

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

March 1, 2015 - The Last Edition

Issue #72



Thank you for viewing the March 2015 edition of *The Change Challenge*.

Technology and globalization have enriched some Americans and impoverished others. It won't be an easy task, but the U.S. must equip all Americans to share in prosperity. That's the subject of this month's feature article titled "**Economic Mobility**."

The *Leading Change* article titled "**The Pain of Change**" encourages us to take action even when the first step is difficult. The *Personal Change* article titled "**Farewell to Security**" reminds us that change has propelled each of us to where we are today - and more change is on the horizon.

This is my last newsletter. For the past seven years, I've enjoyed sharing my perspectives on change, business and economic policy - and receiving feedback from readers. My wife and I have retired to The Villages, Florida after 39 years in the Nation's capital. Even though it's the last edition, your feedback will be sincerely appreciated via email or *The Change Blog* at

DICK STIEGLITZ, PhD
Retired Business Consultant,
Author & Executive Coach

This Month's Articles

Economic Mobility

The Pain of Change

Farewell to Security

Organizational Change

Buying & Selling a Company

Best wishes for prosperity and good health,

Dick Stieglitz

Feature Article

ECONOMIC MOBILITY

"We know many of our countrymen are wondering what will come of their hopes and dreams. Can we love America and not rest until each of them can reach as high as their God-given talents will take them?"

- Ronald Reagan

Economic mobility is the vexing challenge of our time. Readers of this newsletter are likely to be on the positive side of the economic divide. But many Americans exist day-to-day just a broken-down car, serious sickness, or leaky roof away from economic ruin. They hear that the economy is growing, unemployment is dropping, and the stock market is at all-time highs, and ask: "*Why don't I have good times?*" The technology and globalization that enrich some Americans are impoverishing others. The U.S. must create shared prosperity by equipping all Americans to flourish. It's no easy task, but economic mobility is the heart of what is special about the U.S.

Fading American Dream. People are losing confidence in the American Dream - the promise that each generation leaves the next in better shape. Politicians see the trend but respond with partisan solutions that miss the importance of their rivals' ideas. Voters nostalgically recall the "*golden years*" when factories gave life-time jobs, babies filled maternity wards, and everyone shared in a post-war boom. But factories, furniture mills, and coal mines have closed in countries with widely varying labor laws and environmental rules. The root cause isn't a cyclical downturn that eventually will go away. It's an explosion in global competition and a tsunami of new technologies. Competition cannot be wished away - new ideas and hard work on everyone's part are required to succeed.

Appreciating New Technology. The introduction of new technology is usually painful. For example, the industrial revolution transformed the human condition with electrical power, engines and factories; but it forced people to leave farms and work near cities. Today's digital revolution is changing the workplace on a similar scale. So far, the pain has been felt mostly by low- and mid-skilled workers, while income for those whose skills complement computers has soared.

Raise Minimum Wage? Those who are willing to work for \$8 an hour can easily find a job - but can't live on that wage. However, a higher minimum wage would just accelerate the replacement of workers by machines. The best thing governments can do to help is to raise workers' productivity and mobility. Education isn't just for the young - adults need life-long learning to stay abreast of technology. Also, better housing and public transportation would help people get to places with quality jobs.

Looking to have your organization embrace change in 2015



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THAT'S WHAT THIS BOOK IS ALL ABOUT!

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

After the industrial revolution, it took governments nearly 100 years to deliver educations that enabled farm workers to thrive in an industrial era. Today's digital revolution requires a similarly bold, but swifter response.

Productivity vs. Jobs. Computers, robots and connectivity are creating new industries, but they also are eliminating jobs higher and higher up the skills ladder - yours may be next. Disruptions have swept through workplaces as diverse as publishers, seaports, travel agents, factories, and offices (have you seen a secretary recently?). Businesses increase profitability by reducing the workforce since workers' pay, health care, and retirement are a huge expense in good times and burdensome overhead in tough times. However, productivity advances aren't such a good thing in the view of unions and public officials desperate to keep their constituents employed. The government's goal of creating jobs and the private sector's goal of increasing productivity could be congruous if governments invested more in human capital, infrastructure, and basic research.

Why U.S. Is Falling Behind. High taxes, endless regulations, and a complex tax code are often blamed for the decline in U.S. competitiveness. But several other factors are equally significant. The first is human capital. Most new jobs require skills that our educational system doesn't routinely teach. Ten years ago the OECD ranked the U.S. first in percentage of college graduates - now we're 14th. The situation in engineering and science is even worse. The second factor is inferior infrastructure. U.S. infrastructure once was ranked at the top by the World Economic Forum - now we're 24th. Third, research & development spending as a percentage of GDP has declined steadily, and now is about half what it was in the 1950s. In summary, the decline in U.S. competitiveness is more fueled by declining investments in human and physical capital, and research than by regulations and high taxes.

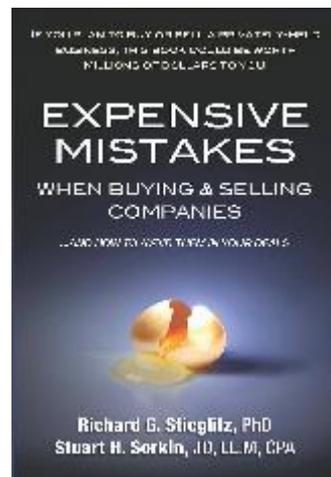
Job Apocalypse. To avoid a job apocalypse, coordinated action is needed to build the future workforce. In the public sector, investments in education should start with pre-school and transition smoothly into continuous technical training for workers. In the private sector, companies must cooperate with local governments to offer apprentice programs and continuous learning programs. On a personal basis, since versatile employees are most likely to prosper, take action to cross-train yourself and your people...or you can retire like I did.

Leading Change THE PAIN OF CHANGE

"Leaders establish a vision for the future. They inspire others to go in the right direction. Then they, along with everyone else, sacrifice to get there."

- John Kotter

My sister-in-law is an animal lover who usually has several dogs in her home. She protects them with an electric fence. But Hubert, a Springer Spaniel, was one dog she couldn't contain. Hubert knew the pain of the electric fence, but it didn't stop him. One day I watched as he stood 10 feet from the fence and planned his escape.



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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.

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Dragons Of Change
Website

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ON PERSONAL CHANGE**

Then he sprinted as fast as he could and leaped through the electric fence with a yelp. Momentum carried him through the pain and he was free. After a brief adventure in the neighborhood, Hubert returned to the front door waiting for my sister-in-law to let him back in the house.

Some barriers to success are like electric fences. To get where you want to go, you have to endure pain like Hubert jumping through the fence. Psychologists say humans are driven more strongly by pain-avoidance than by pleasure-seeking. Therefore, to achieve future success we must conquer our natural resistance to change - which, for the most part, is painful. Similarly, organizations move forward by consistently making changes to prepare for the future. Organizations that make change normal and comfortable have a high probability of success.

Ever wonder how successful leaders always have their organization in the right place? It's because they put themselves in position to succeed by continuously preparing for new opportunities. They tame the dragon of short-term pain that holds organizations inside the "comfort" box. Successful leaders don't waste precious time trying to avoid the pain of change. Instead, they tolerate pain and make change a habit. Your success depends more on the actions you take today than on your past successes, your resources, or luck. Don't avoid action merely because of the short-term difficulty of the first step.

Personal Change

FAREWELL TO SECURITY

"If you wait until all the lights are green before you leave home, you'll never start your journey." Zig Zigler

To get to where you are today, you stretched through many changes. I did too. At three years old, I abandoned the comfort of my biological mother to leap into the loneliness of an orphanage and the uncertainty of adoption. I didn't choose that stretch, but the experience gave me a deep determination to take care of myself. At 18, my father told me to stop dating the girl who was to become my wife or leave the house. I moved out to demonstrate my independence. Ready or not, I've been responsible for myself ever since. At 22, I gave away the freedom of being single to share life with my wife and daughters, and learn about unconditional love.

After graduation, I left the comfort of academia to become a naval officer. I gained engineering experience, leadership abilities, and valuable professional contacts. At 32, I resigned from the Navy to face the pressure and uncertainty of the private sector. My reward was management skills, a network of colleagues, and financial growth. At 39, I abandoned the stability of working for a company to ride the thrilling roller-coaster of self-employment. I accepted responsibility for the job security of employees, and had an opportunity to make a difference in the world.



TAMING THE DRAGONS OF CHANGE

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

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At 62, I sold the company, and began to write books and help business owners succeed. A few months ago, I moved from Maryland where I had lived for almost 40 years to a retirement community in sunny Florida. Almost everyone in the new community acknowledges being old and makes the best of it...enjoys each day to the fullest. Beyond warmer weather and lots of golf, I'm not sure what the result will be. Time will tell.

The most significant advances we have had in our lives have followed a change. Some we chose and others were forced upon us. Without doubt, however, each change took us to a new level of living. More stretches lie ahead. I can feel the dragon of fear raising its menacing head as I think about mine - the biggest being to venture into the ominous certainty of death. Every minute of our lives is a choice between changing to reach a new level or accepting the comfort of what we already know. One of the most meaningful gifts we can give ourselves is the freedom to fail.

Colleagues and Friends,

I hope you found value in this issue and previous newsletters. I've appreciated the many readers who took time to provide feedback - regardless of whether it agreed or disagreed with the perspectives that I offer. I'll miss both the writing and the dialog with readers. If you have ideas or opportunities that I should consider, please stay in touch at dick@tamingthedragons.com.

Wishing fair winds and following seas to all of you,

DICK