

Part I

THE REALITIES OF CHANGE

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Chapter 1



THE NEW NORMAL

There is nothing permanent except change.

—Heraclitus

WHEN WILL THINGS RETURN TO NORMAL?

James was in a bind. His heating and air-conditioning business had grown along with the housing boom. He had expanded his business on the assumption that low interest rates and easy-to-obtain mortgages would keep his business growing until he could reach his goal of employing five crews and paying off his debt. At that point, his business would be sustainable even if there was an economic slowdown.

The collapse of the housing bubble caught James completely off guard.

“When will things get back to normal?” he asked during a presentation.

It was a question I had received numerous times since the economic meltdown of 2008. Most people—like James—want to know when the job market will bounce back, when the economy will return to something close to sustained growth, when the uncertainty about our future will subside, or when the rate of change will slow to a more manageable pace.

The answer they want is a timetable for returning to stable markets, low unemployment, and customers who buy their products and services. They hope for a world that is similar to the one in which they knew how to compete and succeed.

My answer is always the same and often unpopular: What if this is it? What if instability, rapid change, and uncertainty about things out of your control are the new normal? And, what if I’m wrong and things bounce back quickly? If you can succeed now, you will crush it then.

Unfortunately for James, I wasn’t wrong.

PERSPECTIVE FROM THE IRON LADY

“The world has changed forever.”

Those words flooded the media in the days and weeks following the terrorist attacks on the United States on September 11, 2001. Many of the conferences at which I was scheduled to speak cancelled during that time, but one did not. The closing speaker was Lady Margaret Thatcher.

Lady Thatcher, the longest-serving prime minister in Great Britain’s storied history, had survived World War II as a little girl. She had experienced the cold war and numerous terrorist bombings in her own country during the 1970s and 1980s. She had led her country through dramatic change. She, as much as anyone in the world, had the perspective to make sense of the attacks on the United States.

Her words are as relevant today as they were then: “The world has stayed the same. It is just that our illusions have been stripped away.”

REFRAMING OUR ILLUSIONS

Humans have a tendency to believe that their initial experience with a situation is the first time that it has occurred. Every change that makes you nervous, uncertain, and sometimes a little crazy has occurred in some form before.

New technology has always been a disruptive and beneficial force in how people work and live. The folk legend John Henry was a steel-driving man who raced against the steam-powered hammer that revolutionized the building of the railroads. The telegraph opened a new era of communication that created new jobs while making others unnecessary. Business has always looked for ways to do things faster, better, cheaper, or friendlier, and technology has played a major role. Why would that be different today?

Globalization has existed since the beginning of time. Overland trade routes between western Asia, the Mediterranean region, and China date to the second millennium BCE. The travel took longer and was much more precarious, but it brought imports, exports, new jobs, and competition for existing jobs among countries and individuals. The opportunities and threats of globalization today

are the logical extension of a history of expansion into new markets to sell, purchase, and produce goods and services.

The Dutch Tulip Bubble of 1637 shares an eerily similar feeling to the banking and mortgage crisis of 2008. Tulips were the speculative currency of the time in Holland. Fortunes were made and lost daily as tulip traders speculated on what appeared to be an investment that would only increase in price. Then someone didn't show up to pay for his tulips. Widespread panic ensued. Tulip prices plunged to virtually nothing, and the Netherlands was forced into a depression that lasted years.

Wars have been waged (formally and informally) forever. American political scientist Quincy Wright wrote: "Change in any particular force, trend, movement, or policy may at one time make for war, but under other conditions a similar change may make for peace." In other words, the world is a very unstable place because humans act in their own interests rather than looking at what is best for their country or the world.

I SHOULD HAVE PAID ATTENTION

How many times have you said to yourself, "If I had only known . . . "?

- If I had only known that I would be doing business with people in other countries, I would have paid more attention in my language classes in school.
- If I had only known that entering information on a keyboard would be an important part of my life, I would have taken a typing class.
- If I had only known about the Dutch Tulip Bubble of 1637, I might not have lost all that money in the bursting of the dot-com bubble or the housing bubble.
- If I had only known that I would actually need my hearing, I wouldn't have played music so loud when I was a teenager. (Okay. That's not true. My parents told me to turn it down, and I didn't. How about you?)

The list is endless.

History repeating itself doesn't make us feel any better as we are experiencing it for ourselves. In fact, it can make us feel stupid and out of touch.

But before you get too angry or frustrated, take comfort in knowing two things:

1. You are not alone. Most people and organizations miss the big changes that affect their lives until it is too late to do anything other than play catch up.
2. There are some aspects of this change that make the new normal different.

MOORE'S LAW AFFECTS EVERYTHING

You have probably heard of Moore's law. In case you haven't, here is the overview:

Gordon Moore, cofounder of technology giant Intel, wrote in 1965 that the number of transistors that could be placed on an integrated circuit doubles approximately every two years while the production cost moves in the opposite direction. What is now called Moore's law was based on his observations about chip development from 1958 (the creation of the first integrated circuit) until 1965, and it explains why it now costs a few hundred dollars to purchase a laptop computer that has more power than the largest mainframe machines of just a few decades back.

Most important for you, 50-plus years of Moore's law has created exponential growth in the impact of technology to change your world and your work. And that change affects everything: globalization, economics, how wars are waged and fought, how work is accomplished, how we communicate, and our ability to keep up with everything that might affect our lives.

Connected financial markets didn't create the bad decisions that fueled the global financial meltdown and sovereign debt problems of 2008 to 2009. They simply allowed more banks in more countries to share and be harmed by the risks.

Social media didn't create the Arab Spring. It simply allowed people to more effectively organize and communicate their message.

Today's technology did not create terrorists or rebels. It simply removed any illusion from our psyche that any single place or people are safe.

WE LIVE IN AN OCEAN NOT A POND

The scariest change on the horizon is the one that you don't see coming until it hits you. There were people who saw the ability of technology to take the globalization of work to a new level just as there were those who saw the Great Recession and health care reform and computing in the cloud on the horizon.

What separates them from the rest of us is that we focus on the pond in which we live. They look for trends in the ocean.

An old French children's riddle is a great way to think about the realities of change today. It goes like this:

A pond has one lily pad in it today. The number of lily pads in the pond doubles every day, and on day 30 the pond is completely full. On what day is the pond half full of lily pads?

Day 29 is a convenient way to describe the overwhelming power of exponential growth demonstrated by Moore's law. But it misses an important point: The pond in the lily pad riddle is a fixed size. Day 30 assumes no more capacity and then you are done.

That's not the way it works when it comes to change today. You may feel like you are at day 29½, with a finite capacity for absorbing more change, but the rest of the world hasn't received or accepted that message. In the real world, the pond is really an ocean with unlimited capacity to expand.

Those who thrive in today's hyper-change environment see further and adapt quicker. The result is that they are more relevant to their customers, engaged in staying ahead of the change and nimble when placed in a position to react.

CHANGE LEADER ACTION LIST

All change creates moments of instability and anxiety. Substantial change that comes at you in waves can either make you bold or make you timid.

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Now is not the time to be timid. Timid companies don't anticipate the future. Timid people don't invest in themselves or take the actions that enable them to quickly adapt.

Here are three action items you can take to increase your opportunity to thrive in the midst of the new realities of change.

1. Focus on Value Given and Value Received

In uncertain financial times, investors run toward value. Your customers do the same thing. Your challenge is to add so much value that doing business with you takes away any anxiety or fear they may have. You must be crystal clear about the return on their investment you will deliver. How can you make it faster, better, cheaper, or friendlier?

This principle also applies to your career. Your employer will base decisions on the value you provide for the investment the company is making. If you aren't creating more value than the cost of keeping you, why should the company bother?

2. Strategically Invest in Your Future

The biggest threat most of us face is relevancy. People who purchase your product or service are asking, "Why you? Why now? What makes you relevant?"

Employers who are deciding to hire you or even keep you on the payroll are asking the same questions.

Now is the time to strategically invest in the areas that will make you successful five years from now while continuing to add value today. That could mean investing in a new product, service, or piece of equipment. Or it could mean learning a new skill. The best in every field of endeavor actively manage their futures. This is more important today than ever before.

3. Prepare for the Worst and Look for the Best

Long-term anxiety and instability breed a lack of confidence. And that lack of confidence closes our minds to opportunity.

The Great Depression of the 1930s saw the demise of many companies, but it also gave us companies such as Motorola, Texas Instruments, Hewlett-Packard, and Converse.

The same will be true of today. Fifty years from now, we'll look back on this time as the crucible that spawned legendary brands and businesses.

I'm a realist. There are a number of factors that affect your success. The only one you can control is what you do to see further and adapt faster than the other guy.

