example, imagine you were a 40-year old executive with a manufacturing company in 1996 when 6.5 percent of the U.S. population (17.5 million people) worked in manufacturing to produce 16 percent of the GDP (\$1.2 trillion). In 2007, you still couldn't retire (just 51 years old) when only 4.5 percent of the population (13.5 million people) was employed in manufacturing to produce 12 percent of the GDP (\$1.7 trillion). Some of you may be among the four million workers, managers, and leaders who were forced into a new career because of massive changes in manufacturing. If you feel safe because your expertise lies outside the manufacturing sector, beware. It is just a matter of time before game-changing transformations affect your industry, your job, and your people's lives.

A tsunami of new technologies, process improvements, acquisitions, offshorings, and outsourcings is accelerating change. Social scientists forecast that the rate of economic and technological change that we have experienced could double. One reaction is to resist change by setting priorities according to the old normal. But change isn't going away - and it won't slow down either. Whether you chose to ignore change, resist it, or integrate it into your priorities, the world will continue to change.

Many executives treat events that don't fit expectations as anomalies. But change happens incrementally, often in ways that are hard to recognize. If you aren't looking for change, you may not see it until it's too late. As you set priorities, ask yourself the following questions:

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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.

**Looking to have your organization embrace change?**



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The recession, layoffs, budget shortfalls, new technologies, acquisitions, and outsourcings 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](#)

- What is likely to change in the next six months, the next two years?
- Are we preparing for those new realities?
- What mechanisms warn us that customer needs, demographics, or technologies are shifting?
- How well do we use those mechanisms to adjust priorities?

Coach your people to anticipate and respond to change in their everyday activities. Even when a change doesn't affect them directly, they should evaluate what might happen next. Your organization can ride the upside of change by making change a priority in you leadership conversations.

### **Results Through Relationships**

#### **'YES-AND' INSTEAD OF 'EITHER-OR'**

Either-or means that one party is right and the other is wrong, which can produce toxic power struggles. The either-or mindset is incredibly limiting. You are not either a manager or a leader, you are both. Yes-and means combining the best of your ideas with the best ideas of others in a way that works for everyone. The collaborative nature of the Yes-and perspective strengthens relationships and expands organizational capacity. "Yes, that's a great idea, and what if we also. . .?"

Your purpose as a leader is to motivate people to achieve objectives. Think in terms of your team reaching its goals and other teams and the organization as a whole achieving their goals. Imagine the positive effects that such a holistic point-of-view would produce. When each part of the organization takes responsibility for its success and the success of the other parts, people look across boundaries to set priorities, give and request help, and cooperate to achieve shared goals. The need to work together is obvious in the midst of a crisis, but cooperation sometimes gets lost in routine business transactions.

Look beyond your silo. As you move up the leadership ladder, compete with the market instead of your peers. You are not responsible solely for engineering, sales, finance, or whichever piece of the organization you oversee. Avoid building your area at the expense of other parts of the organization that may need the resources more urgently. Reaching your goals is important, but success ultimately will be measured by how well everyone achieves the mission. If one fails, all of you will struggle. Mutual trust and respect enable you to work together to produce results that competitors with a self-centered point-of-view will find difficult to match.

### **Friends & Colleagues,**

Until the next month,

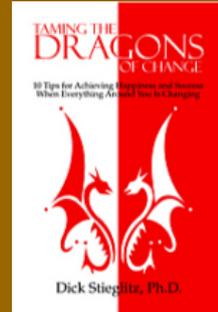
DICK

If your organization wants to establish clear priorities in its conversations, read the book *Leadership Conversations* and contact me to discuss the 2x3x4 model. If you found this e-letter to be useful, please forward it to a friend. If not, let me know why at [dick.stieglitz@MyLeadershipConversations.com](mailto:dick.stieglitz@MyLeadershipConversations.com).

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