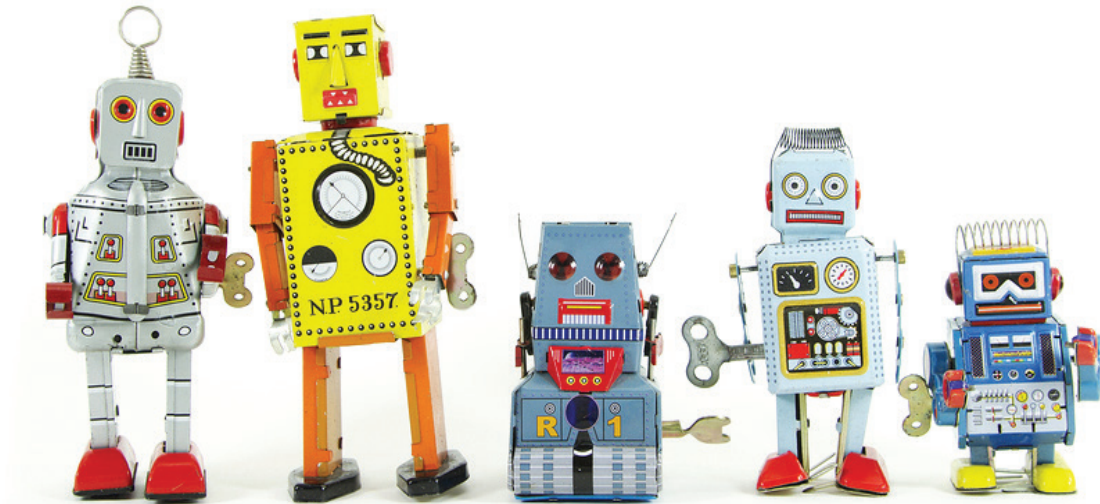


Managing the Crazy Changes Coming Your Way



A Note about Don Phin's Background

Don has changed colleges, his marriage, numerous careers, numerous homes, and his finances. He helps companies change and loves the idea of change itself. He lives in Coronado, CA... at least for now.

I use the two pictures below to make a point. The second was done by my son on his iPad. He said it makes me look cooler. How do you feel about each person? Who is more professional? Who is more creative? Who is more open to change? Who is more interesting? Like you, I have to make sure I don't get trapped in an image of who I am supposed to be!





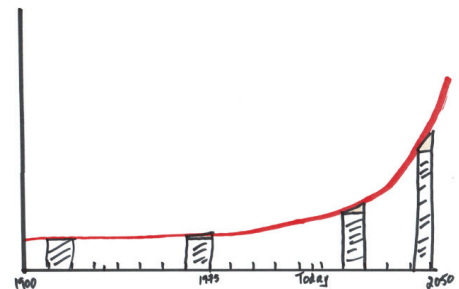
What's Changing?

Answer: **Everything and quickly!**

- Access... to everything
- Algorithms
- Climate Changes
- Communication
- Cyber Exposures
- Demographics
- Economic
- Energy
- Farming
- Financial Markets
- Genetics
- Internet of Things
- Logistics
- Longevity
- Nanotechnology
- Politics
- Processing speed
- Regulation
- Robotics
- Social Structures
- Transparency
- Transportation
- Virtual Reality
- Work Structure

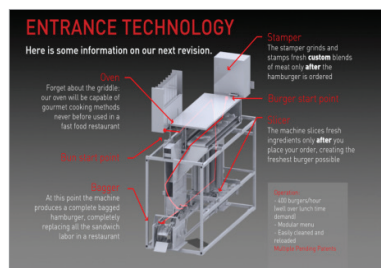
Accelerating Acceleration

It is important “get” that change is happening at an ever accelerated rate. It is moving to the “singularity” or the interconnectedness of everything. In the past you could play catch up. Today if you are not on the forefront of change there will be no ability to catch up. It will be too late.



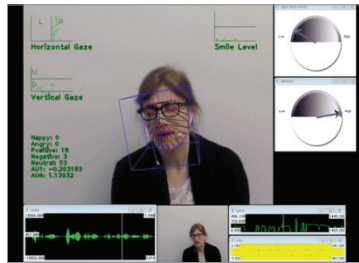
Robotics

Robotics are one example of the change coming our way. You can buy a Baxter robot which can replace a great deal of human labor for only \$25,000. You can buy automatic lawn mowers today that will replace low wage workers. They are producing a hamburger machine that can produce over 400 perfect hamburgers per hour... and this is just the beginning. Robots are improving in their dexterity, and are integrating with algorithms to replace the jobs of even high wage workers. For example the Sedasys machine is doing some tasks of an anesthesiologist. There are computerized mannequins today that cause us to consider “what’s real”? There’s automatic checkout, the elimination of waiters replaced by tablets, intelligent algorithms that replace routine underwriting tasks, robotic financial advisers, and more.





Artificial Intelligence



The world was shocked just a few years ago when IBM's Watson machine beat the top Jeopardy players. Previously their Big Blue machine beat the top chess player in the world and most recently another computer beat the top Go player in the world. Computing is getting ever more sophisticated. Computers are capable of facial and voice recognition and cognitive learning – the future of computerization.

The CEO for Amelia said customers must be comfortable speaking to a robotic system because they won't be able to differentiate whether they are talking to a machine or a human. This is the "Turing" Test.

DISRUPTION

All of these computers, robots and artificial intelligence will cause a great deal of disruption. According to John Chambers, former Cisco CEO, "Forty percent of the Fortune 500 companies won't exist in 10 years."

Just one example is transportation. Driving vehicles is the largest employment job of men in the US with over 2.5 million people driving for a living every day. Our highways will be using self-driving cars and trucks within the near future. They are already in use in Pittsburgh.





Here's a list of who will be disrupted by driverless vehicles:

- Less drivers
- Less auto dealers
- Less tow trucks
- Less accidents so less lawyers
- Less ambulances
- Less highway patrol
- Less claims adjusters
- Less investigators
- Less brokers

And... there will be more robot sales, fleet management and robot repair shops. Where will all those others workers get jobs?

Uber is another example of a destructive technology. Uber taxis support the do-it-yourself economy. Getting rides with strangers was deemed scary until an Uber app came along. It started in March 2009 and is now in 77 countries and 527 cities. Uber has also created numerous entrepreneurial opportunities around it. In one of my recent Uber rides in San Diego a former Russian software engineer, who left Russia with \$500,000, created a fleet of Uber vehicles and is doing well for himself. I also know the owner of several car washes who struck a deal with Uber drivers to come through during mid-day at a reduced rate. There are dozens of examples like this.



All change causes precessional impacts as I will discuss soon. When railroads opened up the western US the result was Levi Jeans, real estate agents and saloon operators.

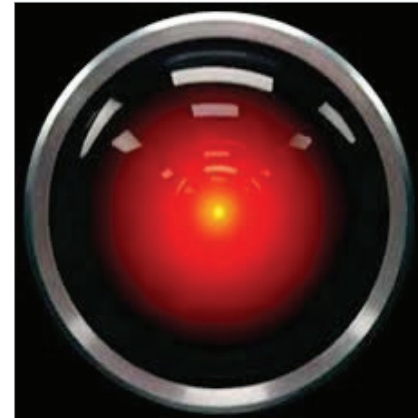
According to the most extensive report on future job lost by the University of Oxford some 25% - 47% of US jobs will be computerized by 2035. The question or concern is how many jobs will be created during that time? According to most experts there will be a net loss of jobs and total work hours. This in itself will cause change. Here's a quick list of the type of jobs that will be most greatly affected by computerization.

- Restaurant cooks .96
- Cashiers .97
- Legal Secretary .98
- Tellers .98
- Loan Officers .98
- Insurance Underwriters .99
- Tax Preparers .99
- Telemarketers .99

We can pretend to be relieved because telemarketers will be eliminated only to realize that they'll be replaced by computers who are far more persistent and less expensive to use.

What about your jobs are at risk?

- High cost – cheaper to use a robot?
- Routine tasks that are programmable?
- Big data taking away routine decisions?
- Direct physical interaction required?
- High cognition required? (suggestions, innovations, creativity, strategic inputs)
- That which is not uniquely “human.”



Adapting to Change

I remember seeing the movie 2001: A Space Odyssey when I was 11. At the end of the journey the spaceship was taken over by the computer “Hal”. I think I have been deeply panicked about computerization ever since!

One way to relieve our fear about the future is to think ahead and be prepared. I believe you either eat technology or you will be eaten by technology.

Thinking Ahead

What is changing in my industry?

What would I love to change in my industry?

What is changing in other industries?

Do a SWOT analysis

- Strengths
- Weaknesses
- Opportunity
- Threats

Involve all your stakeholders in answering these questions. From VC's to the newly hired. Customers, vendors and any other stakeholder willing to contribute.

A few things to realize: there is no “getting there” as change is continuous. It's about becoming comfortable with change. Also realize that mistakes will be made. Often some very big ones. This means we learn from them but does not mean we'll move backwards.

All of this change will cause a great deal of uncertainty. As Paulo Coelho stated “Only mediocrity is ever truly comfortable.” It's OK to be unsure of yourself during these rapidly changing times.

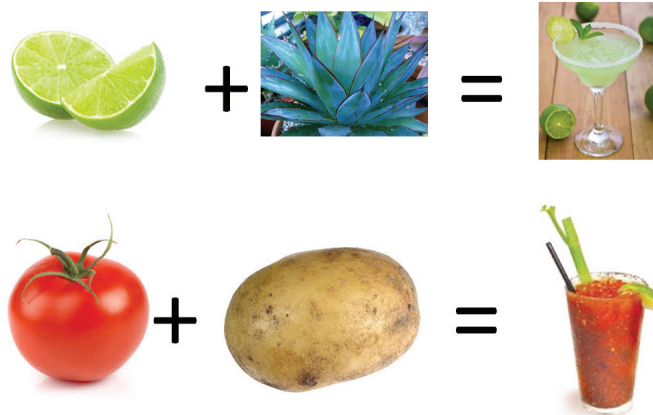
Be the Change

One day the original founders of Zappos realized that 30% of all retail transactions in the US will eventually be online; that will people will buy from the company with the best service and the best selection; and so they decided that zappos.com will be that online store. They chose to be the change and made themselves rich in the process.



Get Creative!

Creativity always has been and always will be about putting together two disparate thoughts. Just like the juice from a lime and the alcohol from agave plants can make a great margarita or the juice from the tomato and the alcohol from a potato can make a great Bloody Mary, when you mix and match ideas at your company you will increase your creativity.



The Value of Ideas

- You are ahead of the wave or being buried by it. Even better – be the wave.
- None of us is as smart as all of us. Tap inspiration from any place you can get it.
- Paul Allen – *“The seeds of the future are always growing in the present.”*
- Incremental changes usually make the greatest difference.
- One big idea – “To have one good idea, have a lot of them.” Edison
- Peter Drucker – The issue is how to create value out of ideas.

Sources of ideas... and inspiration.

- Disparate industries
- TED videos
- Podcasts
- <http://diamandis.com/>
- Children
- Suggestion Systems
- Outsiders
- Free time

Remember this... *you can't control change, you can only empower it!*

Change and Human Needs

Industrial psychologist Abraham Maslow said humans have five basic needs related to their work. Remember to motivate people based on their needs.

- Self-Actualization
- Ego Gratification
- Belonging
- Security
- Survival



The point is we must keep these needs in mind when managing through change.

They come in ascending order. How will job survival and security needs be met when jobs are at risk? How can we strengthen our tribe...or culture...to embrace and champion change? How can we stroke the egos of those people needing that (like your top sales people maybe?) And last, how can we appeal to the very human need for making a difference and becoming self-actualized in the process.

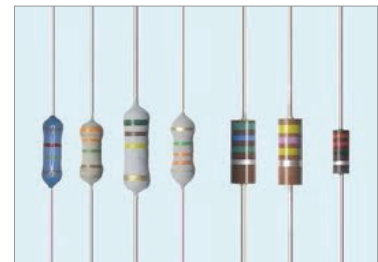


Of course it is hard to search for meaning when you are in job survival mode. The point to is to consider *their needs*, which may not match your own.

The Three Kinds of Employees

Many executives ask “how do I manage people through change?” Maslow is certainly one frame you can use. Here is another. We begin by understanding there are three types of people when it comes to their relationship with change. The Resistors or what you might call victims of change, the Sheep and the Champions.

The Resistors – you can think of them as a resistor in an electrical line. Very simply they slow down the energy. Is there some logical reason why they should fear the change? Will their jobs be eliminated? Are their skills outdated? Are experts coming in from the outside? If their fear is legitimate then address it head on and see where the opportunity may lie for them. Perhaps it is retraining, or transfer to a different position. However some people will continue to resist change even if they know it’s coming their way and there’s nothing they can do about it. When that happens I’d like to remind people that “if it doesn’t make sense don’t try to make sense out of it!” Their resistance is not logical; it’s emotional and has to be dealt with at that level.



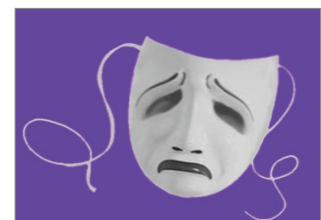
Change Victims – do you hear employees saying any of the following? Maybe not to you but it’s the “chatter” at work?

- This will never work
- None of the past changes have worked
- I like the way it is right now
- I can’t get all of my work done as it is
- Change is soooo frustrating
- I think it’s a great idea ... but “they” don’t
- It feels like change simply for change’s sake
- I get no recognition or reward for changing
- Wh
- at’s in it for me?

Don’t Let Them Play Victim with You

When we move people from their victimology there are three steps to take:

- **Coax** – We can only address change one step at a time. So this is where we ask “What is the first safe step... let’s try this and see how it feels.” Education is always a great first safe step.
- **Encourage** – make people feel good about themselves as they go through the change. Do that by finding the good in them. Where they have been placed in a position of change and learned how to adapt to it. Bring that energy over from where they have it to where they need it. That is a master of encouragement!
- **Inspire** them – by telling them stories about a more powerful future and working backwards from there. Spend some time in that future place. Make it as real as possible. Visualize it. Brand it.





A Joke

How many psychiatrists does it take to change a light bulb?

Answer: Only one but the light bulb must really want to change!

If a person continues to resist change then *you must let them go* or they will infect the rest of the team.

Sheep

They don't look too excited do they? But they will go anywhere you take them with little resistance... or excitement. Bahhhh. As a metaphor, they come in to the change with only one foot. How do we deal with these people? We begin by helping to make their "world" a bigger one. We do this by moving them up Maslow's Hierarchy of Needs.



So maybe the next ascension is to a belonging need which is something Zappos taps into with its cultural values. For others it's about becoming leaders in their field and being recognized and awarded for it, fulfilling an ego need and yet for others it's about making a difference and increasing human well beingness. Tap into that bigger story.

Another way to look at it is by understanding the precessional impact of the change. Precession is the "lateral" effect of two moving bodies on each other. Like the ripples caused by dropping a pebble into the water.

In his book *The Critical Path*, Buckminster Fuller said we are like bumble bees. We go to feed ourselves and in the process pollinate the plant. Understanding the precessional impact of the work we do every day is the path towards our self-actualization and turning employees from Sheep to Champions.



You can also **make it fun**. My favorite example of this is the Pike's Place Fish Market in Seattle.

Young workers there decided to have fun working with *dead, slimy and smelly* objects. Their mantra produce an amazing story: choose your attitude, be there, make their day and play.

You can make a similar choice too!



Brand It

Reinforce your culture. If you are changing to a more relationship driven culture then brand that. If you are changing towards a more technically oriented culture then brand that. And brand it to your employees, not just to your customers and clients. Make your story as visual and visceral as possible. Remember this: every work place tells a story. What's yours?

The Zappos Rule

Zappos does something very interesting. After approximately six weeks of training they will offer employees \$3,000 to quit on the spot. They do so because they don't want people working for them with just one foot in. *They don't want Sheep.* They realize these people will be at least 10% less productive. If you're paying them \$30,000 a year – there's the \$3,000 and more. How could you use the Zappos rule at your company?

The Champions

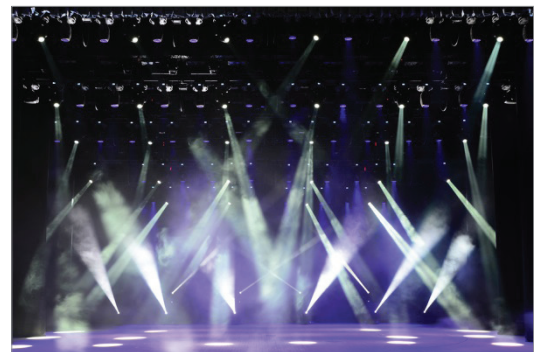
These are the people most excited about your change initiatives. They may have even suggested them. The challenge with the Champions is to be inclusive of their ideas. The last thing you want to do is ignore the fact they provided the idea and then not involve them in the execution of it. That will only result in sabotage and resentment. I also find part of the challenge with Champions is making sure they stay focused on the task at hand and not get completely distracted by change initiatives. It also means they have to stop doing their lowest value work so they don't end up burnt out in the process.



When properly harnessed the power of the engaged Champion is the very best employee of all. Wouldn't it be amazing if that was the entire workforce? Can you bring the Resistors and Sheep around to be change Champions?

Celebrate It!

I share the story of a client in San Diego who supplied college curriculum information to all colleges nationwide to help in the admission process. At first their information was distributed on micro-fiche (you do remember micro-fiche). Then they converted it to CD Rom's which was a two-year process, only to turn around and then convert to online delivery which was another two year change process. Talk about change! *This company changed their business model three times in six years in response to new technology!*



I helped the ownership realize that if they didn't celebrate the first round of change people would resist doing it a second time. Every time they went through a major change they stopped, acknowledged it and celebrated it making it "inviting" to do all over again. And again. And again. Because it will never stop.



Find A Place That Doesn't Change

This last note is on a personal level. It's difficult to run 75 MPH non-stop and maintain your sanity. I find it's very important to find a place that doesn't change. That place could be

- Your place of prayer or worship
- Your home, or at least a room in it
- Your spiritual text
- Meditation
- Walking and breathing
- A float tank



One reason we want to find quiet places is that insight comes from the space between our thoughts. Einstein didn't logic his way to the Theory of Relativity. It came to him intuitively. From the space between his thoughts. Google gives its engineers space to spend a full day every week designing skunk works. That's because Google wants to create change, not just react to it.

If we don't spend time to quiet our minds we will limit our creative abilities and ability to adapt to change.

Summing It Up

- Change is a constant and accelerating.
- Managing change is an inside /out job.
- Do a SWOT analysis.
- You can't control it.
- Adapt to it.
- Be it.
- Get the non-sense out of the way.
- Give yourself space for creativity.



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