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.

You can listen to past episodes at www.TheFutureOrganization.com/future-work-podcast/. To learn more about Jacob and the work he is doing please visit www.TheFutureOrganization.com. You can also subscribe to Jacob's YouTube channel, follow him on Twitter, or visit him on Facebook.

Jacob: Hello, everyone. Welcome to another episode of The Future of Work podcast. My guest today is Natalie McCullough. She's a GM over at Microsoft. Natalie, thanks for joining me.

Natalie: Thanks, Jacob. I'm excited to be here.

Jacob: Yeah. And this is actually the first time we're actually filming it, so there's going to be a video recording of the podcast and an audio recording of the podcast, and we're here at the Ritz-Carlton, Half Moon Bay, where you're speaking at the New York Times ... What's the official name? New York Times New ...

Natalie: New Work Summit.

Jacob: New Work Summit, [00:00:30] and so lots of really great sessions here. We're going to talk a little bit about People Analytics, Workforce Analytics. But before we get into that, why don't you give listeners some background information about you. How did you get involved in this, and what are you currently working on now?

Natalie: Sure. Yeah. So let's see. We'll start with today. Today, I run a business at Microsoft called Workplace Analytics and My Analytics, which are two products we'll talk a little bit about later today, [00:01:00] and I lead all of our commercial activities. So I work closely with customers, and partners, and things like that.

I came to Microsoft through the acquisition of a company called VoloMetrix about two and a half years ago, where I was the Chief Revenue Officer there, and VoloMetrix was a startup with the very bold, audacious mission to make work suck less, and to do that by leveraging this incredibly [00:01:30] rich dataset that can be found in collaboration data, and using that to help individuals, and teams, and companies think differently about work.

I have a long history of working with companies to be more productive. I spent the first part of my career at McKinsey doing strategy consulting, and for the second phase of my career, growing a software and services company from almost nothing to be a big publicly traded company. So [00:02:00] I have a lot of passion for how you build cultures right from the ground up, and how, as an organization, how you can optimize yourself.

Jacob: What's a day in the life of Natalie like today?

Natalie: A day in the life? This is not a typical day in the life, I'm sorry to say.

Jacob: You don't get to hang out at suites at the Ritz-Carleton like every day?

Natalie: [crosstalk 00:02:19] No, not every day. Well, I think like a lot of executives, I spend a big chunk of my time actually talking to customers and partners, and really [00:02:30] understanding what's happening out in the marketplace and what are the business challenges that we can address and create value with. I spend a lot of my day with my team and my partner teams inside of Microsoft. I'm actually located in San Francisco, and as you probably know, most of Microsoft is located in Redmond, so I spent a decent amount of my day on Skype and teams, talking to people up in Redmond. But it's really a fascinating [00:03:00] experience actually to be driving a relatively young entrepreneurial business inside of a very large, well-established company like Microsoft. So I get, in some ways, the best and the worst of both of those worlds.

Jacob: And are you an early riser, up at like five in the morning, do the workout, and then start the day?

Natalie: I have always wanted to be an early riser. Those books that say the most successful people only need five hours of sleep, I really wanted that to be me. [00:03:30] No. I'm not a super early riser, but I have learned over the years just how important the basics are. So I do get a good night's sleep every night, which for me is at least eight hours. I work out.

Jacob: I try to do the same thing. You can't function without sleep.

Natalie: No. It's rule number one, must get sleep, and then most days I work out in the morning. I have a Peloton, which I absolutely love.

Jacob: Oh, I see those ads for those bikes. Okay. So now you have to tell people. For people that don't know what that [00:04:00] is, what is the Peloton?

Natalie: Oh, really? Peloton is the next generation of an indoor cycle basically. It's an indoor cycle, but it has a video screen in front of it, which you can either do a live class, or a recorded class, or a scenic view, and so I have a couple of favorite instructors that get me going in the morning.

Jacob: A nice way to wake up, being yelled at to go on a bike.

Natalie: Yeah, exactly. Get up out of the saddle. But for me, it's [00:04:30] just critical that I get at least that half an hour, and having something home-based, where I can off that Peloton and in my shower like 60 seconds later.

Jacob: Yeah. It's nice to have those [inaudible 00:04:40].

Natalie: Yes.

Jacob: Do you use any data or analytics on yourself? Since you're running this over at Microsoft, do you use the data on yourself at all?

Natalie: I do. I'm a bit of a nerd when it comes to personal productivity, so I have had a Fitbit or a Fitbit-like device, a smart watch.

Jacob: Yeah. We both [00:05:00] have smart watches on.

Natalie: Yeah. I love all that stuff, the metrics about energy and things like that. I think directly related to what we do at work, I am, also, a nerd about how I structure my day and my week, and just on Friday actually, I went through something that I do roughly I would say probably every two months. I take a critical look at my calendar and how it's working for me, and I try to make adjustments and rhythm of business changes. So [00:05:30] on Friday, I realized that I really wasn't having enough sync time, really long extended periods of time where I could do creative work, and so I restructured my rhythm of business to be Mondays and Tuesdays, get my operational meetings on my one-on-ones done, and then have Wednesdays and Fridays, have these pretty massive blocks set up, so that I could do deep work. Then, also, a tickler on Friday to make sure I spend [00:06:00] some time thinking about reconnecting with people that I want to stay connected with.

Jacob: Yeah. Very cool. Well, I made a note to ask you about some more of those things later.

Natalie: Okay.

Jacob: So GM at Microsoft, obviously a very successful role. Are there any particular habits or practices that you think have contributed to your success that you have done? Are there any rituals, or mentors, or books, or something that you think has allowed you to become such a successful leader at Microsoft?

Natalie: [00:06:30] That's a great question. Well, for me personally, I have always followed what I'm interested in and where I thought I could have impact, and I haven't been one of those people who charted out their career. Oh, first I'm going to do this for X number of years, and that will lead to Y, and that will lead to Z, and eventually I'll rule the world.

Jacob: You didn't do that?

Natalie: I did not do that. I started my career as a geologist.

Jacob: Okay. All [00:07:00] right.

Natalie: And now I'm in tech. I'm a big believer in doing things that you love and you're interested in, and where you think you can have an impact on the world, and if you do a good job, good things will happen, and it will lead to the next set of opportunities, and that's been true for me.

You asked about mentors. I think mentors are important, and I'm not the first to say sponsors are more important. I'm a big believer in that.

Jacob: What's the difference between a sponsor and a mentor?

Natalie: A mentor [00:07:30] is someone who will coach you and advise you. A sponsor is someone who will create opportunity for you, and there's a lot written about this, and personally for me, I believe that both mentorship and sponsorship starts with a personal spark, an interpersonal connection, and so one of the things that I think has been meaningful for me in my career is just being open to those interpersonal connections, being willing [00:08:00] to be truly authentic. Sometimes that's good and sometimes that's bad, but if you're not putting yourself out there, you're definitely not going to have a spark with somebody, and then when you have that connection, really leaning into it and trying to create a deeper understanding of that other person, and natural things then follow from there.

Jacob: You mentioned that you did a lot of things that you were interested in. Would you say that being interested in something is the same thing as being passionate about it, because we always hear this advice, follow your passion. I know it's not directly related [00:08:30] to the analytic stuff, but I'm curious. Do you equate that as being the same thing or are those different?

Natalie: I don't think it's quite the same. I read an interesting statistic once that it was something like roughly 10% of the population has a passion, if you will, that they follow and guides their lives. I always wanted to be an early riser. I always wanted to be one of those people, but I'm not.

I'm actually interested in tons of things. We're at this conference about AI, [00:09:00] and the speakers this morning were just fascinating. I'm really interested in that and what means for our economy. I'm, also, interested in climate change.

Jacob: Lots of passions.

Natalie: Yeah. Or lots of interests I would say, things that I think are really interesting, where I could see myself having an impact. But, no, I'm very jealous of the people who wake up every day knowing that they want to be world class concert violinists or whatever it is. Yeah.

Jacob: What's it like being a woman [00:09:30] in technology?

Natalie: How much time do you have?

Jacob: I know that this is something that a lot of people ... It's a huge topic. A lot of people are interested in it. So curious what your honest experiences were, and maybe if you have advice for any of the female listeners of The Future of Work podcast that are in tech, anything that you've learned along the way that you think maybe they could learn.

Natalie: Okay. I have spent my whole career [00:10:00] in male dominated environments. When I got my MBA, it was 30% women. I started my career in geology, as I said, and that's mostly men, men with beards, or at least it was back in the day, and now in tech. I don't perceive tech to be worse for women than anything else that I've ever experienced, and that doesn't mean it's not hard.

I think that [00:10:30] tech is making progress, just like lots of other industries are making progress, sometimes not fast enough for all of us. But, for me, the biggest thing has been finding a way to have a voice and be confident in my voice, and sometimes that means elbowing my way in to a conversation. You can't see it, but I'm only five foot one. I'm a woman. Sometimes you walk into a room full of six foot tall men, and it's easy to get overlooked, [00:11:00] especially if you're a quiet person. So, for me, I guess one of the big success factors in tech has just been being thoughtful about how I amplify my voice, and having the confidence to believe that my opinion mattered and my point of view could have an impact, could create a better outcome.

Jacob: You've got to have the confidence. I think that's important. If you don't have the confidence, it's very hard to do much.

Natalie: It is. But confidence isn't just ego, right? I think confidence [00:11:30] comes from putting in the work and being knowledgeable, and I know early in my career, like when I was at McKinsey, for example, I would always try really hard to get the work stream that was going to build a really powerful dataset. So if that was going out and doing 30 executive interviews or analyzing a hardcore dataset, I would do that, because doing that hard work would then give me a set of knowledge that I could be the most expert person on and be really confident about.

[00:12:00] I know you weren't necessarily implying that confidence is ego, but I just wanted to clarify. I think confidence comes from a bunch of things. Some of it is just positive self-talk and not talking yourself out of it. But there is a very real part of it, which is doing the work to become expert in something.

Jacob: Yeah. In sounds like, in your case, being a woman in technology, you've always been in industries that have been male dominated, so it doesn't feel like a different thing for you necessarily?

Natalie: That's my experience, yeah. It feels [00:12:30] challenging, but not in any -

Jacob: A challenge just like all the other challenges you had to overcome.

Natalie: Yeah, exactly.

Jacob: Fair enough. I think that's some great background information about you and your personality and your approach to things, and maybe now we can talk a little bit more about the analytics and the workforce stuff.

For some people, they may not be familiar with what we mean when we say either people analytics, or workforce analytics, or workplace analytics. Is there a difference?

Natalie: Yeah.

Jacob: Maybe from a very high level, we can start off with [00:13:00] what is all of this analytic stuff, workforce or people?

Natalie: Right.

Jacob: Same thing or different?

Natalie: I think there's some nuances in there. The big category, people analytics, org analytics. Our product is called Workplace Analytics. That is all built on this very exciting thing that's happening in the space of employees, which I think the analog is to marketing. What happened to marketing 15 years [00:13:30] ago, and I lived through this as a CMO, is marketing went from something that was fairly gut based, rooted in creativity and not very analytical, to something that is today almost completely data driven, a very analytical, very rigorous discipline.

I'm staying away specifically from saying HR, because I think it's bigger than that. How we think about our employees is actually going through that same [00:14:00] type of transformation, where it's moving from a world where a lot of decisions were made based on anecdote and gut, to overall where we can actually more deeply understand with a data driven approach what works for employees, to get the right employees in the door, to make them super happy and excited, to put them on the best path, and to make them as successful and productive as we can.

Jacob: Do you have an example of something that maybe used to be done by gut or intuition [00:14:30] that now you don't need that gut and intuition, you actually have data behind it?

Natalie: Yeah. One of the most common things that we've done with Workplace Analytics is with sales organizations. I should just pull up for one quick second, explain with Workplace Analytics at Microsoft, we are leveraging this rich behavioral dataset that comes off of the every day Office tools that you use.

Jacob: So whatever is on your computer essentially.

Natalie: Yeah. [00:15:00] Your emails that you send, meetings that you go to, basically pulling that in a meta-data format, so not the content or anything, but just the rough signal. Pulling that, aggregating it, de-identifying it, and using it to understand trends in an organization, like how effectively does marketing collaborate with sales, for example. Where are the networks in the organization? A lot of fantastic use cases.

But we think of all of that, all of that data that's [00:15:30] coming off of our everyday systems as a rich behavioral data set. It tells you how organizations and teams behave.

When we marry that behavioral dataset with outcome data, we can start to create a picture for what behaviors, what actions lead to good outcomes and bad outcomes. Sales is a fantastic thing, because it's a great dataset to train on. You know what top performing sales are. They put up the numbers. So it's a really clear sense of a positive outcome. So you can marry sales outcome data with [00:16:00] behavioral data, and you can create a picture for what are your best salespeople do differently, and it turns out they do a lot of things differently.

Some of those things are very intuitive for sales leaders and some of them are not intuitive. For example, most sales leaders believe that their successful salespeople should be in the field all the time. They should always be out there with customers and whatnot.

Jacob: That's what you used to see in the old movies, like get on the road. Always be closing.

Natalie: That's [00:16:30] right. ABCs, always be closing. Yeah. Who is going to get the nice set, right?

Jacob: Exactly.

Natalie: It is true in many cases. In most cases, salespeople who are the most successful are spending more time with customers. That's fine. That proves that. But what's counterintuitive and, also, really interesting is that actually the biggest predictor of a salesperson's success is the strength of their internal network, so their ability to navigate the internal organization to get things [00:17:00] done, so how do they get discounts approved, or how do they get product expertise, or senior sponsorship, or whatever they need to get deals done is actually a stronger predictor of their sales outcomes than the amount of time they spend with customers. They're both predictors, but the internal network is the strongest predictor.

Jacob: And you wouldn't know that unless you had the data behind it? I can't imagine a leader in a company saying, "You know what's going to make you a great salesperson?"

Natalie: Go spend more time with marketing.

Jacob: Exactly. Figure out how to navigate inside the company. Unless you have the data for [00:17:30] it.

Natalie: That's right.

Jacob: That's probably one of many things. Do you have any other examples of how we can use People Analytics or Workplace Analytics to make improvements?

Natalie: Yeah. Another one that I love is sometimes companies will marry their employee engagement score data with the behavioral dataset, and that can be really fascinating in terms of discovering what do our most engaged employees and our least engaged [00:18:00] employees, what are their lives like? It turns out one of the biggest leader

indicators of that likelihood is their manager behavior. It's the most important thing, and this is very consistent with Gallup reports about managers being the most important reason why people stay or leave in a company.

But we can actually see is what do managers of really engaged teams do differently with their teams, and, again, just like with sales, they actually [00:18:30] make really different decisions. For example, a lot of people pay lip service to doing one-on-ones. It's like a manager best practice.

Jacob: Yeah. I hear that all the time.

Natalie: Right. But when we look at the data, most companies, managers are spending somewhere like 20 to 30% of what should add up to their one-on-one time in terms of what they're actually spending. When we marry it with the engagement data, we can actually [00:19:00] create a really strong case that says regular, solid one-on-one time between the manager and an employee is the number one indicator of whether an employee will feel valued by the company, will be able to connect their work to the company's mission, and to understand their role in the bigger picture.

Again, that one is not one that's counterintuitive, but it's one where you can create this really compelling case with the hard data to change a behavior that everybody says they know is important, but very few people are actually doing [00:19:30] in a rigorous way.

Jacob: Yeah. That makes sense. What sorts of data are we talking about when we say People Analytics or Workplace Analytics? Some people might have a hard time imaging ... What does that mean? Are they looking at my Fitbit? Are they looking at keystrokes on my computer? Are there sensors on my desk? What are the different options that you have for pulling in all this data to make decisions about it?

Natalie: Yeah. I think this is the space that's rapidly evolving. People [00:20:00] Analytics, a few years ago, was really focused in some fairly basic HR datasets, so what is the profile of an individual when they come into a company? What are their performance ratings? What are their job movement? What is their salary relative to market? Really important data, but I would describe that as somewhat static data, right?

Where People Analytics is moving and what's exciting, is a set of data [00:20:30] that really unlocks what I think of as people productivity, so not just figuring out, "Okay, did we hire the right people," but now thinking about, "Now that we've hired the right people, how do we make sure that we get them to be most productive," and that's where these behavioral data signals come in.

Our vision is that there are many signals in the Office 365 graph, which are things like are you collaborating on a [00:21:00] document together? Are you using Skype for teams together? There are many of those signals that will contribute to creating this picture of what effective work looks like in an organization today. We have started simply with email and calendar meta-data. Like I said, not the content of any of that, but just the from, to, and that dataset alone ... First of all, it's massive and complex. But that

dataset alone unlocks this incredible picture of what's happening in an organization [00:21:30] that's light years ahead of what people had access to before.

Jacob: What can you tell by looking at some of this data? Let's say email, for example. You see the to and the from. You look at let's say open Skype or some different other applications. Some people might say, "All right. So what? So you know who I'm sending an email to. You know who sent me an email. You know that I'm on Skype. Big deal." But what does that tell you?

Natalie: Right. First, I just want to clarify a couple [00:22:00] things, which is it's really easy to get into spooky big brother territory with this.

Jacob: That was going to be something else I was going to ask you.

Natalie: Let me just head you off at the pass there. We actually, at VoloMetrix and now at Microsoft, have invested a lot of energy into enabling people in organizations to harness this data, while still respecting employee privacy. We have an employee led view, a product called My Analytics, which surfaces up interesting data, which I'll answer your question in [00:22:30] a sec. A bunch of interesting data to you that you're the only one that can see it. It's 100% empowerment tool, like your Fitbit. You go make action from that.

Jacob: Interesting. I'll ask you what sort of things.

Natalie: Yeah. Things like how much focused time do you have in a week, uninterrupted blocks of time, or how much after hours time are you spending? A lot of people are trying hard to manage work life balance, so giving them a view into that can be helpful for setting goals. [00:23:00] One of the coolest things we do is provide quality indicators around your meetings. Most employees and companies spend an inordinate amount of time in meetings.

Jacob: Yeah. Meetings about meetings to talk about meetings.

Natalie: That's right. There's tons of memes on the web about lame they are, and it's true actually. A high percentage of meetings really do suck, for lack of a better word. We actually have some really interesting data that we show about that. One of the things that we do is we marry the [00:23:30] email and the meeting data, and we will show you how much time you're spending in meetings where you're aggressively multi-tasking.

Jacob: Interesting.

Natalie: If you're sending a lot of emails during your meetings, you really should be asking yourself the question, "Why am I in these meetings? Do I really need to be here? Can I ask the meeting owner to restructure, either to change the meeting format or provide this information in a different way?" But those numbers can be massive, somewhere between 30 and 40% of time, [00:24:00] and I'm really aggressive about that stuff, and even I see really high percentages of my time that I'm still not optimizing.

Jacob: You have to have the computer in the meeting ... If you don't bring your computer to the meeting, then it doesn't track the -

Natalie: If you're sending an email through your mobile or whatever, that's all server based.

Jacob: As long as you're using an application or something that goes through the server at a particular company.

Natalie: Yeah. This capability is all built on the cloud value of Office 365. [00:24:30] If you're using Office 365 email in the cloud, then all of this data is coming in, and then it can be translated into insights that are delivered back to you.

Jacob: For example, when the meeting is by looking at your calendar.

Natalie: Yeah.

Jacob: If you're not sending out any emails and you're just quiet during that time, you would interpret that as you're being productive. You're listening.

Natalie: It would just assume that's a meeting that you're in. That would not get flagged as a multi-tasking meeting. Yeah. We can't quite go all the way to saying it's a good meeting, but it's [00:25:00] not an obviously bad meeting, right?

We, also, help you have visibility into things like double-booking. Double-booking is something that a lot of people pass off as not that important, but it's a really bad manager habit that leads employees in an organization to have lack of clarity into whether when they go to a meeting, they are going to be able to make the decisions that they need to make and be effective in that meeting. Actually when we do the engagement survey type [00:25:30] work, double-booked meetings is one of those red flag manager behaviors that it's highly associated with poor employee engagement. We show people stuff like that.

Jacob: It's like my own individual Fitbit data, but it's basically like if all the work that you did was aggregated into Fitbit data in dashboard, that's basically what you get to see.

Natalie: Yeah. We call it Fitbit for work.

Jacob: There you go, Fitbit for work.

Natalie: And because we have Office, we, also, give you these little behavior nudges that show up. [00:26:00] In your Office, your email or calendar interface, it might nudge you and say, "Hey, next week is really filling up. Do you want to block a two hour block right now, so you can have focus time," or it might say, "Wow, this email exchange is going on 20 emails back and forth. Do you want to bring that into the real world?"

Jacob: Interesting. So there's a little bit of AI stuff going on in there.

Natalie: That's right. There's a lot of AI in there, and it's constantly testing out behavioral nudges and how effective [00:26:30] they are with a person at the right time and all that stuff. It's constantly training up and getting better.

Jacob: Very cool.

Natalie: Yeah.

Jacob: So getting back to the question around what can you learn from email or how they use the different applications, a lot of people might say, "What [00:27:30] can you possibly learn about my email habits?" What can you interpret by the to and the from, and which applications I'm using. Is it social network analysis, where you can see where the networks are?

Natalie: Yeah. I like to tell people that at its most superficial basis, email and calendar data will give you information about how effectively you're communicating with other people, emails and meetings. That's just some examples that I showed you about, the quality factors of those.

But [00:28:00] if you take it a step further, and we always put that collaboration data context of organizational data, it's actually a window into how an organization works. You mentioned organization network analysis. Collaboration signals are really powerful for painting a picture of how the networks work inside of an organization. You can see where there are silos in an organization.

Jacob: Like does marketing talk to sales or R&D?

Natalie: That's right. Even if you look at two parts of an organization, does [00:28:30] information go up both silos and across only at the top, or does information actually fluidly organically go at every level in an organization? That's a healthy collaboration.

The network analysis piece of collaboration data is really powerful. I think the other thing that I find super fascinating about this is that the data can reveal work culture. For [00:29:00] example, companies have used this data to shine a light on a culture of micro-management or disempowerment. Let me spell that out for you for a sec. If junior level employees are spending 80% of their meeting time in meetings where their manager is present, and their percentage of their actual communications that are proactive, not reactive, is very low, [00:29:30] then that's actually a pretty good indicator that you have a culture of micro-management, versus the opposite where you see junior employees, who have the right level of coaching and mentoring. They have a nice level of leadership exposure, but they, also, have a high degree of proactivity in their work and independence in their work, that's a more healthy culture of empowerment.

Jacob: Yeah. I completely agree. The stuff that you can do with data now is [00:30:00] pretty mind-boggling, pretty interesting. Why do you think it's so important today and for the future of work? Do you ever get any leaders or managers that you try to talk to them

about data, and they say, "I don't need data. I know. I've been at the company for 20 years. I know what works. I know what doesn't. I know what motivates my team. I know everything about everybody on my team. I don't need your data." Do you ever get -

Natalie: God love them. Yeah.

Jacob: Do you ever get any pushback like that from people that say, "Too [00:30:30] much time. Too much work. I just know what I need to do?"

Natalie: To be honest, not really. I think leaders of companies today know that they need to use data to manage their businesses more effectively. They don't always know how to get started, so more often for us, we will have a really exciting first set of conversations, where leaders are like, "Wow. This is amazing. What do [00:31:00] we do here," and then the challenge is then helping them identify the place to get started, like what is that first step that you take to get into this world of AI and data, and particularly applying data more strategically to your workforce. That's the most challenging thing for executives, I think, is to figure out how to get started.

But I would say most business leaders today are trying hard to embrace big data. Yeah.

Jacob: Getting started is [00:31:30] definitely something we're going to touch on as well. What about the whole creepiness factor? You eluded to this earlier, and I know sometimes people get concerned with this. There are even some companies out there that monitor employee keystrokes to figure out if they're working, are they not working. We've heard stories about companies putting sensors on employees' desks to monitor how often they're there. I think there was an article recently about Amazon that wants to ... I don't know if they want to do this. I think they had a patent for this, for employees to wear wristbands to tell if they're actually [00:32:00] or not working.

Is there too much analytics, too much data? Are we going to get to a point where we're trying to turn humans into robots and optimize every second of their day? I know you're not working. Get back to work.

Natalie: Right.

Jacob: Are you worried about that at all?

Natalie: I'm not worried about that particular aspect. I actually think what we're aiming to do is [00:32:30] to take the drudgery out of work, so to take the really low impact, low productive activities that are usually not very exciting for an employee, and help them get rid of those. In many ways, I feel like it's the opposite of taking knowledge workers and making them more automated. It's about freeing up knowledge workers to really do the stuff that you want them to do.

On the creepiness factor, [00:33:00] we used to do this very aggressively, and I think it's built into our product DNA, is this two by two matrix of actionable versus creepy. Some

data is very actionable, but, also, very creepy, and that's a section of the matrix that we stay away from.

Jacob: What would be an example of creepy?

Natalie: Well, if I sent you an email, and then I got a notification that said, "Oh, Jacob didn't [00:33:30] read your email," or, "Jacob spent two seconds on this email," that would be really actionable for me, because then I could call you up and be like, "Hey, dude, what's the problem? I need you to read this email." But it's, also, an invasion of privacy.

Jacob: Yeah. It's a little weird.

Natalie: That would be an example of something that we would not do, because that would invade the privacy of Jacob in that scenario.

But then you take it the next step and you say, "Well, what's something we could do that would be actionable, but not creepy." Just to take [00:34:00] that example, if I sent an email to a group of five or more people, an important email, then I can actually get some statistics about what percentage of the group read that email, how much time people spent with that email. Did they forward it? Did they open the attachments? That's super actionable for me, because I need to know if my communication was read or not, and it's not creepy, because it doesn't violate any one individual's privacy by revealing what their behavior was. It provides a group feedback.

I [00:34:30] think it's incumbent on all of the companies, Microsoft included, who are pushing the boundaries in this space to be really thoughtful about the features that we're creating that will create value for employees, without violating that privacy boundary, and it's something we take really seriously, and I actually think it's one of our competitive differentiators, because I think, knock wood, we do it really well and we have a good track record of being really careful about it.

Jacob: This whole area of [00:35:00] workplace analytics and people analytics and data science, it's really starting to grow. There are a lot of companies that are hiring some very smart people in this space. What's your perspective on where we are in general with this? Are a lot of companies just very early in getting started? I know there are some companies, like Google and Microsoft, you guys have been doing this for years.

Natalie: Right.

Jacob: But what's your sense of where most companies are with their people analytics journeys?

Natalie: It's still really early days I would say.

Jacob: Even some companies here, [00:35:30] I talk to them and I said are you doing anything with people analytics or AI, and they say no.

Natalie: No. Yeah.

Jacob: They're thinking about it.

Natalie: Yes. I think awareness of the possibility has gotten pretty good. I would say there's growing and reasonably high awareness that the solutions are out there, but it's still early days in terms of companies who are going into it.

A great marker of this is Wharton has a people analytics conference that they've had now I think maybe for five years roughly, and [00:36:00] that was always the leader academically. Either last year or the year before, Jeffrey Polzer at Harvard Business School created a people analytics course. I was on the phone with a professor from INSEAD, who has a course they call Organizational Analytics.

Jacob: It's becoming actually introduced as courses now.

Natalie: It's becoming a thing that we're training our future managers and leaders to think about, what are people analytics? What are the ways they can use data to optimize their workforce?

I love that as a leading [00:36:30] indicator of this becoming something that is going to be mainstream. It's going to be something that every big company, every innovative company will need to do. We're still in the Gartner curves or whatever. We're still definitely in the early part of that curve. That's good and challenging in some ways. What I personally love about it is that almost every day I hear about a new use case, or a new thing that [00:37:00] somebody thought of to use this data for that created an insight or a value that wasn't thought of before.

Jacob: Do you have a favorite story?

Natalie: Well, the thing I'm really excited right now is the potential for this data to shed some light on the diversity and inclusion conversation.

Jacob: How would that work?

Natalie: Yeah. If in the organizational context, a company loaded gender, or age, or minority status, other [00:37:30] diversity factors that they wanted to track, then they could analyze what the experience of those employee groups is relative to the average or other employee groups.

One of our customers did this. It was a professional services firm, and they wanted to understand what very senior women, what their work style was versus very senior men, and it turns out that the very senior women had networks that were three to four times bigger than the very senior men.

[00:38:00] In my own head, I have a chicken or egg question about that. Did they have to do that in order to be successful, because of the challenges that they faced, or is that something that was natural and that's part of what makes them different as leaders.

But regardless, it's a really fascinating insight into how different it is for different populations inside of a workforce, and that area, we're just scratching the surface on in terms of what we can learn and how we can help [00:38:30] companies create more equitable, more balanced workforces that get everybody excited to be there.

Jacob: What are some other I guess big questions that you can answer with analytics? It sounds like you can look at diversity, inclusion. You can look at teams and productivity. What are some other things that you think companies can use Workplace Analytics for?

Natalie: I think of Workplace Analytics as a foundational tool to drive data driven cultural [00:39:00] transformation.

Jacob: So you can change culture with it.

Natalie: You can change culture with it. You should be changing culture with it. Yesterday at the conference here, one of the speakers was talking about Deming and the whole Six Sigma lead manufacturing revolution, and in some ways, there's a parallel here, right, which is if we want to change culture, we need a mechanism to measure whether behaviors actually change.

Lots of people define culture in different [00:39:30] ways. I think of culture as the how. The strategy is the what. The culture is the how, and historically it's been really hard to measure the how, and if you can't measure something, you can't manage it, right?

McKinsey has done this study several years ago that reported that 75% of organizations are in some process of transformation. 70% of those transformations fail to reach their desired impact, desired outcome, and 50% of transformations fail because where the rubber hits the road in terms of changing human behavior, [00:40:00] they miss. Humans don't change. Human behavior is the hardest thing to change.

With behavioral datasets like Workplace Analytics, we can actually understand whether cultural transformation is taking root inside of an organization. If you're trying to build a culture of inclusion or empowerment, or even say you're trying to make your culture more externally focused, you can start to measure that and say, "Okay, well, we did this new program, XYZ, to make everybody [00:40:30] more externally focused. Did it work," and now we have the data to see where it did, and, if it did, let's do more of it, and if it didn't, let's do less of it.

At Microsoft, our sales office group just recently used this to validate a sales training that they had done. They had done this fairly specific sales training for a segment of the sales population, and then they analyzed it using Workplace Analytics, and they found that the people who had gone through that sales training had I think eight or 9% more time [00:41:00] with customers than the people who hadn't, so it's a meaningful,

powerful change that they were able to measure in terms of trying to drive a more externally facing culture.

The big headline for me is that this data is about enabling cultural transformation. I think of it as having multiple dimensions. One dimension that we often talk about is freeing up capacity, so that's a lot of the stuff we started the conversation with, is how do I get you out of those terrible meetings, right? How do I take this process [00:41:30] that has ballooned into something that takes over the company every quarter and get it back into something that's more manageable?

The second dimension is around growing mastery, and that's what we talked about with the idea of studying what top performers do, best managers, that kind of thing, and creating that shared understanding, and then the third is the holy grail, which is orchestrating that work inside of an organization, like throw away the idea that your hierarchy is going to do anything for you. Your organizational hierarchy [00:42:00] is not how work gets done, so how do you now orchestrate the networks where work does actually get done?

Jacob: When you get these insights, how does the practical side of it work, for people that are having a hard time visualizing it? Does all this data get put into a big Excel sheet, some kind of a dashboard, and then you crunch a bunch of numbers, and you get something on there that tells you this stuff? How do you know what's going on? Do [00:42:30] you need some data scientist that just look at a bunch of numbers and do some correlations?

Natalie: Yeah. It's a great question.

Jacob: Or is it something where ... On my Fitbit, for example, it's very easy to me to see I sleep six and a half hours last night. Very easy. I know what that means, and I know that if I'm traveling I sleep less. Obvious, easy. I have a dashboard. But for something like diversity and inclusion, I would imagine there are all sorts of different data points that you need, and the output isn't going to be a little chart that says, " [00:43:00] Congratulations. You have 20% improvement in diversity." You need somebody to interpret that, and how do you visualize it? How does that output look like?

Natalie: Yeah. There's two modes. The insights that you as an individual get about your time are delivered to you in a consumer grade application, like anything else that you use.

Jacob: It looks like a Fitbit dashboard almost.

Natalie: It's a Fitbit dashboard. Like I just said, it will show up inside of your email encounter experience, so it's right there. [00:43:30] It's very much like any other consumer product that you would use. No heavy lift required. It serves up actionable insights right where you need them.
The more sophisticated, looking at the organizational behaviors in an organization, those are enabled through what we think of as an analyst tool bench, if you will. We surface up a way for an analyst to go deep into any one of these insights, typically an HR

analyst or a strategy analyst. Someone who is used to dealing with this type of big data sets. And that is a process, like you were describing or intuiting, where [00:00:30] they have to apply business knowledge and context to the data sets that they're seeing to lead to meaningful conclusions.

And then, I think the final way it shows up is in dashboards and others are reinforcing mechanisms where just like your Fitbit reminds you that you didn't hit your goal that week, an operational dashboard could remind a set of executives that they didn't actually change the behavior that they were trying to change.

Jacob: Who owns people or workplace analytics? I mean, you mention earlier that a lot of [00:01:00] times it's in HR. But it extends beyond HR. So do you think we need a chief workplace analytics officer? A separate team or function inside of a company that is responsible for analytics across the entire company? You know, maybe they work with HR or that their teams are ... like, how would you structure that?

Natalie: That is the twenty million dollar question. A super important question for industry. If HR [00:01:30] steps up, HR could own this in the future. And when I say that I mean HR ...

Jacob: If they step up.

Natalie: If they step up. If they think bigger about their mandate. If they think that they are responsible for things like people productivity, then that's a great home for it. If HR believes that their outcomes are deliverables are more narrow than that, then it's not a great home. So, I ... It's very company specific at this point. Our [00:02:00] customers that we work with sometimes is the COO or the CFO or the Head of Transformation, the Head of Strategy, CHRO, can sometimes just be the GM or an operational leader who recognizes that they want to do more with their workforce. So I like to say it's the person that cares the most about making their people productive.

Jacob: I like it.

Natalie: And wherever that person sits is the right person.

Jacob: Where do you see the future of people analytics [00:02:30] or workplace analytics? So, if you were to look at twenty twenty-five, for example. And so you look at organizations at twenty twenty-five, we see these films like Minority Report. We see all these science fiction films that are out there. Are we going to get to some kind of crazy state, where like, you know, A.I. is recommending things for us. Everything is data driven and it's just some kind of like, crazy people analytics world ... Or what do you envision in over the next five to ten years?

Natalie: [00:03:00] The promise of that. In the next five to ten years, I think people analytics will go from being today, what is today kind of a leading edge competitive differentiator to a must have for every major organization. So that's kind of thing number one, is it will become everywhere in terms of how companies think about their employees.

I think in terms of this crazy A.I infused world, [00:03:30] yes, A.I. will infuse our world more than it does today. But hopefully, it's suggesting things that are going to make our world better. I use a home assistant today and I love it. Right? I love that I can order more, whatever, or play music or wake up my son in another room. And that's A.I. but that's life enhancing A.I. and I believe that our A.I. is work enhancing A.I. as well. [00:04:00] So, I'm not that worried about what that will be because I think we've seen fantastic examples of the market just slapping down companies and products when they step over the boundary. So there's a pretty strong feedback mechanism for when people get it wrong.

Jacob: Is there anything you are worried about? Or something that is freaking you out or you see as a big challenge maybe over the coming years with us?

Natalie: That's a good question. I think that the [00:04:30] thing that frustrates me the most is when people think about this technology and these solutions really narrowly and with very, kind of, limited mindset about what's possible. So, maybe, if you ... Frame that as a worry, it would be a worry about the lost potential. Like, I would be really bummed if we do all this work and work doesn't get better. Right, like [00:05:00] back to being a mission driven organization. We really are in it to try and make people's lives at work better and organizations more effective. So if it doesn't reach it's full potential, that'll be the most frustrating thing.

Jacob: Is there anything that you think that the analytics for the data can't reveal? Like, is there still a role for human intuition and kind of knowing your people in that element. Or do you think that's all going to be replaced by ...

Natalie: A.I.

Jacob: By [00:05:30] data and ... because that's kind of worry, right?

Natalie: That's such a good question. Yeah.

Jacob: Are we going to remove humanity from work, do you think?

Natalie: I don't think so. I mean I think that even today, with this data set, it requires interpretation. It requires intuition and business understanding. Business context to know whether a signal you're seeing is good or bad. And more important, to know what to do about it. How to take action on something in a way that's going to be effective. So all of those skills that we heard [00:06:00] about this morning about collaboration skills and compassion and creativity ... All of those skills ...

Jacob: Still matters

Natalie: That's how you create change, right? The data might point you in a certain direction, but it's not, in the end, going to create change.

Jacob: So where do we start for people listening to this that are like, Natalie convinced me we need to be doing something inside my organization. Where do they begin with this? Because clearly it's a lot of work, right? I mean you gotta standardize data. [00:06:30] You gotta like ... You can just look at a bunch of different pieces of data and throw them into some kind of a pot and expect them all to magically play together. There's a lot of work that needs to be put into ... And a team that you need to build. Like, where do you begin with everything? It's sounds so overwhelming.

Natalie: I would say, yes and no. I mean, this is actually the beauty of the workplace analytics approach. And one of the things that's been so nice about being part of Microsoft [00:07:00] is like ... Quite literally, if you're an Office 365 customer, you basically just flip the switch and the system can be turned on and can populate.

So this idea ... If you think about the way companies go about gathering information today, like serving and doing ride-alongs and doing all these other hugely intensive things, we're talking about moving to a system where we're passively collecting data that's just coming off everyday systems. And so, the actual work [00:07:30] to set up, our solution, anyway, is pretty minimal.

That's not the hard part. The hard part is, as you intuited, having a team of people who can, sort of, start to analyze the data. Start to connect it to real business challenges, and help develop change programs. So I think ... when I think about helping companies start, I usually lay out this vision of cultural transformation and I say, "Let's talk about what you're trying to transform today. What are you already trying to change? [00:08:00] Now, let's see where we can use this set of tools to help accelerate that change." And that's the first step.

Jacob: Okay, so try to figure out what it is that you're trying to change now and then look at how data can be used for that.

Natalie: Yeah.

Jacob: In terms of building a team, do you have any advice or suggestions for who should be part of that team? Do you just hire a bunch of PhD's and data scientists? What are some of the skills or the makeup of what that kind of a team should look like?

Natalie: Yeah, we've learned a lot about this [00:08:30] over the years and data scientists are fantastic but they are not sufficient to take the data and get to change. So we have a pretty defined way we think about it. There's a data scientist layer that's important. Equally important is a business analyst layer. So that's just a classic role you would have in any company or consulting firm. But somebody who can be smart and analytical with data but also connect to business problems.

Jacob: So take [00:09:00] what the data analyst does and be the bridge between the data and the business implications of what the data can mean.

Natalie: Right. And I often think of that role as having two parts. So there's a business analyst level and there's kind of a story teller role or a slightly more senior role who can connect analytical findings to be really impactful in a business context.

And then the final role is typically some kind of change management or transformation person because there are so many wonderful best practices [00:09:30] that have already been established around change management and transformation. You need to do those things. Those things are important. Our thesis is that data is sort of the missing link. That if you add data to the existing recipe of change that you actually have a chance of actually really making transformation happen.

So, data scientist, business analyst, story teller and change. Those are kind of the four pieces.

Jacob: Got it. So you can start of with those four roles and hopefully, that'll start leading you in the right direction.

Natalie: [00:10:00] Yep.

Jacob: Well, what advice do you have for managers or leaders at organizations that are thinking about this? Not necessarily their looking to start but just their overall approach and mindset around people analytics. How should they be thinking about this? Should they just kind of jump all in? What advice would you give to a manager or leader that wanted to make this happen at their company?

Natalie: So the first advice I would say is to really start on this journey with a sense of [00:10:30] transparency and growth mindset. So approach the data with a very open question of, "what can I learn from this data?" A bad way to start is to start with a fairly defensive mindset, which I've also seen. But if you just approach it with ...

Jacob: What's a defensive ...

Natalie: A defensive mindset would be, "Oh, this data tells me something. Let's just say, 'That's a problem.' " Right?

An open mindset would say, "Wow! This data tells me something. Hmmm. [00:11:00] Does this mean that there's an opportunity to do something better here?" Right? It's sort of a little bit of what can we learn as opposed to prove it to me kind of mindset.

Jacob: Got it. Got it. Okay.

Natalie: The other big thing is, we have a real bias against experimentation. So don't ... You don't have to bite off something for your whole company, like massive, right? Just start experimenting. Take a little nugget here, a little piece of ... maybe it's a single business process that you want to make better. [00:11:30] Use data to make that business process that you want to make better. Maybe it's ... You know, you want to change the experience for new employees. Okay, let's focus your efforts on new employees and just

start that cycle of data leads to insight. Experiment with some kind of intervention. Measure the change and keep going. And once you do that a couple times, then you start to have this engine for transformation that picks up speed.

Jacob: How long should it take for people to be able to feed in or look at data to be able to get some insight. [00:12:00] Because, I imagine, eventually we probably want to get to a point where you can ask a Cortana or Siri or you know, whatever assistant you know ... Ask it a question it'll instantly be able to give you that information.

Natalie: Yeah.

Jacob: Probably can't do that now. But is the idea that you should be able to get almost instant insight. Instant analysis from feeding information?

Natalie: Not at the organizational level. Organizations [00:12:30] are very complex entities. People are complex but organizations are complex. So I think it would be, sort of simple minded to sort of say, "Oh, Alexa!" Or "Workplace Analytics. Tell me who's ... you know, which parts of [inaudible 00:12:47] work well," right? I just don't think that's going to happen anytime in the near future.

Jacob: Not that easy.

Natalie: It's just more complex than that.

Jacob: Yeah.

Natalie: But our typical experience is that, within two months of working with the data, a company [00:13:00] has a meaningful set of insights that they can start to take action on. And I always tell people, you sort of have to set your pick somewhere, so let's set your pick there. That usually can happen within a couple of months. And then you sort of lay the ground work for taking it in many, many directions.

Jacob: But, eventually we may get to that, kind of, voice controlled, "Hey, Alexa. Tell me"... fifteen years down the road. Maybe?

Natalie: Maybe.

Jacob: Or do you think it's totally not going to happen?

Natalie: You have to remember that I spent the formative [00:13:30] part of my career at McKinzy's so I do come from this viewpoint of thinking organizations are really complex entities and there is no one-size fits all answer.

Jacob: Yeah, well, that's fair enough.

Natalie: So.

Jacob: So what if you're not an executive and you're a manager and you're an employee working a company and your company is starting to invest heavily in people analytics. Maybe you're a little freaked out. Maybe you're a little like, "What's going on here? Are they monitoring?" What advice do you have for [00:14:00] employees? To kind of ... How should they be thinking about this?

Natalie: Well, I ... Two things. One is, I think that employees always have the right to ask their employers what's going on and what data is being collected and how that data is being utilized.

Jacob: So you can ask that?

Natalie: Sure.

Jacob: Okay.

Natalie: Yeah, I mean ... Yes I think is the short answer to that. So I would encourage employees to seek information if they're uncomfortable.

And then, I think the second thing is that employees should get greedy. [00:14:30] Should get selfish, right? If this data is being utilized, they should ask themselves how they can use the data to make their own lives better, right? So I firmly believe that if people start thinking more proactively about their calendar and their days and how they manage their time that they will have more time to spend with their family and their loved ones and doing other things outside of work. So I'm fairly selfish about how I use it. I take back my time and would encourage employees to do that as well.

Jacob: [00:15:00] Probably learn about it before you become defensive and don't be scared to kinda speak up and ask questions and ...

Natalie: Yeah. See what it can do for you.

Jacob: Okay. I like that. I think that's a great starting point.

Okay, so now I have just a couple fun rapid fire questions for you to wrap up.

Natalie: Okay.

Jacob: Just so people can get to know you even more.

What's the most embarrassing moment you've had at work.

Natalie: The most embarrassing moment ...

Jacob: It doesn't have to be at Microsoft. It can be anywhere.

Natalie: I did this one thing at a company, not Microsoft, where [00:15:30] we did this executive American Idol panel. And I let them convince me to dress up like J-Lo ...

Jacob: Oh my goodness!

Natalie: So I had this huge wig and this mini-skirt and these six inch heals and I tried to impersonate her and it was so terrible and ridiculous and I got up, and it was in front of the whole company or a very large percentage of the company. And I got off the stage and I was like, "Never again will I be talked into something like that!"

Jacob: Lesson learned!

Natalie: No J-Lo impersonations.

Jacob: [00:16:00] If you were a super hero, who would you be?

Natalie: Like, if I could choose?

Jacob: Yep.

Natalie: Oh, Wonder woman. Period. Full stop.

Jacob: Alright.

Natalie: I love her.

Jacob: What's ...

Natalie: If I could be the Galgado version of Wonder Woman, that would be even better.

Jacob: She's pretty bad ass!

Natalie: Yeah.

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

Natalie: Ooh. So good. Gosh I don't want this to sound hackneyed, but I am a big believer in the Carol Dweck [00:16:30] book, "Growth Mindset."

Jacob: Okay.

Natalie: I read that a long time ago. I re-read it recently. I use as a parent. I use it for myself. As an employee.I used it as a manager. I use it as a parent. I find those lessons sometime hard learned lessons. You kind of have to relearn them. How to have a growth mindset in all different parts of your life. So that would probably be my recommendation.

Jacob: If you were doing a different career, what do you think you would've ended up doing?

Natalie: Astronaut.

Jacob: Astronaut?

Natalie: So wanted to be an astronaut.

Jacob: Oh wow!

Natalie: And now [00:17:00] that we're going to Mars, it's like, I really missed my opportunity.

Jacob: Maybe you can call up Elon and ask him to send you up into space.

Natalie: Send me up with the next Tesla.

Jacob: Exactly.

If you could have dinner with anyone alive or dead who would it be?

Natalie: Dinner with anybody alive or dead who would it be?

Jacob: Anybody in the history of the world that you could have dinner with.

Natalie: Oh, gosh. I think Abraham Lincoln is probably one of the most interesting and important people [00:17:30] ever. Certainly in our history. I would love to have a conversation with him.

Jacob: That would be an interesting chat.

Natalie: Yeah.

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

Natalie: If I could live anywhere ... other than here?

Jacob: Other than the Bay Area, yeah. Or maybe the Bay Area is your favorite place in the world. I don't know.

Natalie: I do love the Bay Area. If I could live anywhere in the world ... I am a mountain girl so I would love to live in the mountains. Somewhere in the Rockies.

Jacob: Alright, and lastly for you. If you could get rid of one workplace [00:18:00] practice, right now, what workplace practice would you get rid of?

Natalie: Bloated, ineffective, long meetings.

Jacob: And if you could implement one workplace practice? Which one would you implement and add to your company.

Natalie: Well at the risk of being tips and tricksies, my wand kind of silver bullet workplace practice that I've seen and really love is something like a no meetings Wednesday.

Jacob: [00:18:30] No meeting Wednesday. Okay. Perfect.

In general, I think it sounds like you're optimistic. You're positive about the future. And the impact the workplace analytics can have, which is great.

So where can people go to learn more about you. I know you're on LinkedIn but if you're writing about any of this stuff. If you're on Twitter. Anything you want to mention for people to connect with you. Please feel free to do so.

Natalie: Okay. I would love to connect with interested people on LinkedIn. We have also [00:19:00] published quite extensively in Harvard Business Review about our work. And ...

Jacob: Are you ... do you publish it or do you have somebody on your team publish it?

Natalie: We have a couple of other people ...

Jacob: Okay.

Natalie: The founder, Ryan Fuller of VoloMetrix is our most frequent publisher.

Jacob: Okay.

Natalie: He's written some fantastic stuff along with a bunch of folks that are on my team. And we have aggregated a lot of that content at a website, which I believe is insights.office.com. So to make it easy for people to find.

Jacob: Okay. I'll have to check that one out too.

And [00:19:30] any last parting words of wisdom that you want people to walk away from as far as workplace for people analytics?

Natalie: Well, first I so appreciate the opportunity. It was a really fun chance to explore the topic. I would encourage people to try it. I think that not everything has to be figured out about everything before you go in. And I have a biased towards actions. So my parting words [00:20:00] would be for people who are thinking about this, who are interested or excited is to find a way to get started and try it. And start small if you need to and then work out from there.

Jacob: I love it! I think that's great advice.

Well, thank you so much for taking time out of your day to speak with me.

Natalie: Thanks, Jacob.

Jacob: And thanks everyone for tuning into this week's episode of the podcast. My guest again, has been Natalie McCullough. She's the GM at Microsoft. And I will see all of you guys next week!