

**Jacob Morgan** 00:00

Before we jump into the questions I have for you. No, go

**Carlos Gutierrez** 00:03

ahead. Go ahead.

**Jacob Morgan** 00:04

Okay, cool. And so as far as recording audio video, yeah, I record both. If you're comfortable with me sharing both, you know, the more I share, the more visibility this stuff gets. Yes. Okay, cool. Then I'll jump right in do quick intro, and we'll go into the questions. Hello, everyone. Welcome to another episode of leading the future of work. My guest today is Carlos Gutierrez, Chairman and CEO at empath. He is also the former US Secretary of Commerce, and former Kellogg's, Chairman and CEO. Carlos, thank you for joining me.

**Carlos Gutierrez** 00:38

Pleasure. Thanks for having me.

**Jacob Morgan** 00:40

So as I was doing a little bit of research on you, you have a pretty fascinating story as far as your background goes. And it very much reminds me of the background of my parents, who came from the Republic of Georgia didn't speak any English when they came to this country and somehow managed to build a life for themselves. So tell me a little bit about your, your story, where you came from? And how you ended up doing all these amazing things?

**Carlos Gutierrez** 01:09

Sure, sure. Yeah. So I was born in Havana, Cuba. And when I was six, the revolution happened. We stayed about a year and a half after the revolution, then we left we came, went to Miami and then New York City, we became US citizens. And then my father got a job in Mexico City. So the family moved to Mexico City. So I essentially did Junior High School, High School University started my career in Mexico. And I joined Kellogg, as a sales representative. It was kind of a training program. And so I joined I, I was driving around in a Volkswagen van with a big decal of Kellogg's cornflakes on the side. And selling cereal to small mind postures that I moved on to supermarkets, grocery stores, hotels, institutions, did the whole thing. And after that, you know, just little by little working my way up. After a few years, I was transferred to the head office and just kept, just kept saying yes, when I had opportunities, I don't have a college degree. So that just made it even more difficult. Every time I would get, I would get moved to a different country, the first thing that asked is What skills do you have? Find here, and they wouldn't be expecting a PhD or something. So it was always in the back of my mind. But the you know, the way it relates back to skills is that I essentially during my career, I upskilled myself, and I would take courses to learn accounting to learn marketing to learn human resource management. And I find that because I took the courses to learn and not to check a box that it stuck with me it worked. So I'm a big believer in skills. A diploma doesn't always say everything. And oh, many people, so many people in the corporate world who have the potential to move up. But they don't know what their skills are. The company doesn't know what their skills are. They don't know where they should

receive training, where their opportunities are. And that's why I got into this business and I'm a big big believer in helping people grow.

**Jacob Morgan 03:42**

And I'm a big believer in that as well. So really quick before we jump into skills, I read that your father, he ended up being a successful business owner and ultimately became an enemy of the state by Fidel Castro's regime. And then I read that you also when you came to Miami, you actually learn to speak English from the bellhop there.

**Carlos Gutierrez 04:05**

So yeah, so my father was part of the business community, he was an entrepreneur. And, you know, he was on the other side of the revolution. And eventually the the revolution nationalized every single business in the country. Not just foreign businesses, not just large businesses, but every single business in the country. So, you know, from the beginning, there was no way that my father would find a place in that new Cuba. I did come to the US I didn't know how to say yes. And at the Richmond Hotel on Collins Avenue, where we thought we'd be just a few months, and then head back to Cuba. The Bellman helped me out So he would take a rubber band and extend it and he'd say rubber band repeat after me and I would repeat. So yes, I learned English. I learned English when I came here. The interesting thing is I was thrown into school, when it was time to go to school. It's like, Hey, you have to go to school. Doesn't matter if your English is good or not. And I suppose I had several rough moments. But I don't remember. I just remember that I, I learned English. So it's just a lesson that at that age, you can pick up languages very quickly.

**Jacob Morgan 05:34**

Yeah. So you said correct me if I'm wrong. So you never ended up getting a college degree, you ended up becoming the CEO of a massive organization like Kellogg's? What was that career path? Like? And how did you actually get to become the CEO? I mean, did anybody ever look at you and say, What the hell Carlos doesn't have a college degree? How is he going to be the CEO of this company?

**Carlos Gutierrez 05:57**

Oh, I'm sure a lot of people did. You know, it was step by step, I can't say that I was a sales rep in Mexico City saying one day I'm going to be CEO. When I was sales rep, I wanted to be a supervisor, and then just take it step by step do my job, right. And do it correctly and, and that will, things will take care of themselves. But I went essentially, from sales representative to the sales office to an assistant in marketing. Went to the home office. And you know, in this in this process, I suppose somebody saw me and they said, Hey, he has potential, speaks two languages seems to understand the business understands the culture, we can learn from him, which is quite remarkable. So I was asked to go to the head office to be a Latin American marketing supervisor, then manager international marketing services, which simply meant that I carried the bag of the international president. And then my first shot at general management was Mexico, I was still 29 When I was offered the job. Large subsidiary, just things happen to work out so that there was an opening for me, and stay there for five years and did a good job. And after that, it was easy to say, look, I've done a good job in Mexico. Give me something new. But uh, but it's always a struggle. It's a struggle. And there are things that I had to go back and read and look at and, and wondering, what is it that I'm missing? Because I don't have a college

degree. But I would say, look, there are two things that that really help out. Let's say three, one is having the good fortune to be in the right place at the right time. To his people, no matter what, how far you want to go, or what success you want. You can't do it without people, people push you up. And I'm talking about people who report to you people who are your peers, people who are supervisors, people make the difference. And then results, you know, there's no substitute for delivering numbers.

**Jacob Morgan 08:08**

Do you remember sort of the first time you actually became a leader in some capacity? Did you get formal leadership training? Like, were you taught? Hey, Carlos, we're gonna put you in a leadership position. And here's what you need to know. Or was it just kind of like, Hey, you got promoted today? Go figure it out?

**Carlos Gutierrez 08:26**

Actually, no, you know, at that time, we all read books. And we read books about leadership, and you know, people just that they develop their own leadership style by reading, but no, there wasn't a formal leadership training course. Leadership was something you learned, it was something you emulated. But you know, we all learn on our own. And I look back now, and say, Boy, if I would have known these leadership insights, 25 years ago, it would have been a very different story. Because you make mistakes. And that's one thing, you have to realize you're going to make mistakes. But yeah, I still learn about leadership every day.

**Jacob Morgan 09:13**

It's crazy. I talked to a lot of CEOs on this podcast, and I asked a lot of them, you know, did you get formal leadership training? And most CEOs were like leadership training, what are you talking about? You know, we, we were, you know, one day I was sitting in my office and was told I was promoted, and I had to figure things out on my own.

**Carlos Gutierrez 09:29**

Yep. That's get on a plane, go to Mexico and go for it.

**Jacob Morgan 09:32**

Yeah, we're growers today. It's great that we're, I think, starting to put more emphasis on actually training people and not just to manage but how to lead and you know, inspire and motivate engage others. So tell me a little bit about this company you're with now empath. I mean, it's a it's a startup and seems like you guys are trying to figure this stuff out. What do you guys do there?

**Carlos Gutierrez 09:52**

Well, what we do is, we use machine learning to solve a problem that the corporate world has been trying to solve for at least 20 years, and that is to identify the skills of every employee. And identify the skills required for every job in the company. Once you have that, that that database of information, the things you can do are endless, and the kind of environment that you can create for people. So we infer skills we use machine learning, we use information that's inside the company, we don't like to scrape resumes, we don't like external data, that could be bias. A resume is static. It just, it doesn't really work. The other thing that happens when you look at resumes and LinkedIn data as you identify or infer a

skill, so someone has the skill of driving. So if I just got my driver's license, driving would show up as a skill. But if you talk to a Formula One racer, or if you see their skills driving is also a skill. Yeah, so proficiency levels, one through four identified specified, that's everything. You know, if you're too then you know what, what you can do. There are jobs that require three, there are jobs you can do with a two, you can get training to be a three, it's just without that you're treating skills as if they were binary. Yeah, we identify the skill, the proficiency levels. And once we create this warehouse of data made up of every employee skills, and every job skills required for that job, my gosh, the things you can do to change the environment to change the corporate world are just endless. Every employee has their own can have their own development plan. Because every employee has a different skill set. They have different aspirations, they'd have different needs, instead of constantly going outside to bring in people which demotivates the people in the company, chances are you have your best candidate in the company already, you just don't know it, because you don't have access to this data. Now, if you have 20,000 employees, you will be able to find the employees who can do that role. Instead of having to go outside spend the money bring somebody else in succession planning. It just it changes the world for individuals, all of a sudden, people know what their skills are, they can look at a screen every morning and see their skills, see their gaps, look at close match jobs where they can, they can be in the future, what training they need to make stuff to take. So they are empowered. Today, employees regrettably have to go see their boss once a year in a performance review to find out what they're good at and what they're not good at. Well, it's just not an empowering system. It's not transparent. And this is why we believe the corporate world needs a shake up. employees aren't satisfied. Turnover, the great resignation is is huge, in terms of just disruption and cost. employees don't believe I think 27% employees believe that someone is looking after them that someone is looking after the development that they are treated like someone who who is going to grow. It's like nobody really knows who they are. They're doing a job. In terms of promotions, they probably look up and just see a vertical promotion. Because that's what the tradition has been. You start in accounting and you move up and accounting. Yeah, you can't pay. Yeah, we have a gig marketplace. We can move people horizontally, they can find that they have the skills to do a job in another area of the company that they never imagined.

**Jacob Morgan 14:03**

This is this is great. I mean, this is something I've talked about for several years now is why not create this kind of a gig economy inside of an organization? Right? What are the data sets that you look at? So inside of a company you mentioned you do look at resumes or you don't look at resumes?

**Carlos Gutierrez 14:18**

No, we don't we don't we think resumes are just they're not accurate, and they're static. So what we do is we have the company give us information. And there are about 12 signals that we can use we only need about four. So that would include performance reviews, written performance reviews, peer reviews, 360 reviews, courses, taken, certificates, achieved interactions with customers, project reviews, anything, anything that can shed light on the the employee skills, we we use Something that we call semantic similarity. That means that we look for words that have a similar meaning, then then another set of criteria or sentences, the words, tell us what the skills are, we can infer that someone has data science skills, without finding the word data or science. When you're scraping a resume, what you're doing essentially, is matching key words. So if you don't find the word, it's not there. And if you

find the word, you assume they have the skill, semantic similarities, it's quite amazing. And we're fortunate enough that our CTO has been doing machine learning for 20 years, wrote one of the first textbooks has been working on machine learning and skills for about 10 years. So what we do is not easy. And I would say Jacob, with all modesty, but sincerity and, and unsureness, that we're about three years ahead of the market. There's nothing out there that does what we do we solve this problem that has been around for 20 years.

**Jacob Morgan 16:10**

Alright, so you go. So let's say I'm running a company out and I have 1000s of employees or hundreds. So you go in there, you look at all these performance reviews, you look at all this unstructured data, and you look for it sounds like the things that are contributing to my success or things that might, I don't know, maybe hurt my success. And you look for all those strengths. And you kind of evaluate people based on what those those signals are.

**Carlos Gutierrez 16:32**

Yeah, that's right, exactly. We take I mean, we think, hundreds of 1000s of signals, whatever you have, as a CTO likes to say, if you have something on the back of a napkin, we'll take that we look for behavior. Behavior is a is an indicator of skills, okay? And we look for as many signals as possible. Just the, you know, the process, we do a pilot first five waves, and we start with about 70% accuracy. By the time we get to the fifth wave, we have 95% accuracy. Oh, wow. And the accuracy is defined by the employee. So we think the employee is the subject matter expert. And they say, Yes, that's right, or no, that's not right. And we have found that false positives, false negatives are about 1%. It's very, very low. People just don't take the risk of saying I have a skill that I don't have. So that and then there's a feature, if the company wants a supervisor to verify it, that's fine. But, you know, we need to remember that every employee, on average has about 35 skills. If you ask someone today, how many skills do you have, they may say, I've got four or five, it's more like 35, people have skills, it didn't realize that it was a skill, that it is a skill that it's actually needed in some jobs. So a supervisor cannot keep track of 35 skills per each employee. So we do that the machine does that the machine updates itself. And, and it's and it's quite remarkable, if you have, again, you're looking to replace a job, you can punch in the skills required for that job. And then people will show up on the screen from all locations who have those skills.

**Jacob Morgan 18:32**

Okay, so let's say I'm in, I don't know, marketing, or sales for that matter. So you create this profile. And then you identify what the important skills are to be, let's say successful sales professional. And then do I, as an employee, take an assessment to see how I'm evaluated on those skills? And then you kind of judge based on that criteria. And then what like, how does, how does it work after you identify that that persona of what makes a good salesperson?

**Carlos Gutierrez 18:59**

Yeah, it's a great question, because the answer to do I take an assessment is no. employees don't have to do anything. Once the system is up and running. It's very lightweight. The complexity is in the background, what they see is a very simple UI. It's very easy to use very elegant. It's like picking up a phone and calling someone you don't know what happens, but it works. So in what case, what what we

do, what our system does is compares your skills to the skills required for that sales job. And then it comes up with a percent match. And you can go in a step further and see what gaps you have in your skills in order to get that job. You can go the next step, which is now how do I improve those skills in order to be eligible for that job, and you go right to an LMS, you can, you can find the courses there. And we also match courses to skills and proficiency levels. So you don't have to look around or guess a lot of people get sent the courses they don't need. Use the LMS, you can go to the gig marketplace and say I would like to be on a taskforce I'd like to be, I'd like to spend some time with a sales rep. You know, things like that get short term gigs, that will help you upskill the third way, which we're very proud of is we've created this Skills Advisor network. So every, every skill has one. So if you're looking for the skill, diversity and inclusion, you will find a network of advisers could be 150, throughout the company in different locations. And these people are fours in diversity inclusion, which means they are subject matter experts, okay to tap into them, you talk to them. It's not like like the old mentorship. You talk about one thing, and that is the skill of DNI. What should you know, what insights? What should you read? Just it is incredibly rewarding. So those are the three ways to be able to upskill. But you would know exactly what you need to do to be able to be to be in that job.

**Jacob Morgan 21:26**

So how does it assess my skills? It's looking at my performance reviews and seeing that or like, if there's no assessment? How does? How does the machine know what my skills are?

**Carlos Gutierrez 21:35**

Well, we would use the company gives us information, okay? It gives us files, and we recommend that it'd be every two weeks. And that's, you know, that's frequent enough. And we run those through our algorithms. So the data is always being are always being updated. So you don't need to do anything, it's actually you could be sitting at your desk, and all of a sudden, you see that you have a notification in in your Empath skills profile. You open it up, and you see that a new skill has been inferred. Or not only that, but that the course that you took, is showing up in your behavior. And you just moved up a proficiency level. So

**Jacob Morgan 22:26**

it looks gaming gaming component kind of in there. Sorry, it's got a little bit of a gaming component like leveling up.

**Carlos Gutierrez 22:32**

Exactly. Right, exactly. I mean, the things you can do with the system, if you're just playing around with it, it's just it's amazing. But yeah, no manual intervention. And by the way, if you take a course and you don't really learn, and your behavior doesn't show that you've learned, the machine won't give you credit for it.

**Jacob Morgan 22:49**

Yeah. So why why skills, right? Because I remember, for example, when I was looking for a job many, many years ago, you know, one of my first jobs, I wanted to be a bank teller. I think it was a Bank of America, if I remember. And, you know, I felt like I had a lot of skills. But of course, you know, at the time they look at your resume, and I had no experience. I've never been a bank teller. I haven't done



any of these types of things. And immediately, they just looked at my resume and said, Nope, you're not a fit. There was no mention of skills, they didn't look at any event, they only cared about my experience. So is experience still important? Or are you seeing that we're moving away from that to focusing more on what you're capable of, instead of what you've done?

**Carlos Gutierrez** 23:31

It's a great question. The experience is important. To the extent that it gives you skills, judgment, skills, technical skills, skills, managing people. So yes, experience is extremely important. But it all leads to the skills. A Harvard MBA is important as long as it leads to skills. So skills are what you can actually do, not what your resume says, not the fact that you went to school someplace, and it is, you know, a big name. It's what you know how to do. And so many people, you know, in my career, my best decisions and worst decisions were people decisions. Yeah. And when we look back at some decisions, that didn't work, it was about skills. You know, we promoted someone into general management, and they didn't have communication skills. They were very technically bright. They knew everything about the business, but they couldn't inspire employees, they couldn't get in front of employees and tell them what their vision was. That's a big deal. So as you look at leadership skills, you'll see verbal communication, written communication. It's really being able to make better people decisions and putting the right people in the right place. And based on what they know how to do, yeah, that's the big difference is, you know, I I I can tell you I can run a business. But do I really know how to run a business?

**Jacob Morgan** 25:04

Yeah. Well, that's interesting, because it's kind of separating the length of time that somebody does something versus how good they are. Because, you know, you could, you know, I've talked to people, and they're like, Hey, I've been a leader for 10 years. Well, that's great that But does that make you a good leader? Just because you've been doing it for 10 years? Or could somebody else who's been doing it for one year be more effective? So how do you separate? How do you even measure? Like the skills? Like how do you know if somebody's actually good at something? Or do you just trust? That's great job companies, right? If you look for you go to any company website, you look at the job description, it always says things like, minimum experience required 10 years in a similar role, 15 years in a similar role. And when you apply for that job, if you've been doing it for 1015 years, they're like, great, you're a perfect candidate, you've been doing it only for two, three years, they're like, sorry, you don't have enough experience.

**Carlos Gutierrez** 26:00

That happens so often. So we use a skills taxonomy. Some companies have their own skills taxonomy, which means for every job, they have identified the skills needed for that job. Some companies, most companies don't. And it's very rare to find a company that has a skills taxonomy with skills for the job and proficiency levels for each skill, right? Because one thing is to say I'm a to and leadership and another thing is this ama for so the skills taxonomy. That that's what we use. And if a company doesn't have a skills taxonomy, we are we have a skills taxonomy for 80% of the skills and then we help them build out the skills that are unique for their business.

**Jacob Morgan** 26:57

So do you think that most organizations out there, and I'm just trying to think of like advice for leaders out there who are, you know, trying to fill certain roles? Should they be kind of mentally thinking about their own skills taxonomy? Like, if I'm looking to fill a role for a project manager? You know, instead of just creating a job description for it, what's a better way for leaders to think about who's going to be a good fit for that? It sounds like you go through you think about the skills proficiency levels?

**Carlos Gutierrez 27:22**

Absolutely. It's all about skills. Yes, What skills does this person need? And, and by the way, there's some jobs where listening is a skill. But these are the eight to 1012 skills they need for this position, these are the proficiency levels. And that's the way and our algorithm will, will actually match that person's skills for the requirements. And that's the power is that it just, it does it for you. And, and the accuracy is quite, quite remarkable.

**Jacob Morgan 28:04**

Proficiency is also an interesting concept, because, you know, when a lot of organizations are looking to hire, they assume that proficiency in everything needs to be perfect, like, must have amazing communication skills, and must be an amazing, you know, organized person, like they assume their proficiency needs to be a 10 out of 10 for like, all the skills that they're looking for. But it seems like the reality is that that's not the case, right? I mean, maybe in some areas, you can be a four scenarios, you can be a six. And I don't think a lot of companies think like, their their mentality is why would we want a four, when we should just tell everybody that we need a 10 Like, we only want all star, amazing, perfect people that everything.

**Carlos Gutierrez 28:42**

And we actually infer up to four, we have four descriptors, four or five for each skill. But as you say, there's some jobs where you need to be a two in, in budget management, you need to be a two and business analytics. You need to be a two in communication. But there's some what you need to be a four, by the way, is something we infer for a company, which is somebody they really believe in his ambition and courage. And that's actually one of the skills that we can infer from their skills taxonomy, which they liked, because people who get big jobs have to be ambitious. And they have to have the courage to expose themselves. So you know, just things like that. If a company has a leadership framework, that can become that could be their taxonomy for leadership. And we infer from that,

**Jacob Morgan 29:35**

how do you measure something like courage or I don't know, vulnerability, or emotional intelligence? Like it seems like it's easy for a company to measure a specific skill, like, are you good at math? Are you good at coding, but for some of those other you know, traditional softer skills, so to speak, you know, how do you look at proficiency or how should leaders look at proficiency in that area?

**Carlos Gutierrez 29:59**

You Well, you know, I say ambition and courage, you can read the descriptors. And the difference between a two and a three and a three and a four is very clear. At a three level you, you take on roles that are risky, you have shown that, that you want to move to different areas in order to gain skills in order to grow in the company, you have courage to, to be outside of your comfort zone. And all these



things are in the signals. The algorithm finds the signals and through the semantic similarity and interprets them. At a four level, you're someone who's well known for being very ambitious, always looking for the next challenge the next task the next way to prove themselves, and also courage, courage to take a job where if you fail, everyone will know that you failed. So you can see that that is in the signals or in the signals. And the behavior suggests that.

**Jacob Morgan** 31:16

I'm curious, when you were a CEO of Kellogg, for example. What were some of the big challenges that you were faced with running this company when it came to people leadership talent, or just maybe broader just business challenges as a whole?

**Carlos Gutierrez** 31:31

Well, I mean, people is, you know, it's probably the the most important thing there is, you know, we would constantly struggle, so, okay, everybody needs to have a job description. And some people do it. Some people don't, some people do it differently. It just so hard to get things uniform. We have to put the right people in the right place. But then when the time came, everyone would interview differently. You know, they say that, that people make a decision on hiring someone in the first 30 seconds. You know, I like I like what they're wearing. I like the handshake. I don't like this, which is crazy. And then everyone asked different questions. They have their own way and their own style of interviewing. And most of the time, you don't talk about skills, people don't talk about skills they talk about, tell me about an experience you've had that was really good. Tell me about a time when you made a mistake that you would not make today. All of that is fine. But it's not about telling me what you can do? Can you build a budget on your own? Can you do sales forecasting for a very difficult company with a lot of SK use? Can you evaluate advertising copy those things that, that at the end of the day are what people know how to do. By the way, people skills are actually easier in the sense that they don't change as much. But technical skills are constantly changing. So work, we're also updating what it means to be a three or four in a given technical skills with the Python or something like that. And we are in demand skills in that company.

**Jacob Morgan** 33:20

Well, I would imagine for you, and I'm curious how you develop your people skills and how you upskill yourself because, you know, being the CEO of a company, being the former US Secretary of Commerce, you know, you probably had to develop your people skills, you were surrounded by a lot of influential, powerful people, politicians, presidents, other executives at companies around the world. What was it like to develop yourself back then, you know, to upskill and retrain yourself? And what is that process like now for a lot of companies? Well,

**Carlos Gutierrez** 33:53

I mean, today, hopefully, companies are able to identify who are leaders and, and, therefore, who are people who they should groom for certain jobs. And that's, there's still too many companies that identify leaders on the basis of gut feel, boy, that person strikes me as a leader. Their people love him or love her. You know, that's fine, but do they really have leadership skills? I think you know, leadership is a journey. As I think back when I started, I was wondering what really is my leadership skill? Am I going to be like a Jack Welch, you know, constantly running around screaming and telling people what to do?

Or am I going to be a bit more thoughtful and over time, what you realize is that there is no specific trait or personality trait. There are skills and you could be introvert, you can be an extrovert, you can be tall, short. Then chubby, it doesn't matter, as long as you have certain skills that will make you a good leader. Once I learned that, then it was I was comfortable just being myself. But again, measuring things like the will to lead, it's a little bit like ambition and courage. There are people who want to be the boss, but not everyone wants to lead. Self awareness, we can measure self awareness, which is incredibly important for a leader, believing in something bigger than yourself incredibly important for a leader, being able to communicate with clarity, incredibly important for leader, those are things that we can infer. So there really isn't, you know, we take away a lot of the subjectivity, which is the way people are managed in organizations very subjectively. And that becomes very demoralizing.

**Jacob Morgan 35:55**

Yeah, well, today, at least we have technology. So to upskill, you know, we have tools, we have platforms, we have machine learning AI, you know, YouTube, for God's sakes, where you can watch and learn pretty much anything. But what was it like for you, because none of these things existed. So you had to read books, and just, I mean, just emulate what other people were doing? Is there are there some particular leaders or stories that come to mind where you remember working or being around them and thinking, wow, like, that's something that I'm learning, that's a skill I want to have.

**Carlos Gutierrez 36:26**

Yeah, I basically learned leadership by observing leaders who I admired. And I learned what what their skills were and how they use those skills. So that was extremely helpful. Observation, you know, having having role models. What I would do, as you said, I read, I read voraciously, whatever I can read about business, I would also I enrolled in universities, and I would enroll to take one course, or take two courses. And because I was taking it to learn, I mean, I learned I, you know, I really, really studied in order to learn later on in business, I would find myself in a in the company of myself in the meeting room. And five people around some had MBAs and I would realize, you know, I think I know more about financial management than that person. And the difference is, when I took a financial management course, I took it to learn. And maybe when they took a financial management course, they took it the check the box, they weren't really interested. And that's part of the the the advantage of learning to upskill learning for a specific goal, you want to gain a new skill. So you're you're learning. And you do it for that reason not to be able to say, I checked the box, and I took the course, because that means you didn't gain the skill, and our algorithm will not pick it up.

**Jacob Morgan 38:03**

Any stories come to mind earlier on in your career, when you were CEO or Secretary of Commerce have leaders who impacted and influenced you either in a positive or in a negative way? I'm sure you have some pretty crazy stories during the course of your career.

**Carlos Gutierrez 38:19**

Yeah, I'll give you a couple. And interesting that the the leaders who meant the most to me, and who impacted me the most, were the ones that I rarely saw. So you know, you don't need to see your mentor every day or once a month, or you just need to know who they are and follow them and observe them and read about them. The CEO of Kellogg's when I joined as a sales rep was incredible. And who

was a biller? Most don't Okay. And one of the, you know, another another way I think about leadership is courage, humanity and clarity. And one of the things I found is I was a sales representative. I was one of 150 in Mexico. And after being in the company, six 912 months, I knew what the CEO wanted. What an incredible skill to have, that he can communicate in such a clear voice with such clear concepts that I as a sales rep knew what he wanted, what His strategy was, but what

**Jacob Morgan** 39:28

do you say that, like, what did he say? Or how did he do that in a way where you knew what he wanted?

**Carlos Gutierrez** 39:35

Well, for example, he had a big, big push on quality and product quality. And that also meant how we treated the product at the shelf as a salesperson not just in the plant. So I knew that that meant we have to rotate the product, we have to make sure that the oldest product is towards the front. We just that's something that he wants and that's something that I will do because As part of my job, market share was very important. So we competed. And we were, you know, we tracked our market share, and we made sure that at least in the stores that we manage, we did our very best to get shelf placement to be ahead of the competition. So and also with people, he was a big believer in diversity, he was a listener. He was someone who would ask questions, he wouldn't tell people what to do, he would ask a question that would make people think that's an incredible skill. So those were things that I took on and I tried to build my own skills in that. I had another role model who I never met, who was the CEO of Coca Cola. He was also Cuban American. So when I saw that Coca Cola has a Cuban American CEO Roberto Goizueta. He passed away in 96. A lot of his skills, my goodness, is just like everything I just talked about the will to lead self awareness, he was self aware enough to know that he wasn't a back Slapper, he wasn't a public speaker, he was a brilliant strategist. So what he did is he gave the job of President to someone who was just the opposite, a great speaker, a great motivational leader. And that takes self awareness. But it also takes guts, ambition, and courage, because the board debated whether they should have that one person as CEO. So he put his competitor in a very big job and gave him a bunch of power. That is a skill. believing in something bigger, you can tell that he was all about Coca Cola, and that was at the institution was the biggest thing in his life. Things like that.

**Jacob Morgan** 41:59

No, those are great. What about any, like personal encounters, that you may have had with either leaders or politicians where you took away something that you either want to do or not want to do as far as a skill or kind of an approach to leadership? Cuz you've probably met a lot of people and some people, you're like, Oh, my God, how did you get to where you are? And you probably met other people, you're like, wow, like I want to aspire to to lead or do XYZ in the way that you're doing it. You know,

**Carlos Gutierrez** 42:32

cultural awareness is a skill.

**Jacob Morgan** 42:36

Yeah.

**Carlos Gutierrez 42:38**

And I remember one time going up to Canada, for some marketing meetings, and with us was a very senior executive from the head office. And at one point, when they showed their numbers, he said, that's what you do in sales. They said, Yes, that's it said, we do more than that. At Walmart. And it was, you know, it was the most embarrassing moment, because you could see that the whole Canadian team was just totally, totally brought down by that constant. Someone who was culturally aware who has skills, and being aware of different cultures would never do that. And that's something I realized, as I will never ever do that. In fact, I still think about it today, what I should be doing is celebrating the business I'm looking at. You know, curiosity, when I when I was transferred to a larger country from Mexico, I realized that no one asked me about Mexico, they didn't ask me how we did things. It's like they weren't interested, they didn't think they could learn from me. And that is, you know, it doesn't. It doesn't help you feel good about yourself when people think they can't learn about your previous experiences, or what you learned in your previous job. So what I do today, and I'm sure that skill is probably similar empathy, or if I meet someone who's from Nepal, I will ask them questions about Nepal. And I will try to learn about Nepal and they will feel 10 feet tall. You know, that was one that was one of have many experiences and you know, had bosses who weren't great motivators, who would leave people in a room wondering what to do. One of the another skill that that I love is clarity. And, you know, I've seen some very big executives in a company. When I was growing up in the company executive VP for something, they'd come in a room and they would present their vision, a PowerPoint presentation, and it was so complex arrows and circles and concepts. Senator just, most people walked out of the room saying I didn't understand a word. But I didn't ask because I didn't want to sound stupid. And maybe that's why she is executive vice president because she knows all that stuff. Well, not really, if she had the skill of clarity, that would make such a powerful difference in a company where you're able to communicate to people what your strategy is, and what you want to do.

**Jacob Morgan 45:30**

I love that. Yeah, I think those are fantastic examples. We only have a couple minutes left. So I wanted to touch on something we briefly mentioned earlier, but it's a big topic of conversation. And that's the idea of the great resignation. You know, I like to think of it as the great opportunity for organizations that are willing to change. But part of me wonders, did a lot of this happen, because we have been so focused on experience and not focused on skills, did it happen, because we're always trying to find the perfect candidate, because we spend months interviewing a single person to trying to fit a role. I mean, is that part of the issue, we're just getting, like, you know, we're trying to find the perfect person each time, and we're just looking at the wrong stuff.

**Carlos Gutierrez 46:15**

I think there's a number of things that came together. One thing is generational, what I have found is that millennials on down, don't have the same values as people from my generation. They want coaching, they want to know what their skills are, they want to know how to upskill in order to move ahead. They want to know what potential opportunities they have very different. So I think that's in the in the typical corporate world, you're just not getting that kind of feedback. You watch people get promoted, who you don't believe are as good as you are, or who have the skills that you do. People don't know who you are. So you wonder, does anyone know what I'm doing outside of this organization,

people who make the decisions? Where am I gonna go in this company, it looks like I might, my future is the next job up, and I don't want to be in sales my whole life, I want to know that this is a contract between the employee and the organization, I will work for you, but you will grow me, you will help me be as much as I can be. All those things are lacking. And, and I think we have a generation of people who are saying, I've had it, I just don't want to do this. You have other people who another generation have done very well in the stock market back then. And so well, maybe I can retire a little bit early. But most people are just finding the corporate world to be very dysfunctional, and it is 82% of CHR OHS. People don't believe that their performance management systems work. So the system to coach an employee to tell them how they're performing, to tell them what they should be doing doesn't work with with skills, what you can do is say, hey, let's talk about your skills. Let's have a supportive conversation. You've got a nice skill set here, you've got a couple of gaps. Where do you want to be in the future? How can I help? You know, what are your aspirations, a very, very different conversation? Because skills are transparent, because you can see what they are. And there is any subjectivity. You know, a supervisor may say, you know, I think you should, I think you should talk lesson meetings. What does that mean? Is that really, is that really great feedback for me? Is that really what I need to know right now? Or are you saying that, that, that I need to develop my listening skills? What what exactly? You know, are you telling me, it's very anecdotal? It's very subjective. It's very tactical, but it's not like, what do you want to be? These are your skills? How can I help you? And I'll get you in the right course, I'll get you some gigs. I'll help you without identify the best skill advisor for you. All of a sudden, the employee feels like I am going to grow in this company. I'm going to stay here. Yeah, today. Today. It's just not the case.

**Jacob Morgan 49:30**

I mean, one of the things that I really like, and I always say skills are greater than jobs, because if you focus on a job, it's a linear path. But you might be, I don't know, for example, in sales, and you you know, if you look at skills, you can say, well, I'm in sales, I have a certain amount of skills that they might be able to be applied to marketing or to project management. Like I'm a good communicator, I'm a good people person. So if you only look at the job and the role of sales, you're going to assume that that person only has one path.

**Carlos Gutierrez 49:59**

That's it. Luckily, right? Look, I'll give you an example quickly. We were a company happened to lose a the leader of a new product development team, very important project CEO was on it, everybody. So this leader had marketing skills, who would essentially lead by marketing, this person left the company. And it was like, what do we do now, the first thing that people thought about is we have to go outside, though that's a big job, people need to have experience in new product development and using the skills that are needed for that job. We found 11 people in the company who could do that job. And some of that people were obvious, right? The people come from sales people come from marketing, people come from product development. But we found one that was a lead benefits analyst. I'm sorry, lead benefits manager, we had someone who was Associate Director of Technology, did they ever imagine that they had the skills to be able to move up in marketing? And by the way, if they didn't have all the skills, they could upskill? But the fact that they're a close match to the job? Yeah, that suggests that they're very close.

**Jacob Morgan 51:18**

I love that. Yeah, I mean, an organization should pay more attention, look at the skills that their people have, instead of just just the jobs, and hopefully, that'll help solve some of these talent problems that some companies out there are faced with. I mean, I hear stories, I, I have friends out there, who are executives in various companies, and they say, how long is it taking you to find a single role? And they'll say, you know, three months, four months, six months, to find one single person, and they and you know, these are external, looking outside the company. And I always asked him, like, Why Why don't you guys look internally? And their response is, we just don't have anybody with that experience?

**Carlos Gutierrez 51:54**

Yeah, and the real response should be, we just don't know who we have. Yeah, there are hidden gems all over the company. But a company doesn't have a window into that they don't, they can't see them. And, and very often an executive will make a decision based on the 50 people, she or he knows. But when you have, say, 1020 30,000 people, I can assure you, you have some hidden gems in that group, you have some wonderful needles in that haystack. And we help you find them. That also helps people stay in a company when they know that there are opportunities beyond the world.

**Jacob Morgan 52:35**

Yeah, I love I love what you said their response should be. We just don't know who we have. Because I think a lot of people and I've talked to some companies, they don't even have an accurate number for their headcount, like how many employees do you guys have? Around 60,000? You know, it's, it's just nuts. Well, this was a fascinating conversation, talking about skills, which I hope a lot of people take to heart. And even if you're an entry level employee, I guess that the message is focused on your skills, talk about your skills, don't just talk about your experience, convey that to everybody else. Any other last parting words of wisdom for people out there to really make skills, the second conversation is,

**Carlos Gutierrez 53:13**

you know, your skills have an idea of where you want to be. So you know, where you upskill, what we're trying to do, essentially, is take this dysfunctional corporate world, which has been in the making for decades, and change it, call it a revolution, call it a transformation, we want to make it a better place for people and want people to grow. So what we're doing essentially is helping companies transform, and there isn't a leader who I know a CEO, who would not want to be considered a transformational leader. But when it comes to people, how do you do that? Do you give speeches every month? Yeah, you know, this is a way a technical objective, real way of transforming. And, and that is a legacy for anyone who gets behind it, and it will be a credit to that company forever.

**Jacob Morgan 54:16**

I love it. Carlos, where can people go to learn more about you, the company and path, the stuff that you're doing anything that you want to mention for people to check out?

**Carlos Gutierrez 54:27**

Well, you can go to my Wikipedia [empath.net](https://en.wikipedia.org/wiki/EmPATH). We have our website. And we're going to be doing a lot of webinars and podcasts and things like that. But I appreciate that that question, but I would hope that companies just listen to us for a little while. We'll listen to them, see what their goals are, what their pain



points are, and show them a demo that will that will seem like magic. But it's that how of technology in 2022. And there are so many companies who aren't taking advantage of it.

**Jacob Morgan** 55:07

Yeah, I love it. Well, Carlos, again, thank you so much for taking time out of your day. I really appreciate it.

**Carlos Gutierrez** 55:12

Thank you. I appreciate it.

**Jacob Morgan** 55:13

Good talking to you. Likewise, and thanks, everyone for tuning in. And my guest again, Carlos Gutierrez, Chairman and CEO Empath, former US Secretary of Commerce and former Kellogg's, Chairman and CEO. I will see all of you next time. Thank you.