

The Future of Work podcast is a weekly show where Jacob has in-depth conversations with senior level executives, business leaders, and bestselling authors around the world on the future of work and the future in general. Topics cover everything from AI and automation to the gig economy to big data to the future of learning and everything in between. Each episode explores a new topic and features a special guest.

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Jacob Morgan: Hello everyone. welcome to another episode of the Future of Work podcast. My guest today is Alan Trefler, the CEO of Pegasystems. Alan, thank you for joining me.

Alan Trefler: Pleasure to be here, Jacob.

Jacob Morgan: So, I think you are the first person I've ever interviewed that is a chess master, and don't you worry, we're going to get into a lot of chess stuff in a few minutes. But before we jump into all that, why don't you give people some background information about you and [00:00:30] Pegasystems? Let's start with you.

Alan Trefler: Sure. I actually grew up having learned chess from my father, who was a first generation [inaudible 00:00:41], he came over to the US after having survived the war. He taught me chess. He didn't actually get all of the moves correct, so when I played in my first tournament as like a 12 year old, I was fooled by something called [foreign language 00:00:56], which is one of those subtle chess moves a lot of ... [00:01:00] And managed as a result to lose all five of my first official tournament games.

Jacob Morgan: Oh, my goodness.

Alan Trefler: Thankfully, by the time I got a couple of years older, I was the New England junior champion, and then when I went to college, I was able to tie for first in a major international tournament, and earn a master's rating. That's a bit of my chess career. Chess actually led me to computing. I was recruited by the [00:01:30] group who was teaching computers to play chess, back when frankly, that was being done in a more interesting way than some of was ultimately done with just really fast machines.

That really informed a lot of how I came to think about computing, and how cognition and computing could and should work together ultimately I think, for the betterment of people and businesses, both. After [00:02:00] I graduated from Dartmouth College, I went to work in industry, and had the pleasure of working with a number of now dead banks, like Chemical Bank and Manny

Hanny, and some still living banks like Citi, and that also informed some of my early thinking about how technology could and should be used.

Actually led in my 20s, to starting Pegasystems, [00:02:30] which is a company that's been working quite some time to improve the way that people and computers work together.

Jacob Morgan: Very cool. And then, now, I know a lot of people just call it Pega, is that the nickname that people have bestowed on Pegasystems?

Alan Trefler: I think it's a just fine nickname and we answer it happily to Pega, systems or not.

Jacob Morgan: Very cool. Today, maybe you can give us a little information about Pegasystems. [00:03:00] How big is the company and what are you guys focusing on now?

Alan Trefler: Yeah. We're at this point, over 4300 staff in total. We're very much a company that grew up as an engineering firm, but our business has really moved into the, I think conjunction of two concepts. One, which is how can people think differently about using technology? And particularly, how can you think differently about process automation [00:03:30] and ways to make that much more accessible to people in general?

Computers are so central to the way that so many, if not all businesses, operate. The way to make that available to people who want to do something in their business, achieve some benefit, is central to Pega's mission. In the last five years, we've really taken that set of capabilities into the front office, focusing on ways that [00:04:00] we could really optimize sales, service, and marketing, for organizations that want to really improve their customer engagement.

We think of ourselves as a company that can really help organizations drive customer engagement, but do it in a way that really achieves that digital transformation you keep hearing people talk about. I'm glad to go into a lot more detail on any of that.

Jacob Morgan: For sure, yeah. We'll definitely explore some of that in a little bit more detail. We have quite a few different [00:04:30] topics that I wanted to explore with you, but of course, I have to start with chess. I am a huge ... Well, I guess my wife would probably say that I'm a little addicted and obsessed with it. I started taking lessons not that long ago. I'm following the US Championship and all that stuff that's going on. I'm curious, the role, the impact that chess has had on your life. Are you still involved with it in anyway?

Alan Trefler: Well you know, at PegaWorld for the last couple of years, [00:05:00] I've played 20 customers and guests. So, if you want to show up on June 4th or 5th, you can be one of the 20 that we go on this year. It's in Las Vegas. I still like to keep a hand in and play from time to time. I think chess was a wonderful game in terms of both providing the ability to really understand pattern recognition, which is

central to how people who play at a good level are [00:05:30] able to actually understand what they want to do.

But couple that with really deep if then else analysis, to help make sure that the patterns you recognize really are going to lead to good outcomes. I've actually described that there were three phases to the way I think a strong player looks at a chessboard. The first is, "Hey, what about this looks similar to things I understand or have seen before? How do I then take the similarities that appear to be most interesting from my point of view, or most risky from the [00:06:00] opponent's point of view, what the opponent could do, and how do I do then the, 'Well, if I do this, they do this, I do this,' go through that play by play?"

And then the final, before you make your move, hopefully you step back, take a breath, and ask yourself what you might have missed, so you don't fall into one of those silly back-rank mates just when you're getting hyper excited. I find that those three phases of thinking are highly apropos to not just chess, but to business and frankly, most aspects [00:06:30] of my life.

Jacob Morgan: Very cool. You actually played some pretty famous people. I mean, Paul Banko who I know was in the same tournament as you, he's ... Everybody in the chess world knows him. Did you guys actually play against each other?

Alan Trefler: We ended up tying for first place, without actually playing each other. I beat the world junior champion, Michael Rhodes, in the final round, in what was a beautiful game actually, that was published in the New York Times. And if you look at my bio on Pega.com, there's a link [00:07:00] to that.

I've had the privilege of playing both with and against a number of very strong players, in a variety of settings, including some casual ones with Gary Kasparov and Magnus Carlsen, who of course, is the current world champion.

Jacob Morgan: Oh, so you actually got to play with those guys, too?

Alan Trefler: Yeah, there's actually a video.

Jacob Morgan: Really?

Alan Trefler: On Pega.com, if you're interested, on my bio page.

Jacob Morgan: I am.

Alan Trefler: Of us playing some speed chess.

Jacob Morgan: Oh, wow. How did you-

Alan Trefler: Let's just make it clear that I consider both [00:07:30] of those gentlemen to be in quite a different class. Very humbling to be playing with.

Jacob Morgan: Did you get any ways against Magnus or Gary?

Alan Trefler: It's actually kind of funny. We were playing in a charity event, and we were playing what they call consultation chess, which interestingly involves no consultation. But I was playing with and against and with and against Gary, and so I managed to lose with [00:08:00] Gary playing against Magnus, and other international grandmaster, but we managed to beat Gary in what was, once again, these are quick games and far from dispositive on anything than what happens in the moment.

But yeah, no. It's a blast. These guys, when you just look at how they think about the positions and how they describe their thought processes afterwards, it's really very exciting and insightful.

Jacob Morgan: Yeah, Magnus is actually playing in a tournament now, and the US Championship is going on, [00:08:30] and of course, the World Championship that he'll be defending his title is happening in November. But I'm willing to bet that 90% of the people listening to this are like, "What the hell are you talking about, Jacob? I have no idea who these people are" so we'll get back to the main topic of the conversation, aside from chess.

But I am kind of curious, why did you stop playing? Have you ever thought about continuing on with it and becoming a grandmaster and seeing where that takes you?

Alan Trefler: At 19, [00:09:00] when I tied for first in this major tournament of over 1000 people, and I took a look at my first prize of \$2250, I realized quickly I could not earn a living playing chess. Back in that era, there weren't a lot of women who played chess either, so I think that as a 19 year old kid, that both stimulated me to look for other things. [00:09:30] But I think chess is a wonderful game, especially for children, and I think it really helps clarify some thought processes.

If you don't have listeners who are chess aficionados like you obviously are, then we should encourage them perhaps, to learn to play and play a little.

Jacob Morgan: Well, looks like you made the right decision, right? I mean, the CEO of a company with 4300 people, that's not a bad outcome at all.

Alan Trefler: Well you know, the way I describe myself is Founder and still CEO. [00:10:00] You can't take Founder away, CEOs come and go. Though, it's been more than three decades so it's been an interesting journey.

Jacob Morgan: Yep, exactly. All right, so I want to transition a little bit. We're going to talk a little bit about technology and automation and all that sort of stuff. I know you guys are doing lots of work on that, and you have a future of work report that came out. But I'm going to cheat a little bit, because I'm working on a new book at the moment, which is looking at the future of leadership, and I'm actually

interviewing a lot of CEOs at companies around [00:10:30] the world, and I thought I would sneak in maybe two or three questions that I'm asking other CEOs into this podcast to get your perspectives on them.

Alan Trefler: Go ahead.

Jacob Morgan: The first question for you, and keep in mind that this is meant to look at the year 2025, so maybe 7-8 years out. If you were to look at that timeframe, what are some of the skills that you think leaders of the future are going to need to possess?

Alan Trefler: So you know, I think one of the skills [00:11:00] that is often overlooked, and maybe riskily more overlooked in 2025 based on the way things are going, is the ability to listen. I think that one of the real important things for folks who tend to perhaps be quick to answer, and I've been guilty of that at times, is sometimes you can come to answers without properly understanding the context of the questions.

[00:11:30] I think listening skills are important today, and will be increasingly important then, because frankly, fewer and fewer people listen well, from what I've seen.

Jacob Morgan: Yeah. I couldn't agree more with that. Are there any other skills that you think are going to be very crucial in the coming years?

Alan Trefler: Well, there are other elements that I think, especially be done well after listening well. The increasing requirement to be [00:12:00] persuasive, I think formal authority is becoming less and less important. The concept of leadership, I actually sometimes will talk to some of the new folks who are hiring and bringing them onboard, and the way I try to describe the culture of the firm is that we have a thought leadership culture, and if you actually look at what those words mean, thought means having an opinion. But you should have an informed [00:12:30] opinion. I think that's where the listening and research come in.

But the second element is leadership, and the way you know you're a leader is that people choose to follow what you say and what you advocate. I think that the era of the imperious leader is going to continue to decline, both because of bad examples that come from a number of them, and also that come from the fact that people increasingly [00:13:00] are experiencing and seek a level of independence, where their decisions to follow are going to be what ultimately makes leaders leaders.

Jacob Morgan: I like it. What about the trends that you're paying attention to? How do you think those trends are going to impact the future of leadership? I know you covered in some of your report, the future of work report that you put out

recently, you talked about some of these trends. But what do you think is going to impact the future of leadership [00:13:30] as far as trends go?

Alan Trefler:

From both a career point of view, and also a lot of history, very much thinking about what technology will do to how people both work and how leadership happens. I'm a lot more optimistic about us being able to survive the age of smarter machines and robotics than perhaps some of other folks are.

I think that we will find ways to both accommodate the special [00:14:00] capabilities and needs of people, at the same we take increased advantage of what technology can do. But I spend a lot of time trying to watch technology trends and to frankly work on discerning what are the things that are the hype bubbles of today, of which there are no shortages, and what are the things that are going to really lead to sustainable advantages for people and countries that pay attention to [00:14:30] them?

Jacob Morgan:

When you think about leadership, there are a lot of different ways that people use to describe and explain leadership, how would you define what leadership is?

Alan Trefler:

Well, I think leadership is defined by character, and leadership is defined by the ability to show a level of reliability to the people [00:15:00] who will be following you. I think that ultimately, as I said earlier, that leadership involves people choosing to follow. I think we've moved well past the days and the era of coercion, and people now have choices.

Particularly folks who have certain skillsets, and are the ones that are the most important to be able to lead. The elements of what I consider [00:15:30] to be the [inaudible 00:15:34] of the leadership discipline include really being informed. The idea of being highly knowledgeable, so people actually think that the stuff that you're doing and the stuff that you're promoting has a sensibility to it, and then being able to describe that sensibility, and that capability.

That's why we're really not at risk of having new generations of AI turn into the dominant [00:16:00] leaders of our era. They may do a wonderful job of fitting some things out in some settings, but they don't do a good job of explaining why. The combination of seeing the truth and being able to articulate its context is what I think historically has and will in the future have people be leaders.

Jacob Morgan:

That was actually going to be my next question, now that you brought up AI and automation. [00:16:30] There's a lot of debate around what's going to happen. Obviously you're the CEO of a large technology company. When you hear all these debates and discussions, I mean, where do you stand on the whole AI and automation debate and future of technology? What's your general perspective and perception on where things are heading?

Alan Trefler:

At the risk of bringing up a little bit of chess again, I really like one of the philosophies put forward by Gary Kasparov, who's a brilliant writer, and a brilliant thinker. He [00:17:00] talks about something called advanced chess, which is the ability for a good player, a strong player, joined up with two or three strong computers, working in tandem to bring both the insights and intuition that humans are so good at, with the mechanics and the ability to avoid errors that computers really can bring is a huge skillset.

Gary I think writes very articulately about [00:17:30] how a strong player with a couple of strong computers can beat either the world's strongest player, or the world's strongest computer. I do think that for the next decades, we will see increasingly people and computers operating in a symbiotic fashion, as opposed to one in which it is detrimental to humanity. I don't see that happening, at least not anytime soon.

Jacob Morgan:

What do you think some of the most crucial mindsets are [00:18:00] going to be for the leader of the future? As far as like, just how should leaders be thinking?

Alan Trefler:

Well, I think the key elements of leadership, I think include a level of optimism. One of the things that people expect from leaders is that they recognize the problems but are able to articulate visions, even in situations that are dire. I just [00:18:30] watched the Churchill film, for instance, about the tremendous leadership, and I think what they technically called their darkest hour, to reprise the movie. I think that to be an effective leader, you need to be able to figure out what a path is to an appealing vision, because ultimately, people are going to leave because they're going to like where you're going.

I think that's one of the first [00:19:00] steps. Tying back to the listening comment, to make that real, to make that work, you need to be able to convince people that they've been listened to, and I think one of the issues, for example, with conventional politics, which is not something I want to go into a lot of depth in right now, but one of the issues I believe in America in the last decade, is you've got people who do not believe that they've been listened to.

That causes a visceral rejection [00:19:30] of leaders, so the ability to do active listening with a population, to be able to have them truly understand that they've been heard, I think is critical. And it's frankly, much more of a skill than is often given credit for. Then, the ability to anticipate adversity and do the things that will allow that to be addressed.

I think that there was an excellent book, "Grit," [00:20:00] that talked about I think persistence as being one of the really critical elements of success in lots of settings. I believe people will gravitate towards leaders who they believe will stick things out and will work hard to try to make things better.

Jacob Morgan: Yeah, it's a great book. I'm actually just finishing it up now, so definitely recommend it. You founded Pega, how old is Pegasystems [00:20:30] now, when you first started it?

Alan Trefler: I almost hate to say, because I think people think if you're too old as a company, you mustn't be current with technology, but Pega was started in 1983.

Jacob Morgan: Wow. Hey, that was the year I was born.

Alan Trefler: Well, a very good year all around.

Jacob Morgan: Okay, what month?

Alan Trefler: It would have been early in 1983. It would have been in February was when things really started [00:21:00] coming together.

Jacob Morgan: Very cool. I'm curious, now obviously you've been in the corporate world for a while, I mean, you started the company in 1983, how have you seen just the world of work and the business world change during the course of your career? I mean, obviously '83, internet was still ... All these things were new, no social media, no iPhone, none of this stuff, probably smoking in the office still, getting those [00:21:30] pink slips on your desk. How do you remember the world of work in 1985? Or '83?

Alan Trefler: To give context, this was after the Mad Men era, so we weren't pushing carts of booze around the office at that stage, just to give some proper context there. Never had smoking in any of our offices, but I think in some ways, it's changed radically, and in other ways it's [00:22:00] remarkably and frighteningly similar in ways it shouldn't be.

In terms of some of the changes, I look with some amusement at the current trend of open plan offices, people operating highly together in conjunction, super collaboration, folks sitting around with big headsets and long tables. Back when the company was much younger, in [00:22:30] the '80s, the standard in software engineering was you wanted to give everybody an office with a door that physically closed. That was actually considered to be the ultimate way, the Microsoft way, as they talked about it, to create great software.

Obviously we now have very different expectations about how teams and people will work together. As a company, we've always been entrepreneurial and agile, so we as a firm never went through some of the transitions [00:23:00] that you'd go to to get away from waterfall thinking. Certainly back in the '80s, everybody thought in terms of these monolithic projects being delivered with a big thump at the end of some longtime period. Frankly, there's a surprising number of companies who are agile in name only, and still have waterfall expectations.

Though, the successful companies, the companies that are setting the new tones in the industry, definitely are ones who are understanding [00:23:30] they need a rhythm of technical implementations that happen differently. But the irony I would say, in terms of something that should have changed, and something that was central to our thought process, that I view as having changed very little, in starting Pega, we were looking at the advent of for example, computer auto design and manufacturing. People being able to use wireframes to design an auto part, as opposed to molding them out of clay or otherwise creating physical [00:24:00] models.

And then, we didn't anticipate then, but we could see in the future the ability to move from some wireframe to a computer generated, today we'd say 3D printed, actual output. Our vision in starting Pega, one of the key elements of starting Pega, was to bring that power of automation to the very writing of software itself. The idea that you could create metaphors that would describe how [00:24:30] business people wanted to use the technology in hand, and that software should literally write software.

Ironically, we live in a world today that is not just as code oriented, and as complicated, as confusing as things were in the '80s, but I'd actually tell you it's much worse. We've got people reveling in JavaScript which is one of the world's worst programming languages, by any technician's expectations. [00:25:00] The vision that people should do stuff by hand has been snuffed out in nearly every industry, but not in the software industry. Ironic, because the software industry was in many ways, best equipped to do it, and because software has become so absolutely critical to all sorts of aspects of business.

That's what our vision is. We think of ourselves as self-driving software. We make it so that business people can define what they want, and then we've got software that writes software. [00:25:30] That's a key element of how we look to revolutionize customer service, revolutionize customer engagement, make it something that can be way more flexible, but also delivered through whole new mechanisms.

Jacob Morgan: Yeah, the whole AI space is really taking off. It's fascinating to see. Do you have any funny or interesting stories from the world of work in the '80s? Anything that would make people [00:26:00] realize just how different things are? I mean, I obviously was never in an office in the '80s, but do you see differences in how people dress, in the way that the spaces are laid out? Obviously the internet, I think it was just getting started in '83.

Alan Trefler: Something that is funny. We went public as a company in '96. Probably a good five years prematurely, frankly, and on our prospectus, something called an S1, [00:26:30] which is the official document you file, but that actually goes out to investors, we had something revolutionary on the cover. We had an example of our software running in an internet browser, and just to have you properly age and date that, that actual internet browser that we showed was not Internet

Explorer, Chrome, but it was something called Netscape. You have to think [00:27:00] back away to actually remember.

I remember people would look at that and say, "What is that?" You'd say, "Well, that's going to be the future. It's not going to be these big clunky dumb terminals. It's going to be this browser running on a personal computer" and that was reasonably revolutionary at the time.

Jacob Morgan: I remember Netscape, didn't it come with a CD-ROM? Like, you actually had to install Netscape on your computer?

Alan Trefler: It [00:27:30] did, and if you wanted to, you could also install AOL Online.

Jacob Morgan: Oh yes. Good old AIM, good old instant messenger. That's as far back as I remember that.

Alan Trefler: Yeah, absolutely. Revolutionary in its era.

Jacob Morgan: Yep, for sure. A lot of people always talk about in the past, it was cubicles and hierarchy, and very outdated workplace practices. Do you see a really big difference in work and [00:28:00] how we think about work from the '80s versus today? Or do you think it's not that dissimilar?

Alan Trefler: I think it's pretty radically different. That whole discussion on leadership is really around the fact that if you're dealing with high end knowledge workers, or you're dealing with people who are respected in what they do, they have oodles of choices. They need to choose to be part of the team, and [00:28:30] that's really what mandates leadership as a fundamental skill in companies that are going to be, I think the truly and very successful ones.

There's definitely I believe a transition to the much more empowered worker, and organizations and workplaces have had I think to organize themselves around that, or they become antiques.

Jacob Morgan: I like that you mentioned the empowered worker. [00:29:00] My most recent book is all on employee experience, and so speaking of which, I'm actually kind of curious now. What is it like to work at Pega? For people that have never been into your offices, maybe you can give us an auditory tour? What is it like inside of the company?

Alan Trefler: Well, it's obviously changed over the years, as technology has evolved. Right now, we have distributed [00:29:30] teams. We have actual offices in 31 countries, we've got 166 scrum teams around the world that operate with people in many different physical locations. We've created in effect, collections of collaboration rooms where scrum teams can sit together and can very readily conference in other locales, being able to share monitors, be able to do the types of things that [00:30:00] really help distributed teams to be highly

effective, all guided by actually our own software, which is terrific at helping managing work processes themselves.

The capabilities that we have in our base platform are very much designed to help organizations combine to do a good job of managing their tasks. We use a lot of off-the-shelf collaboration software to [00:30:30] be able to then allow the collaboration, that's not a place where we focus, but we focus in being able to do the work management, the case management that enables us to make sure people are aligned. We do that ourselves.

We do that as a major activity for a lot of our large customers who themselves are trying to manage work, particularly around customer service.

Jacob Morgan: When you look at challenges, we looked at trends and some skills, looking at the future [00:31:00] of leadership, what do you think some of the greatest challenges are? Looking out maybe 7-8 years, in 2025, and do you think those challenges are the same ones that we're going to be faced with, or are faced with today?

Alan Trefler: I think a lot of the challenges in 2025 will be the same, because we're still wrestling with how to address them. The question of leadership and how do you actually get people to be well organized and [00:31:30] to work well as teams in an environment with on one hand, less hierarchical work, but on the other hand, where some of them are freewheeling Zappos, like experiments with Holacracy, et cetera, haven't turned out that well.

I think it's just indicative that there's a lot of push and pull. People want to work on things that are going to be exciting, but they also need to put a certain amount of effort into it, because [00:32:00] that grit we talked about earlier, it's not just passion, it's the persistence, and it's the work to keep focusing on driving those details that are the difference between something that's half done and something that really on an ongoing basis, meets the needs of customers. These are longstanding, structural challenges, and will not have been solved in seven years.

Jacob Morgan: They've been around for a while and likely will continue to be around. [00:32:30] I know you're also pretty passionate about this skills gap topic, and you've written about that quite a bit as well. It's really interesting, because some people I talk to say, "There's no skills gap" and some people say, "What are you, nuts? How could there not be a skills gap?" What's your general impression when you hear the term "Skills gap?" What do you think is happening and will continue to happen?

Alan Trefler: Well, there to [00:33:00] mind, clearly are numerous skills gaps that reflect themselves in jobs that want to get done. To use Clay Christensen's description of innovator's dilemma, where you're trying to, whether you're building a product or whether you're trying to employ people, you need to think about

what is actually trying to be accomplished? And the availability of resource to be able to accomplish that in a rational and reasonable way.

I think the skills [00:33:30] gap goes all the way from people being able to articulate themselves effectively, and be able to communicate effectively, particularly frankly in writing. I think that we have, from an educational system, some pretty serious skills gap in terms of communications.

I think that when you look at the whole question of STEM and education, and mathematics, we have meaningful skills gaps there, that I think prevent people from being able to take and advance [00:34:00] certain jobs that require some level of understanding and some level of expertise. All the way to the era of computer software, where I think there were meaningful skills gaps where people do not necessarily have the skills to get done what needs to be done, in the way we've traditionally done it.

Now, part of the solution to these skills gaps can also be to come up with ways to simplify achievement, to actually use technology itself [00:34:30] to make it so that alternate skills, for example, an understanding or empathy with business people or business users, which is a skill. It can be used to decide what you want, and then maybe you find smarter ways to actually deliver on those capabilities.

Jacob Morgan: Let's say you were to rebuild Pega today, and you were just starting the company now. Is there anything you would have done [00:35:00] differently during the course of the 35 years or so of building Pega? If you were to start it today, anything you would do different?

Alan Trefler: Well, we've rebuilt the company, the way I describe Pega is we became an overnight success after 24 years.

Jacob Morgan: I like that. That's a good way to explain it.

Alan Trefler: Yeah. It took us a long time, it took us 24 years to break through \$100 million in revenue, and now we've been growing [00:35:30] nicely since then. We'll do [inaudible 00:35:32] 10x that, so the things we figured out is that we needed to change the whole way we looked at what it is that we delivered to our customers. We used to think that everything was a process, and we used to be very process first, process oriented.

We came to understand that that really wasn't the best way [00:36:00] to look at the achievement of work. You really wanted to become much more outcome oriented, which required a real rethinking of both our product lines and how we thought of actually delivering our products and capabilities.

Jacob Morgan: I want to ask you a question that I get asked all the time, and it's very broad, and super general. You can take it any direction that you want to take it in. What's the future of work?

Alan Trefler: [00:36:30] Well, that could go in a number of directions. Let me tell you what I think the future of work isn't, 'cause I think that there are some leaders, particularly in the tech space in Silicon Valley, that have a very misguided view of work. I listen to people talk about basically guaranteed incomes without work. [00:37:00] What I'll tell you is I think work historically and work in the future needs to be about human realization, that a lot of people, and I'm certainly among them, and I think we have a company of folks like this, and a country of people like this, see the work they do as important to who they are as individuals.

I think the future of work is about doing that [00:37:30] more, doing that in a way that allows a lot of people to feel good about themselves through the work that they do. I'll tell you, 'cause I think it's relevant to the topic. I was speaking at a university a year or two ago, and I got a question from the audience about what is important to us when we hire somebody.

It was interesting, [00:38:00] 'cause the other two guys who were with me were talking about things that I think were a little platitudinist, to the extent that they may be a word, which be part of a great team, and it's all about collaboration. What I thought of as I was sitting there, and what I decided to say, was that I think that it is critical for people when they seek employment, [00:38:30] to make sure that they have pride in their work, that they realize that the work they do is a reflection of who they are as people. And the character trait that I think is actually in many ways the most important when you're hiring somebody, is to find somebody who has pride in their work, somebody who really sees their value as a human being as manifested in how [00:39:00] they choose to spend the very significant amount of time they spend at work, and who feels that what they do needs to reflect more than the minimum.

I look at the whole debate over work/life balance, and I think some of that is misplaced, as if work and life should be different streams. I think people are the happiest, and ultimately fulfillment [00:39:30] requires that work and life be aligned. I'm not a fan of saying, "Oh, robots will do all the work and most of the thinking, we'll just sit around in one ongoing Romanesque orgy." I don't think that would be a very good future for us anymore than it was a good future for the Romans, back when they did it.

Jacob Morgan: Well, you mentioned Silicon Valley can tend to be a little bit misguided, and you touched on [00:40:00] universal basic income, so those are very, very interesting points. The reason why that's important is because so many people around the world tend to turn to Silicon Valley as like, "Oh, they have it figured out." Those are the companies, the cool companies that are there, there are literally tours that you can take in Silicon Valley to go visit Airbnb and LinkedIn, and Facebook, and Google, all these tech companies out here.

So, it's really interesting to hear you say that some [00:40:30] folks out here might be a little bit misguided, so I'm curious what you think is a little bit misguided about the Bay Area mentality, and I also want to hear what your take is on universal basic income as a potential solution to the future of jobs and income.

Alan Trefler:

I think that there was a time when you first thought of Silicon Valley, you would think of innovation. And today, I would actually [00:41:00] think most people would think of entitlement. I think that Silicon Valley has been so successful that they have begun to read their own press clippings, which I believe is a very dangerous harbinger of all sorts of problems.

I think the only good thing about what's happened to Silicon Valley is that my wife of 25 years, who was born in San Francisco, and had never forgiven [00:41:30] me for that two and a half decades of having had her join me here in Boston, particularly when it snowed, has on her last couple of visits back to San Francisco said she really wouldn't want to move back there.

I think it's very much around this, frankly, celebration of ego and bravado, that ultimately I don't think leads to good things. Relative to universal basic income, [00:42:00] I think it's one thing to say there should be a safety net. But if that safety net entraps large numbers of people, and strips the desire and the motivation to get self-realization from the work that they do, then it will become poisonous. It falls into what I would consider well intentioned, but really bad thinking.

Jacob Morgan:

[00:42:30] Maybe we can expand a little bit on that. When you say it'll strip people essentially of their purpose and their sense of not worth, but their sense of I guess contribution to society it sounds like, how do you think that would happen? Is it because that if you just get money, you're not going to be motivated to do any work? Or, is it because there won't be any good jobs to do?

Alan Trefler:

Well, shame on us if we don't ensure there are always good jobs to [00:43:00] do. The reality I think goes back to one of the earlier discussions we were having, which is do people feel that work is a manifestation of how they value themselves? I strongly believe that people do. I don't think Bezos and Zuckerberg work for the paycheck. I think they feel that the work that they're doing represents a chance for them [00:43:30] to think, to test new limits, to deal with difficult challenges.

People get enormous value out of thinking about and facing challenges. So, if we, well intentioned as we may be, strip away the concept that work is important, we will really, I believe, hurt ourselves, [00:44:00] and hurt who we will become as a culture. If we don't start from the premise that work is important, we'll make lots of bad decisions, and if we think work is just a vehicle for achieving some level of basic income, then I think those decisions in a couple of generations will lead to huge bad practices.

The funny thing about, [00:44:30] I was talking to a friend of mine who was talking about questions about passing wealth on to future generations, and my wife and I believe that whatever we have should go to charity. So, that's not something that we're going to put any energy into, but the interesting test case there is usually it's the third generation that screws up. The family that makes a lot of the money passes it along, enough of the right values might get passed along, that [00:45:00] even though that entitled kid doesn't have to do anything close to what the parents did, by the time it goes another generation or two, you end up getting folks who are just completely disconnected from life and not a good thing.

Jacob Morgan: I completely agree. That's never a good situation. I have some other fun questions that I want to transition to, but before I do that, [00:45:30] one more question about the Bay Area. How do you think it became like this? Because I'm constantly trying to figure this out, as well. I live in the Bay Area, and I have so many people all the time, when they speak at conferences all over the world, they're saying, "Oh yeah, we're coming to the Bay Area. We're going to visit all these companies."

I mean, if you had a peer, let's say a CEO from another company somewhere else in the world, and he was asking you, "Hey, I'm [00:46:00] going to go to the Bay Area and check out all these really cool companies that people keep talking about," would you just say, "Don't go?" Where would you advise that person to go to get a sense of what the future company might look like?

Alan Trefler: I think it's fine to go. I think that being exposed to things and learning is always healthy. The real thing is to not become infatuated. I mean, the reality [00:46:30] is that from a long term perspective, we haven't seen the outcomes of a lot of these companies, a lot of these investments. What I think is kind of silly sometimes is you've got companies who think that the solution to innovation is for them to set up a little branch of 50 or 100 people in the Bay Area. I've seen a lot of companies do that.

Jacob Morgan: Yeah, [00:47:00] innovation labs they call them.

Alan Trefler: Yeah. I haven't seen a lot that I think are really, really super beneficial. It's one thing to say, "Hey, we want to spread some people around the world to make sure we're getting good diversity of thought," but trying to find a magic bullet by picking up 50 or 100 engineers who are going to have a half-life in your company of six or nine months, let's just say I think that's highly unlikely [00:47:30] to pan out or be worth it.

Jacob Morgan: Yeah, and some of these innovation labs actually look more like showrooms, where it almost feels like it's more people to go in and see, as opposed to see an environment that's actually driving innovation. It almost makes me feel like I'm going into, I don't know, yeah, like a showroom, where you would go buy furniture or pick out a TV, where they don't actually do any of the stuff there, but they display the [00:48:00] stuff that gets done elsewhere there.

Alan Trefler: Jacob, I'm a little concerned. It sounds like you may be choking on the Kool-Aid a little. You may find you have to move out of San Francisco if you start thinking like that. Very dangerous, very dangerous.

Jacob Morgan: Well thankfully for me, I wouldn't say I'm super involved with the ... I guess I'm involved in tech, but it's not like, I'm not a startup founder, I don't care about the VC stuff. I [00:48:30] don't care about any of that stuff and pay attention to it, so it doesn't impact me from that perspective, but I am very interested in what a lot of these organizations are doing, and it does bother me all little bit that everybody wants to copy Google which by the way, has its own problems.

Yeah, it's a tough situation. I think there's still some merits to the Bay Area, but I think there are a lot of amazing companies that people need to look at, that are outside of the Bay Area, and I would just encourage people [00:49:00] to do that, too.

Alan Trefler: We're helping. We're here in Cambridge, Massachusetts. We think of it as the rational Bay Area of the East Coast. I think that there's lots of innovation that happens in many places across America. I think more innovation is a good thing. I don't think coming up with revolutionary and transformational [00:49:30] approaches to ensuring that pet owners can have people walk their dogs is going to prove as revolutionary as some of the valuations these companies are getting, [crosstalk 00:49:41]-

Jacob Morgan: That's just crazy talk.

Alan Trefler: I know, I know. I've got to get out there and have some more of that Kool-Aid. Look, just 'cause an idea is a great idea doesn't mean it should necessarily be funded at the hyper extreme levels [00:50:00] that we're seeing. I think sooner or later, all those things return to reason.

Jacob Morgan: Yep, tend to agree. I think a lot of people would agree with that as well. All right, I have two questions that people on LinkedIn wanted me to ask you, and then I just have a couple of fun rapid fire questions before we wrap up. The first one is from Jim Agerton or Egerton. Jim, sorry if I'm not saying your last name correctly. But his question was, "Since Alan has played chess at a high level, [00:50:30] ask him if he thinks a sacrifice in chess is like an investment in business?"

"So, say you give up a \$5 rook for a \$3 bishop, but you do it because you see a better return in the future, like checkmate. Can chess help you learn in practice how to visualize the future, anticipate competitive responses, delegate tasks, and evaluate your employees better? What strategy or tactics from chess has he used as the CEO of Pegasystems and what is it effective?" That's kind of [00:51:00] like a paragraph question.

Alan Trefler: Well, it's sort of interesting. I've never thought of that from the point of view of investments. Though, as he's pointed out, we do have a relative valuation on pieces and one uses that as part of the quick math all the time, to decide if I'd rather have a bishop and a knight versus a rook and two pawns. You do that math. A lot of chess, particularly at a good level, [00:51:30] involves not just the material shifts, like rook for a bishop, but also very much involves the control of squares, and the decision that you want to focus on the light squares or the dark squares, or the queen side or the king side.

Even though computer programs do put values on those to try to normalize some of them against piece counts, I think humans normally, and I certainly don't. Having [00:52:00] said that, I do use the logic of evaluating chess positions, the pattern recognition, the if then else, and then the, "Oh, my God" sort of sequence. I do use that all the time in business settings, and I do think it does represent a healthy way to think about business decisions.

Jacob Morgan: Very cool. All right. Next question for you before I ask you some rapid fire ones. This one's from Kurt Hoss. He says, "As platforms like Alan's Pega enable business oriented employees to become the technologists," and in [00:52:30] parentheses he wrote, "Citizen developers," "Where does the dev team go in the short term and the long term? Should the STEM education proponents redirect their coding in school training to better prepare for the future workforce for success in their own careers?" I know you wrote actually an article about coding as well, so I thought that'd fit in well.

Alan Trefler: I do believe that in the short term, there will be needs for technical elements, but that we should as quickly [00:53:00] as possible, turn 80% of the business problem over to citizen developers. And there should be a redirection of education to get people to better understand how to empathize with their customers, which is a big issue.

Empathy is one of those things that differentiates organizations who are successful from organizations who put up clever stuff but miss the boat. I think that being able to organize that, being able to do more, what sometimes is referred to as [00:53:30] design thinking, is something that's really quite important for business people, as we turn technology increasingly over to them.

Right now there is a bit of a war between the people who thinks everything's programming, and the folks like us, who believes we need to move into a post-programming age for the vast majority of what we do.

Jacob Morgan: All right. Now just a fun series of rapid fire questions for [00:54:00] you before we wrap up. The first one is what's the most embarrassing moment you've had at work?

Alan Trefler: Well, it would be hard to answer that in a recorded setting. I do have a distinct recollection of having given a presentation to over 1000 people and realization

my fly was down. That does cause me to do a quick status check every [00:54:30] time before I get up on stage for the last couple of decades.

Jacob Morgan: That's a good one. If you were a superhero, who would you be?

Alan Trefler: I've never gotten into that superhero stuff.

Jacob Morgan: Or Disney character, or any animated caricature of yourself.

Alan Trefler: I've always liked Woody from Toy Story. I don't know why.

Jacob Morgan: He's a good character. What's a book that you recommend? It could be a business book or a non-business book.

Alan Trefler: [00:55:00] I'm really enjoying "Sapiens," which I'm about two thirds of the way through, and I think has a nice blend of tight writing and very thoughtful concepts.

Jacob Morgan: Well, as listeners of the podcast will know, Yuval was a guest on the podcast a little while ago. If you were doing a different career, what do you think you would have ended up doing?

Alan Trefler: I've been interested actually in molecular biology.

Jacob Morgan: Oh, [00:55:30] my God. I thought you were going to say chess.

Alan Trefler: Not because I have any knowledge ... I love chess, but it's one of those things that I'm afraid if I made it my career, I might not enjoy it as much.

Jacob Morgan: Yeah. Molecular biology, interesting. It's a complex-

Alan Trefler: Yeah, trying to understand how stuff works. Not that anyone should ask me for any advice on those topics.

Jacob Morgan: Yeah, don't do like a molecular exhibition instead of the chess one at Pega this year. [00:56:00] You never know what will happen there.

Alan Trefler: Yeah, little chance.

Jacob Morgan: If you could have dinner with anybody alive or dead, who would it be?

Alan Trefler: I think it would be fascinating to meet Einstein. Just to figure out to what extent he was the super brilliant genius and to what extent he was a genius I couldn't understand.

Jacob Morgan: Maybe play him in a game of chess.

Alan Trefler: Perhaps.

Jacob Morgan: If you could live anywhere in the world, where would it be?

Alan Trefler: [00:56:30] I think ideally I would get to flip between Paris, London, and Boston.

Jacob Morgan: Wow, okay. Last two questions for you. If you could get rid of one workplace practice in Pegasystems right away, what workplace practice would you get rid of?

Alan Trefler: The irony is I probably can get rid of any workplace practice [00:57:00] that exists, and we've gotten rid of I'd say a number of them. I think traditional performance reviews, which are under attack in a lot of places and we're doing some experimentation as well. It's just one of those things that increase tension and don't actually improve communication.

Jacob Morgan: Yep. Last question for you, if you could implement one workplace practice inside of Pega, [00:57:30] what would you implement?

Alan Trefler: I would ensure that every new employee went through a real, both self-evaluation, and evaluation by the folks they work with, after they were on the job for 30 or 60 days, to make sure that the good fit we thought we had coming really was a good fit.

Jacob Morgan: That's a good one. Well, Alan, I know [00:58:00] we actually went a couple of minutes over, so thank you very much for your time. Where can people go to learn more about you? I know you have your big conference that's coming up in just a few weeks, so anything that you want to mention as far as people to connect with you, with Pega, your conference, feel free to let folks know.

Alan Trefler: Well, people should feel free to connect with me on LinkedIn. I do try to post a variety of interesting things there. It would be silly for me to not play PegaWorld, which [00:58:30] is readily available from an information point of view, on Pega.com. That's a great place to not just connect with me, but lots of other interesting people.

Jacob Morgan: Yeah, my wife is going to be there as well. She looks forward to it every year. She always has a great time, so hopefully people will be able to attend. And where are you guys hosting it this year?

Alan Trefler: This year it's in Las Vegas, June 4 and 5 are the two key days.

Jacob Morgan: And which hotel are you guys at this time?

Alan Trefler: [00:59:00] MGM Grand.

Jacob Morgan: Oh, very nice. I'm sure it'll be a lot of fun. Well, if anybody plans on going, hopefully you can attend the chess exhibition with Alan. Have you ever lost, by the way, in any of those exhibitions?

Alan Trefler: All the time. I think one of the things about becoming a good chess player is learning to learn lessons from your losses. But as long as I can keep the losses to under 10%, I feel pretty good.

Jacob Morgan: There you go. Well, Alan, thank you very much for your time. I really appreciate it.

Alan Trefler: [00:59:30] Thank you, Jacob. It was a lot of fun.

Jacob Morgan: Yeah, I enjoyed it as well, and thanks everyone for tuning into this week's episode of the Future of Work podcast. My guest, again, has been Alan Trefler, the CEO of Pegasystems, and I will see all of you guys next week.