

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

January 1, 2015

Issue #71



Happy New Year and welcome to the January 2015 edition of *The Change Challenge*. The current economic climate is riskier and more challenging than ever for owners and would-be owners of new businesses. That's the subject of this month's feature article titled "**Entrepreneurship in Difficult Times.**"

The *Leading Change* article titled "**If You Can't Change, Then Retire**" challenges leaders to change themselves and their organizations before it becomes an issue of survival. The *Personal Change* article titled "**Recognizing Opportunity**" points out that opportunities often arrive disguised as disappointing failures or unwanted changes - do you see such events as opportunities?

Your recommendations to improve this newsletter are always appreciated via return email or *The Change Blog* at [www.dickstieglitz.com](http://www.dickstieglitz.com). The next issue of *The Change Challenge* will be distributed March 1st.



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### This Month's Articles

Entrepreneurship in Difficult  
Times

If You Can't Change, Retire

Recognizing Opportunity

Organizational Change

All the best until then,

*Dick Stieglitz*

## **Feature Article**

### **ENTREPRENEURSHIP IN DIFFICULT TIMES**

***"A pessimist sees difficulties in every opportunity, while an optimist sees opportunity in every difficulty."*** - Winston Churchill

Welcome to 2015: yet another year of rampant change especially for me. After selling our house in Maryland and moving our worldly goods south after extensive downsizing, I'm legally a resident of *The Villages*, Florida. The change is uncomfortable - even a bit frightening. I ask myself "*What if?*" when I think of dozens of things that may go wrong. The feelings are like those I experienced when I left a senior position in a Fortune-100 company to plunge into entrepreneurship and start a company.

**Entrepreneurial Spirit.** It's more risky to start a business today, but entrepreneurial spirit - a willingness to leave the comfort zone to reach for a better life - still drives America's economic growth. Companies five years old or less produce most net job growth and much of the innovation, while established organizations tend to expand what already exists. Start-up companies survive by coming up with new ideas and creating jobs in the process. Unfortunately, the U.S. isn't producing as many start-ups as it once did and today's start-ups add only five jobs compared with an historical average of seven. The Labor Department reports that start-ups created 4.7 million jobs in 1999, but only 2.7 million new jobs in 2012.

**Barriers to Success.** In the course of outfitting our new house in *The Villages*, I hired several small businesses. When I ask the owners - some young and some retirees starting anew - how their business is going, they uniformly cite the same barriers:

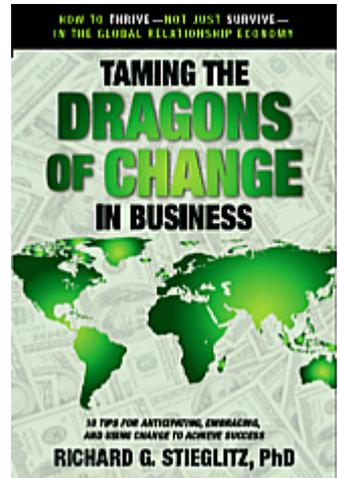
- The first is people. They can't find the right people because schools don't teach skills for today's markets. Small businesses can't afford training, so they get by with fewer people working longer hours.
- The second is red tape: regulations and taxes. One tradesman said he spends two days a week in county offices pulling permits and just four days working. They also complain about high tax rates and the uncertainty of new laws like Obamacare.
- The third is cash. Most businesses are funded with the assets of the founder, often a home equity loan. Unfortunately, the recent recession reduced home values to the point where few have enough equity to risk a start-up.

These hard-working entrepreneurs make a strong case for eliminating regulations and cutting personal income taxes across the board.

**Entrepreneurs - Endangered Breed.** These barriers hit entrepreneurs harder than established companies. Blue-collar business owners are frustrated by a maze of paperwork; academics struggle to commercialize

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new ideas; and foreign-born entrepreneurs find it difficult to gain residency. American capitalism is moving toward the European model where large firms with resources to deal with regulations dominate while new companies flounder or sell out to bigger companies. In Congress, Republicans have lost Ronald Reagan's passion for immigration and Democrats try to win favor with voters by vilifying business leaders. And, despite record low interest rates, both parties seem reluctant to invest in the infrastructure that stimulates business growth. Entrepreneurs may be endangered, but don't underestimate their ingenuity.

**Brave World of Entrepreneurs.** It's trendy to glamorize entrepreneurs and ignore the downsides they face. The press makes people drool over the houses, yachts and lifestyles that the top 1% of entrepreneurs enjoy. President Obama was oblivious to the 50% of startups that fail within five years when he said: *"If you have a business, you didn't build it. Somebody else made it happen."* The reality of entrepreneurship is as glamorous as shoveling cow manure in a barnyard. Entrepreneurs worry continuously about meeting payroll. They have no job security and virtually no life outside work. Entrepreneurs are just plain brave, and they deserve respect for risking everything to build something from nothing.

**Grey Power.** Historically, most new businesses were started by people in their 30s. Today, that age group is financially handcuffed with student debt and chronic underemployment. With nearly 10,000 Americans turning 65 every day, the number of seniors who are becoming entrepreneurs is growing. They have marketable skills and experience, and the wherewithal to take risks. At the same time, their demand for services is creating entrepreneurial opportunities for younger folks in areas like health care, lifestyle design, and personal assistance. The swelling number of older voters and their propensity to vote gives them power in areas like Social Security reform, health care and disability benefits. And now that influence is extending into small business areas.

**Conclusion.** The U.S. is fortunate that entrepreneurship flows in the veins of its people - both old and young. It's absurd that the government puts red tape and taxes in the path of people whose desire is to start a business and hire workers. To bolster the middle class, policies that produce jobs and help small business should be at the top of the political agenda. The take-away message to Congress and public officials at all levels is: *no matter what else you do, make things easy for entrepreneurs!* That may seem obvious, but it's not happening today.

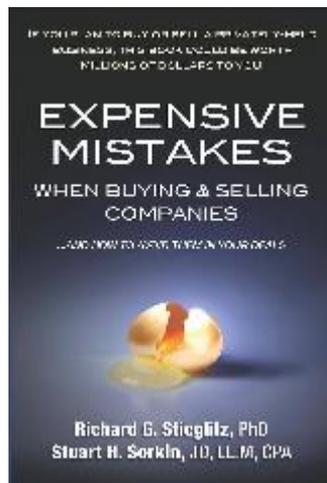
## Leading Change

### IF YOU CAN'T CHANGE, THEN RETIRE

***"It isn't necessary to change, but survival isn't guaranteed either."***

- W. Edwards Deming

Jack Welsh, former CEO of General Electric, challenged his people to *"change before you have to."* Sticking with *status quo* may feel like a safe decision; but in today's rapidly changing world, safe often means missed



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## QUICKLINKS

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Dragons Of Change Website

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opportunities and stagnation. Avoid defaulting to safe decisions. Instead, engage the best thinking of your entire team when considering change.

You may feel that change is complex and risky - something to be done only if absolutely necessary. That thinking generally avoids change until it's too late. Making a major change is challenging under any circumstances, but it's especially difficult when things are operating smoothly. The more successful an organization, the larger the faction that will resist change. Paradoxically, that makes successful organizations vulnerable to decline in times of rapid change - like the foreseeable future. If you feel that your organization is humming along and doesn't need to change, consider retiring to a tropical island. But even there, global warming is likely to change your living conditions.

If you aren't ready to retire, start looking for effective ways to lead change. Don't ignore events that don't fit your expectations as merely one-time anomalies. Change happens incrementally, often in ways that are hard to recognize. If you don't look for change, it may be too late to react by the time you see it. Ask the following questions regularly in your decision-making conversations:

- Are we genuinely exploring new possibilities, or are we consumed by today's priorities?
- What changes will probably happen in the next quarter, the next year, the next two years?
- What mechanisms are in-place to warn us that customer priorities are shifting?
- How well do we incorporate feedback from those mechanisms in our strategic thinking?

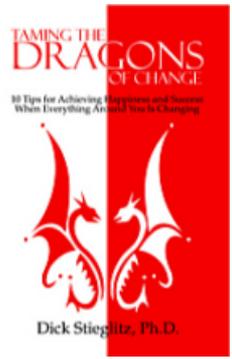
Train your people to embrace new ideas, new technologies, and new ways of doing business in their everyday decisions. With that approach, you'll ride the upside of change by making decisions that use change to your advantage.

### Personal Change

#### RECOGNIZING OPPORTUNITY

***"Failure is simply the opportunity to begin anew, this time more intelligently."*** - Henry Ford

A craftsman visited my house to replace some windows. He had started a new company that was recommended by neighbors. We discussed the challenge of owning a small business and I asked: "How did you start your business?" He said his last employer went bankrupt suddenly. One day he had a full slate of jobs and the next he was unemployed. He learned the business during 15 years with large companies, and decided to transform what he knew into opportunity. He contacted customers who had recently received price quotes, hired workers who also were unemployed, and he



#### **TAMING THE DRAGONS OF CHANGE**

**10 Tips For Achieving Happiness  
and Success When Everything  
Around You Is Changing**

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was in business. That event was three years before our meeting. Today his business is thriving.

Opportunity rarely knocks loudly at the front door and shouts: "*I'm here!*" More often it enters quietly through a side door disguised as a disappointing failure or an unwanted change - like the bankruptcy of his employer for this man. Would you call that an opportunity if it happened to you? Too often, the dragons of change make "*Oh no, what will happen next?*" the first reaction to change. Coping with the mergers, downsizings and budget cuts common in today's world has left people discouraged and anxious. Those dragons will cause performance to deteriorate and opportunity to evaporate. You might even miss a lucrative possibility that is embedded in the change.

When an unexpected event or unwanted change occurs, it's natural to be disappointed and maybe a bit angry. Embrace those debilitating dragons if you'd like, or tame them by looking for opportunity. Instead of cursing a setback, be thankful. It's easier to recognize new opportunities if you are thankful for everything that happens, even the pain of an unwanted change. Exploit positive aspects of change no matter how small or obscure they may be. As a leader, you set the mood around you. What is your attitude toward changes? Do you see them as problems or opportunities? Attitudes are contagious. Is yours worth catching?

## **Colleagues and Friends,**

If you would like to infuse a positive attitude toward change in your organization, contact me to discuss how to do that. If you found this e-letter to be interesting and useful, please forward it to a friend. If not, let me know why at [dick@DragonsofChange.com](mailto:dick@DragonsofChange.com).

Until March 1st,

DICK



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