

Jacob Morgan 00:00

So for now, I'll just jump right in and start talking. And then we'll have the intro coming before. Does that work for you? All right, then I'll jump right in. Hey, Rita, welcome back to the show. It's been a long time.

00:12

And has I think the last time we saw each other was actually in person. What's it?

Jacob Morgan 00:18

Oh, my goodness. Yeah, yeah, it's been years. I mean, you were a guest on the show, I think in 2020. I don't remember what month in 2020. But I think it was right before or right around the pandemic, when it was being called a pandemic. So quite a lot has changed since then. So why don't we jump right into an easy question first, and that is what do you think about what's going on with Elon Musk and Twitter? Oh, what do you think into the conversation?

00:50

Well, you know, was there, there's good things to be said about it, and not so good things to be said. But I think from a human point of view, what he's doing is very painful and possibly damaging to the company over the long run. So you know, he's, he's betrayed a lot of people's trust. And I don't think given appropriate recognition, in many cases, to how much heart and soul people poured into Twitter. And if you look at Jack Dorsey who came before him, and many people have many criticisms of him, but I think he was a very human leader. And Musk seems to be trying to turn the ship the opposite direction. Now, from a business point of view, you may say, look, what he's got to do is blow it up before you can reconstruct it. I've heard that argument being made. So you could say, well, what, you know, it's a birch. It's a scorched earth territory, nothing, nothing was there that can be salvaged. And he's gonna take it in a whole new direction. But certainly from a perspective of, would you want to wake up in the morning, and this is the guy, you're gonna go to work for him?

Jacob Morgan 01:50

Well, you know, it's also interesting, because I think when a lot of people think about leadership, right, most CEOs are typically not owners of companies like Elon. And so I'm trying to imagine, right? I mean, there's a difference between being a CEO of a company and you work at a company, and maybe you have a little bit of equity stake and how you treat people. But then I also understand Elon comes in he's now the owner of the company, it's his his company, for the most part. And he's realizing they're losing a million dollars a day. And I'm trying to imagine a scenario. Has this happened before that you can recollect where the CEO is actually the owner of the company that way, but Elon is and is making these types of decisions? Because I think it's a little bit of a different dynamic for him, isn't it?

02:30

Well, you see it a lot in private equity. Yeah. You see private equity guys come in, and they look around, and they say, where are all the opportunities to cut costs and shore up efficiencies and so forth. So you did see that, and often it ends really badly. I mean, there are owners, but there are owners with a short timeframe. And I think that makes the big difference. I do give most credit for thinking for the long term. I mean, he thinks big, he thinks long term, he's willing to try novel solutions. So for example, what he did with his battery manufacturing plant in Nevada was brilliant. I mean, instead of the usual

prescription for building a big plant, which is, you know, you put three years of investment in before you have anything to show for it. He built it in a modular way. And so he had benefits coming in all along the way. So, you know, a lot of what he's done is really smart. And then a lot of what he's done is just you sort of look at him, and you go, why are you doing it that way, like, there's an easy, there's got to be a more humane way to do things.

Jacob Morgan 03:27

And I know, he's also been criticized, and I was talking to another CEO, who was on the podcast, the COO of Warby Parker, who's also in New York. And, you know, Elon has also been criticized a lot for having beds now in the offices and getting people to work hard. And I've had a few candid conversations with some CEOs about this. And there's a lot of differing of opinion. Some people online are saying, Oh, you're creating such an inhuman workplace because you're forcing employees to work so much. But the flip side of the argument is that employees are so excited about the work that they're doing that they are willing to stay there, right. I mean, nobody's chaining them into the offices. So I'm curious to hear your take about maybe that specific aspect of it, if employees are so committed and excited, right, Elon Musk, you know, he has a reputation of being this great visionary to work with. And for me, the employees are just so excited to be there, that they're happy to sleep on the Twitter, you know, floors in the, you know, the beds in the offices.

04:29

Well, maybe, and, you know, without knowing what their true motivations are, it's very hard to form an outside judgment. I would say, though, in the current atmosphere, where you've got massive layoffs, including Twitter, you've got people kind of looking around going, am I going to be employed in two months and I've got a newborn and I've got food on the table, you know, and if that's what's expected of me, and I feel coerced into doing it, you know, that would be one lens through which to look at it. The islands of course, is the one you've just outlined, which is I'm super pumped. I want to be here. This is where, you know, there's no place I'd rather be. And I would like to think we've all had experiences like that where there was nothing as, as you know, like having to go to bed having to eat a meal was just an interruption in what you were really passionate about doing. And so if that's the spirit people are bringing to it, I think that's great. There's one more nuance to that, though, that I think is seldom talked about, which is, if you take the forging of young people's professional capabilities, I think I think about it as, you know, kind of a cauldron or, or, or a trial by fire, where you're really forcing people to, to rise to those extreme levels of performance. And there's been some work done on professional service firms and other like very high performing professions, dog and doctoral, you know, residencies for doctors would be another example, where what you're trying to do is really forged this, this set of capabilities very fast, by putting people under extreme stress. And so there is a case to be made for younger people, that that's a way of building up this capability set. But if you feel coerced into doing it, but you know that that's not great. The other thing I would add, though, is, you know, we do know that productivity reaches diminishing returns, you know, we know that our brains can only focus for so long on so many things. We know that after a while, you know, mistakes start to creep in. And if you're just exhausted all the time, you're not going to be producing your best work. So yeah, the all those things have to go into the balance. But if it's a question of, hey, we'll make you know, nap pods available for you. And if you want to be here, God bless them. That's great.

Jacob Morgan 06:40

Yeah, yeah, that context really matters. But it sounds like your advice to Elon, if he called you and said, Hey, Rita, I'm gonna go into Twitter, I'm thinking about laying off 70% of the workforce, you wouldn't be like, go for it, Elon, you probably say, Hey, you might want to take a step back, there's probably a better way to do that.

06:57

Well, I would have started long before that, what you started with, what were you thinking when you made that bid for the company to begin? And as you know, I do a lot of work on planning under uncertainty. And one of the things we always start off with is, well, what does success look like? You know, if you're gonna bid \$44 billion for something, you must have a pretty interesting idea of what success could look like in your mind. And I don't know this. But of course, I don't know Elon Musk at all. But it strikes me that it was a rash move, that that, you know, perhaps in the cooler hours to follow, he suddenly said, Hang on, you know, do I really need to spend that kind of money to grab that asset. And once being basically forced into buying it now he's got to come up with some breakthrough strategy that's going to take Twitter on a completely different trajectory. So I think there's phases to this decision, and I probably would have been advised him a lot earlier, you know, proceed with more caution before he's waving billions of dollars around.

Jacob Morgan 07:56

Yeah. And I hear he's been tweeting about this, right. He wanted, he wants to turn Twitter into what is it like the everything app like Twitter X or something like that, where you can basically do do everything and anything on it? And I think everybody else, right. Yeah, I think this is not a new thing. Exactly. Yeah. Well, it remains to be seen, I guess what will happen with that? Speaking of another big tech company, I know, you've also talked a lot about meta, aka, Facebook, back in the day, what do you think about what's going on over there? Because they've also been very much criticized with their business decisions, right? going all in on meta and activist investors are like, are you? Are you out of your mind? You're, you're basically putting all your money into this virtual world that looks and you know, is just terrible. What do you think's going on over there?

08:50

Well, I put betta kind of where BlackBerry was in 2011 equivalent, which is still very wealthy, still very powerful, still very influential, still meaningful to an awful lot of people's lives. I mean, there are a lot of people whose day to day would be much less full and rich without that company. At the same time, you know, this idea that we can will an entire ecosystem into being all at once. I've just seen more great companies brought down by that hypothesis than perhaps any other which is, you know, you've got an unripe ecosystem, everybody knows it. It's going to take decades to unfold in full Metaverse, whatever. And you know what Zuckerberg was analogizing is the transition between Facebook, the desktop and Facebook, the mobile but mobile phones were much more mature as an ecosystem than the metaverse is now. I mean, it was a pretty good bet that by the time they did mobile, by the way, everybody had been saying we're five years too late. So it wasn't like it was a brand new ecosystem he had to bring into being this is a completely different animal. And I think he's applying the same logic to it.

Jacob Morgan 09:54

So what do you think so one of the things I find interesting is it seems like both Elon and soccer burger a lot of people are arguing they're going off in the wrong directions. And both of these are obviously very known and famous business leaders multibillionaires. Yet they both seem to be veering a little bit off course or so a lot of people would say, What do you think that they're missing? Do you think that during their decision making process, whether it was to go all in with meta or to acquire something like Twitter? Was there a step along the way that they missed when they were trying to figure out if this was a business decision or a strategy for them?

10:33

I wouldn't say so much as a step as an architecture. So one of the things that happens when you get super rich and super powerful, and, you know, everybody around you knows it, right? And you're regarded as a genius. And everybody who's in your immediate circle tells you how smart you are morning, noon and night. There's nobody to say this isn't a good idea, or have you thought about the flaws in this proposition? Or Hang on, you know, you may not be right about this one. And so one of the big problems that happens to people in roles like that, and we saw it, we see it with corporate people to start with Jeff ML to GE, is they surround themselves by people who are an echo chamber. And so there's nobody to say, Hang on, have you thought about the logical implications of what you're trying to do? Or I don't know that you're right about this, or let's, let's challenge that one. And I think that's if I were to say missing step, it's not so much that step. It's that you, you're creating the context in which you can do any damn thing you please. And there's nobody to say, absolutely. You know, that's not a good idea.

Jacob Morgan 11:29

So what's the solution? Because I feel like you don't have to be a CEO to fall into that problem. You could even be like a mid level leader of a team, a senior leader of a function. And this is a very, very common theme, right? So how, how can leaders across the board, avoid falling into that trap of, you know, going in the right direction, and nobody's nobody's saying anything?

11:53

Well, you may be going in the wrong direction, and nobody's saying anything? Well, the first thing that challenges is diversity of perspective. So certainly the normal things we think of when we think of diversity, so diversity of background diversity of gender, diversity of race, but I think diversity of perspective. So you know, if you're an engineer bringing in, you know, a literature major, if you're somebody who's always kind of 30,000 foot, bring in somebody who likes to sort of count grains of sand, if you're, you know, if you've got if you got a whole management team full of ivy league educated, basically, white people, you know, bring in somebody from a working class background, who actually has a better feel for what's going on on the ground. So I think the first principle is you really want to hear from diverse voices. And then I think the second principle is you want to get out to the edges. And I read about this in my most recent book, which is, you know, that's where the things are happening, you need to know about and there's simple techniques, you can use it. In fact, I've written a piece for dialogue magazine about this, which is, you can institute no interruption rules, right, you can practice the nominal group technique, which is a technique for basically gathering input from diverse people before you allow people to shut each other down or shout each other out. You can have something like what Gijsbert rule did at Klockner, and institute a non hierarchical communication system, anybody can

access and you know, his position as CEO, his position was to his whole company, if anybody sees something that you think I ought to know about, and you think I don't know about you tell me, like, send me a text, don't make it all formal, send me a quick note. So there's things you can do to instrument that that flow of information from the edges. And I think that's what's really critical.

Jacob Morgan 13:33

So for selfish reasons, I have a question for you about vulnerability. This is the subject of a new book that I'm working on, which will come out October November 2023. And specifically, vulnerability from a leadership perspective. So I interviewed 100 CEOs so far on this and surveyed around 14 15,000 employees. So it's, to me it's a very, very fascinating space. But I'm curious to get your take on the role that vulnerability plays specifically for leaders. Does that come up in conversations when you're talking to various CEOs and consulting?

14:09

Oh, sure. Oh, all the time. It goes together with authenticity and you know, bringing your whole self to work and this clutch of things that we're now beginning to realize, matter to leadership. So, a couple of observations about vulnerability, people want to know that you're competent first. Yes. So coming leading with your vulnerability, you know, I'm not sure that's so great, ready to come in and say, Well, last night, I was up all night, I was sweating bullets, because I'm not sure I'm up for this job. But, you know, if you guys will kind of hang in with me, I think we can. I mean, that's not going to inspire and galvanize. And I think there's ways to use vulnerability and there's ways not to write and I think,

Jacob Morgan 14:50

also, I think that's also very unique for leaders because leaders specifically are the ones responsible for other people for dollars and cents and though, I think one of the things that makes vulnerability different for leaders versus non leaders is that if you know if I'm just Jacob and accounting, and it's, you know, my company for one year, and I'm having a tough day, a lot of people probably won't take what I say. So seriously, right? They'll maybe take me out for lunch and say, hey, it sounds like you having a bad day. Are you okay? But if I'm a leader going into the company saying, Oh, my goodness, I don't know what I'm doing this and that, all of a sudden, you're creating panic and fear and uncertainty, and you have a far greater impact on other people than if you were not in a leadership role. So I love that you mentioned competence. That's also one of the things that a lot of CEOs are telling me. They're like, yeah, vulnerability is great. But you still need to be good at your job. Otherwise, the vulnerability can be a double edged sword for you.

15:47

Yeah, and where I would plug vulnerability in is something that Thomas Colditz writes about. So he wrote a wonderful book called in extremists leadership. And he used to teach people in West Point, I mean, he was their their leadership expert at West Point. And he studied people that were effective leaders in very dangerous situations. So really high stress situations. What was his name? Again? His name is Tom called, it's Kol. His name? Yeah, he's awesome. You should talk to him. He's amazing. But one of the things he talks about is he said, you know, the, the way vulnerability comes into it is that if you're asking somebody to follow you into a super dangerous situation, one of the things they need to feel is that you are in kinship with them, that you share things in common that you've built a common

bank of trust, that you've got that, that kind of trust in the bank, as it were, and as he likes to say, that's built over time that's not built, you know, like, just as needed, right? And so where I think vulnerability fits into that is those sort of casual conversations about, you know, oh, geez, my teenage son, you know, I'm just, I don't know even how to talk to him and being able to sort of authentically say, oh, you know, I get where you're coming from. That's an issue for me too, sometimes. And so I think there are places to show vulnerability, but when your vulnerabilities getting in the way of your confidence, your faith that we're going to get through this your ability to absorb uncertainty for people. That's where I think it gets in the way. So let me talk a minute about absorbing uncertainty, because I think, I think somehow in this whole notion of, oh, you know, everybody's empowered, and we're gonna have permission with teams, and we're all going to be vulnerable and authentic. I remember

Jacob Morgan 17:29

holacracy, remember, holacracy when everybody thought that was a thing?

17:34

Now, we had quality circles before that. And we had to what was it boundary list organizations before that, I mean, just comes and goes. But amidst all that, what I think people that you are leading want to know is what's expected of me right now today, right? And so if you can absorb that uncertainty and the ways that you do that don't have to be inauthentic. It can be Look, here's what I know, based on what I know, here's what I think the most important three things are that we need to do today, here's where you get into those important three things. And when I learn more, I'll be back to you. Right. So being willing to say I don't know is not you know, it's in a way, it's kind of vulnerable, you're not pretending that you know, something you do. But at the same time, it's also not abrogating your leadership responsibility to help people grapple with uncertainty, people get paralyzed by uncertainty. And so being able to say, okay, you know, let's just take the current economic situation, you know, we're going into a situation where revenues may be down 20% Next year, that that that is a possibility I'm considering, if that's the case, what I would like you to do is put together what your plan B is, like, put together what your contingency plan would be, if that happens. Now, let's hope it doesn't happen. But if it happens, I'd like you to prepare to take the lead on being prepared for that. So that's an example. Right? So it's, it's saying, I'm not sure this is going to happen, but in case it does, here's the actions I think we should be taking.

Jacob Morgan 18:56

Why do you think so many leaders struggle with vulnerability in the context of, you know, being able to say, I don't know or ask for help or share any personal information, you know, if it creates trust, it seems like a lot of leaders struggle with this. You know, Jeff Immelt was one of the people that I've interviewed. And he told me that one of the biggest mistakes he made during his leadership career is not saying I don't know enough. And is this just because of the stereotype of leadership that we've had over the years? Do we just not teach this in schools? Like why why is this such a hard thing for people to grasp?

19:30

Well, I think I think it's a complex thing. I think, you know, our expectations of leaders are kind of you know, man on horse waving sword follow me right and, and expressing doubts or vulnerability or

saying, I don't know that he's sort of jarring when you contrast it with that. So I think historically, we put a huge premium on leaders knowing the direction and telling us what to do. courageously leading the way. So that's one whole layer. I think the second layer is really You know, even today, a lot of our leaders are still men. And I think men are just raised with a very different set of expectations about what they can express in terms of their own emotions, what they can feel comfortable talking about in terms of their own fears, their own weaknesses, their own self doubts. And there is actually a bunch of research that supports this, you know, the women, especially in all women groups are much more likely to, you know, say, oh, yeah, I had that problem, you should have heard what happened last week, bla, bla, bla, bla, bla, you know, whatever. Whereas men are socialized as much that way. So men are much more likely to, you know, my sports team lost in that crushed me, you know, but it's not, that's not a very superficial conversation. Yeah. And so I think I think maybe men are not given enough opportunity to get in touch with those things. So I think that's the second thing. And I think the third thing is if you are in a situation of anxiety, and you are in a situation of some self doubt, it's almost like it reinforces that if you say, well, and then on top of it, you know, I have all the, I'm going to expose myself doubts to everybody else. What if I really am a fraud? The whole imposter syndrome comes into it,

Jacob Morgan 21:11

then. Yeah, yeah, there are a lot of challenges there, and you bring up some great points. I also wanted to touch on one one other company. So we talked about Tesla, we talked about meta, and I saw that fairly recently, you also did something about Kodak. And you said, what really happened to Kodak. And Kodak is oftentimes used as a case study around what happens when you don't pay attention to what's going on. And the you know, they missed the digital revolution, so to speak, and they didn't get involved with digital cameras. It's kind of used as like the analogous of blockbuster to Netflix scenario, right. But you put something out that said, that's not quite what happened to Kodak. So I thought we could talk about that for a few minutes. Why did they go down?

21:56

So the trope is, Kodak missed the digital revolution, they didn't they for 22,005 2006. In fact, Kodak sold in the United States, the most popular digital camera ever made. The problem is was a digital camera, and it didn't have a lot of competitive insulation around it. And so it was a very competitive market. So the margins weren't great. So they weren't nearly as good as the film margins. So I think this whole notion of Kodak not doing digital, right was kind of a misunderstanding. But I think a much deeper misunderstanding is the whole political dynamics behind it. So Kodak was run by a whole succession of CEOs who were trying to take the company and really modernize it and come up with the office of the future. And you'll come up with these new kinds of things. And there's a guy called Antonio Perez, who at the time that I'm thinking of was lost out at Hewlett Packard in the CEO battle, and to Carly Fiorina, and Perez had made his career on HP's printing business. So he had grown that business to like a \$10 billion business from nothing. I mean, it was just phenomenal success story. And so after he sort of lost this the CEO battle, he was sort of licking his wounds and thinking, Well, what do I do next. And so they formed a joint venture between Kodak and HP to explore kind of different ways that the companies could partner. He at one point reportedly made a couple of attempts to have HP acquire Kodak, which never happened. And then eventually, in 2003, I want to say he got the nod to take over as Kodak CEO. And now remember, so this guy talk about ego talk about vulnerability, this guy's lost out to, you

know, fear arena, he's sort of been under her thumb now for three years. Finally broken away, got the CEO role, you can do whatever he wants on the planet. And what he decides to do is focus the company on printing at exactly the moment historically, when screens were getting good enough that you didn't need to print stuff to see a nice picture. And so, you know, he was basically trying to recreate the glory that He had created earlier in his career at HP. And even at the time, this whole initiative was launched. They were they were they were very skeptical business analysts saying things like what you know, why is Kodak allowing Perez ego to get in the way of sensible business decisions? I mean, this is just crazy. And so you like the human side that you just can't downplay that. And I believe that's what happened. I mean, he, he sold off all the high potential, you know, small, but very innovative things. So one of the things they did at Kodak which was great, which was they call it the Eastman dime. And since the founding of the company by George Eastman, he made a vow that for every dollar the company made in sales, that five cents a nickel, yeah, the cynical the that five cents would go towards r&d. And so when Burroughs took over this company had patents up the wazoo. scientists that were world class, I mean, just a treasure trove of stuff. They could have gone out and commercialized. He was bullheaded, we're going to go do printing goddamnit. That's what we're going

Jacob Morgan 25:03

to do. It's crazy. I guess that goes kind of back to the story that we were talking about earlier, right? It's what happens when ego gets in the way, and nobody's there to sort of check you and tell you like, Hey, your heads gotten a little big, it's time to take a step back. Where

25:19

was the boardroom? I just don't understand. Where was the board?

Jacob Morgan 25:24

So what do you do? Maybe for ego? You know, earlier, we talked about the importance of surrounding yourself by people, diverse percent of perspectives for decision making. You guys related, but I also feel like it's a little bit of a different animal, right? I mean, we all have ego in some regards. And the more you climb that corporate food chain, the more power responsibility money, the nicer office, the parking spot you get. And all of a sudden you start, you know, your head gets really big. without anybody directly telling you like, Hey, you have a big ego, you need to calm down. How do you is it something that we as leaders can be aware of and slow down?

26:04

Ah, wow, that's a big challenge, because it is hard to challenge powerful people when we have big egos. I mean, and there was a fascinating study done by my colleague, Don Hambrick at Columbia years ago. And what he was interested in was the premium that companies were willing to pay for acquisition targets. And he found a distinct, like, statistically significant overpayment for targets based on evidence of CEO hubris. So this was things like the number of times their picture was on the front page of the National Business magazine, or the number of times they got quoted as being super whatever. So I think it's, it's, it's hard. And part of the problem is if you're the person with the thought, it feels great. Yeah, it's awesome. I mean, you know, you're Jeff ml, you come to work and every conference room is chilled to exactly the temperature you want it to be, despite the fact that your entire female staff is running around wearing fur. parkas, you know, to

Jacob Morgan 26:59

Office. Was that actually what happened?

27:02

Oh, yeah. Yeah, all his all his team knew exactly what temperature he liked the offices to be the conference centers and everything. I've talked to women at GE, and they were like, oh, yeah, we we bought, like, like, what are those things you were under ski wear? Yeah. You know what those leggings and things are, and they would wear that under their business

Jacob Morgan 27:20

outfits. It's funny. Um, so I'm going to be talking to him again in like, a few weeks. And I told him, I want to have a conversation with him about vulnerability and the workplace and stuff like that. So maybe, maybe that'll be something I bring up?

27:33

Well, so Okay, so So the first problem is, do you want to solve it? Yeah. As a leader, Are you even aware that this is an issue, so you got to get past awareness, and then you got to get to a well, I recognize this as a possible setback for me. And really, the only way that I've seen that be countered, and I haven't seen it very often, successfully, is really brutal feedback. And really brutal feedback from a variety of stakeholders, you know, just just real honest, let me tell you, like, what's going on here. And the trouble with a lot of leaders like that is they don't want to hear it. And so they just shut it down. You know, they shoot the messenger, they don't want to listen, they whatever. So egos really tough, because unless you have someone equally powerful. And by the way, blockbusters a great story, because you have this clash of equally powerful egos in that story. So John antiguo, was the CEO of blockbuster when they were targeted by Carl Icahn. And anti Yoko wanted to stop late fees, he wanted to open an on demand version, which was a combination of on site and online delivery of video content, which could have killed Netflix, it could have knocked Netflix completely off its perch because Netflix wasn't sustainable yet, at that time. And, and I can came in and said, we're not spending the money on that and then to proceed, but that's the future of the company and I can was like, tough Nikki's, Jakub gets fired, they bring in a caretaker CEO who basically runs the company into the ground. And that's another story that gets completely misunderstood. Anyway, so unless you have someone very powerful unless you have some way of curbing it, and unless the person has some kind of, I don't know, Christmas Carol, a moment where they see the, you know, the ghost of Christmas. They realize the error of their ways. It's really, really hard to counteract that.

Jacob Morgan 29:22

Yeah, I remember I interviewed once the I can't remember who was but he was telling me a story of early on in his career. He was giving feedback to his then CEO at the time, and his CEO at the time was was not a very nice person. And this person gave him feedback and said, you know, here's, I think a better way that you can communicate with your team and you're you kind of losing people along the way and you're, you're kind of being mean to everybody. And he told me the CEOs response was What do you mean marriage therapist, if I want counseling, I'm gonna go to my therapist, not from you. And he's like, at that moment, I knew I'm never giving that person feedback again. So yeah, there. There are

some leaders out there where you try to give them feedback. and they just kind of metaphorically punch you right in the face. And it's kind of like what do you do in that situation? But I guess eventually those leaders implode, they, they are the cause.

30:13

They don't. So a great book I would recommend to you and to your listeners is Jeff Pfeffer seven rules of power. Okay. And what he talks about is he talks about what powerful people do. And, you know, step one is they acknowledged they want power. Step two is they show up looking like power. Step three is they communicate with power, short sentences, very grabby. Step four is they network relentlessly so they build this whole cadre of other people that are interested in their power. But step five is when they finally get into a position of power, they use it, they use it, and basically what they do is they kill off everybody around them. So they eliminate all challenges to their existing power. And then they seek to institutionalize their power in current structures. And then the last chapter of this book is called success, excuses. Almost everything. And so one of the sort of little known tragedies of modern business life is how many egotistical leaders, leaders who have run their companies into the ground, they go off and they join boards, and they're on charity things and they marry you know, increasingly younger women, and they have nice slides, right? parachutes. For the dam, they don't ever get held to account for the damage that they've done. And, you know, I'm not a hugely highly, I'm not sitting on a moral whatever. But But I think pfeffer's admonition to us is, you know, understand that if you are a successful person being undone is going to be pretty rare. Just case in point. I'm told that the Adam Newman, the we work guy, that he's been funded with this next round of funding for

Jacob Morgan 31:42

oh, yeah, he just raised like, I forgot, in an obscene amount of money.

31:47

Case proven right. I mean, that, you know, you could not, could you ask for a more textbook case of somebody whose ego got away with him who told a great story wasn't exactly, you know, authentic and vulnerable with his staff, blah, blah, blah, blah. And, you know, regardless of what you think about him as a person, I mean, it's astonishing, that people with funds wouldn't be willing to invest in

Jacob Morgan 32:08

Yeah, I was just looking it up as you were speaking in his company, without having a product or service somehow has a \$1 billion valuation. So, which is I mean, kind of speechless? Yeah. And I think it was,

32:23

let me give you some advice on this book, you're reading on vulnerability, because I think one of the risks of that, right is, let's not ignore the game we're playing. And if you think about powerful people, they actually use their vulnerability, very instrumentally. And I don't mean that necessarily Vina Lee, but they're, they're very judicious about when they show weakness, when they don't, who they show it to who's in the inner circle, you know, who's the lead. And if you look at really powerful people, there's some very interesting dynamics there. And what Jeff would tell you, as he said, Look, you want to play soccer, you don't come into soccer, playing the rules of basketball, you want to play human society, you come in with the rules of human society, and you can like it, you can not like it, but these are how

human societies over the millennia, have formed their views of power. So I encourage you to kind of have that as a perhaps,

Jacob Morgan 33:18

yeah.

33:21

Thinking about that, yeah, no,

Jacob Morgan 33:22

I mean, I have that in the context of the book, as far as like, leaders still have a responsibility of you know, it's not just about showing up showing up to work and holding hands and talking about your feelings. Leaders still very much have a responsibility to their employees, stakeholders, shareholders, except me like results in competence. All that sort of stuff still matters quite a bit. But can it also be argued that that idea of business and leadership is changing? For example, you know, if Jeff Immelt or Jack Welch, for that matter, were CEOs today, do you think that would be accepted? Because it seems to me, at least from a lot of the CEOs I'm interviewing is, what they're saying is that business has changed and leadership has changed, and that, for the most part, you can't have that same approach in business and then leadership and still succeed in today's world. And of course, there's still a couple examples of CEOs out there that are like that. But do you think that we've seen a change in in that dynamic? Or is it still the same as it was 1020 30 years ago?

34:22

Well, some some things are the same. And some have changed. I think one of the big things that's changed is that leaders are no longer able to control the narrative, you know, information leaks. There's two way communications between companies and their customers. Customers have absolutely no hesitation in letting you know when the company has let you down or the leaders let you down or whatever. It's much more possible for leaders to be exposed at being you know, authentic or telling lies or, you know, in other words, the the information intensity around leaders I think is vastly more And it was in the Jack Welch era. I mean, we were still sending memos around on Xerox paper in those days. And so if there was a mistake made, it didn't instantly get amplified and ricocheted across everything. So I think that's one thing that really is different. I do think I do think maybe we're getting smarter about the fact that corporations are human institutions. And that perhaps, you know, we need to treat them as such, we need to be better about allowing people's humanity to express itself at work and in ways, I also think we're on the brink of a really big transition in the fundamental, underlying assumptions of how our economies work. And, and here, I draw on the work a lot of Carlota Perez, who talks about big cycles, you know, in the world, and that every technology paradigm has an organizational principle that makes sense going with it. And if you think about the digital age, right, what we're seeing much more now is no companies in Ireland, we're all competing as ecosystems, and we're all connected. And so to be that kind of Jack Welch number one or number two, my way or the highway, Baba Baba in an ecosystem that's deadly. Absolutely deadly.

Jacob Morgan 36:10

Yeah. No, it's interesting. And do you think we're seeing some change in the business and leadership world? I mean, obviously, a lot of people would argue, not as much change. But I remember I was talking to Marshall Goldsmith, was like a month or two ago. And I was asking him, I said, you know, how can we don't have more great leaders out there? And he's like, What are you talking about? He's like, you know, there used to be a time when, you know, if you weren't a good employee, you would literally get your head chopped off. And he said, leaders, we've made a lot of progress. But the challenge is that we've also had much higher expectations, like the, our expectations are increasing at a fire rapid rate than the progress that leaders are making. So we do have better leaders, we do have better businesses and companies, but our expectations are so high. And we're, you know, we're wanting so much from our leaders that it's almost not possible to keep up. Do you agree with that?

37:03

Well, this gets back to this idea about about, you know, ready access to information. Yeah. When the leader was a remote figure that, you know, you saw maybe remote, you know, in a roomful of 6000 people once a year at the company off site, it was much easier for them to keep their true selves to themselves to give themselves to a smaller group of people and so forth. When you know, every day you're able to see what they're tweeting or, or, you know, there's this whole rich information play. I do think that has an effect of it. I think people feel empowered to opine now on on what the leaders are doing, like, you know, everybody, everybody's a critic, everybody's a reporter, everybody's a member of the press. And so everybody has a point of view about what good leadership is, and whether you're up to it or not.

Jacob Morgan 37:49

Yeah, no, fair point. So maybe one or two more questions before we transition to our section on action items, I saw that one of the other things that you've been talking about a lot, fairly recently is how to navigate personal inflection points. And I thought that would be some pretty interesting advice for leaders or aspiring leaders out there. So first, is what do you identify as a personal inflection point, like, how do you know that you're in one? And what? What do you do when you know that's the case?

38:18

Well, an inflection point in general is something that happens that creates a 10x shift. So, you know, in business, it would be 10x, cheaper, 10x, faster, 10x, whatever, in personnel, it would be, you know, something, an opportunity got shut off, I got fired, my, my expectation for this is changed about an order of 10. Or what I thought I was going to be doing is change by an order of 10. Or I've had some adversity or mishap and personal inflection points, by the way, often do masquerade as negative events. You know, we see a lot of people who, you know, get fired, or their company moves, and they can't move for family reasons, or there's some setback at home or, you know, whatever it is, it's some personal something, and it's often perceived as negative. And so one of the things that I would observe is, when you go talk to people who've been through these and kind of emerged, the other end, a lot of them will tell you, that was the best thing that ever happened to me. My getting fired my losing that job, my not having to report to my Looney Uncle, you know, whatever

Jacob Morgan 39:19

it was, my wife would definitely say that. She used to work for a big technology company. And she always says that when she got laid off, that was the best thing that ever happened to her Besides meeting you,

39:32

of course, but I think so I think I think the first thing is to take a deep breath and sort of get back and get centered on what what it is you're really trying to accomplish. So one of the other things I think that happens in in careers, right is we get we get very fixated on a particular expression of success. So I'll take an example in farm pharmaceuticals, right. I'll go off and I'll talk to you know, people that work in farming I'll say, Well, what do you want to achieve like what's your what's your goal, you know, and that They'll say things like, I want to be a level three e two, you know v two, like Villa name some hierarchical thing. Yeah. And, and it's very hard to get them past it's almost like asking an academic, what do you want and it's always tenure or you ask a lawyer, what is it you want, it's to make partner. And, you know, we get very fixated on these, these these role based goals, when they actually don't necessarily have enough to do with what we really have is our purpose, we really have a genuine desire to make an impact in the world. So go back to my farm, the person, I remember having this conversation with her and I said, you know, Casey, you want to be this, like head of marketing? Level three, whatever. Why do you want to do that? And it turns out, the answer was, well, because if I was in that role, I could hire great people, I could I can bring new voices into the conversation, I could take our company in a much more imaginative direction. In other words, all this creative stuff that she would love to do. And I said to her, Well, can you think about, you know, there are many paths to achieve that, right. And so I think from a personal inflection point, what it can often cause you to do is really thrust you into a period of introspection. And I think for a lot of people, the pandemic has been a big inflection point, ya know, on on, you know, whether a huge one or whether a modest one, but I know a lot more people are spending time very openly talking about reflection, you know, mental health, well, being the well being of my family, you know, I mean, making sure I'm getting enough rest, I mean, all these considerations that kind of would, who would have been undiscoverable before but are now really up front and center?

Jacob Morgan 41:29

Yeah, the inflection point reminds me of, I play a lot of chess and, and one of the things that they always say in chess is that eventually you get to what's known as a critical moment. And a critical moment is something that you need to be able to recognize when you're looking at the chessboard and you identify like, this is a crucial moment of the game where kind of like every, you know, a move can really make or break the direction of the game, and it's being able to spot that inflection point. And when you spot it, you know, okay, I'm going to spend an extra five or 10 minutes on this move before I make it instead of rushing. So it gets kind of the analogy that popped into my mind is playing chess and inflection points, spotting them and then taking time before you you decide what you want to do.

42:11

And that's really important. I think what happens sometimes is when we have a crisis, I think one of the mistakes people make is they lurch into the first thing that seems to resolve this tension, right? So let's say you lose a job, right? And then you, you know, three weeks later, you get an offer that actually in your heart of heart, you're kind of a little doubtful, but you're so raw from having lost this job. And it

wouldn't be would be such an easy solution to step right into a new role. And, and you haven't really given yourself the time to first of all get over the sort of whole sequence of fear and grief and despair, and, you know, anger and all that stuff you need to get through emotion. And secondly, you know, not taking the time to say do I really is this really should be my next one.

Jacob Morgan 42:52

Yeah, talk to a chief marketing officer at a big tech company called me a few days ago, leaving their current role. And we were talking a little bit and he was telling me that he's considering his next role in his next position. And he was talking to me about some of the roles when it was a big company when it was a startup. And he was saying, you know, I'm not, they're both good, you know, I'll be okay in either of them. But I'm not really sure that they're right for me, and I said, Wait, take some time, it's the holidays, don't do anything until the new year begins. Because you don't want to rush like this is a critical moment for you. And the next thing that you decide on, you know, you want to make sure that you're going into it with kind of the right frame of mind. So yeah, I like that advice aligns very much with what you're saying. last few minutes of the show, I really want to focus on some action items for leaders. And obviously, we've talked about a lot of different themes here. But one of the things that I saw that you wrote fairly recently, I think it was in the last few weeks or so, was this concept of a strategy spine. And I was kind of thinking about it in two ways. I mean, you wrote about it in the context of a business. But I also thought it's really interesting to apply it from a personal perspective to like your personal strategy spine. So why don't we talk a little bit about what is the strategy spine? I mean, where did this idea come from? And can you walk us through what to do?

44:17

Sure. So what I was finding was that there, there was this disconnect between, sort of, we're cutting off in this strategic direction. And we were making these assumptions, right. And there's one group of people that is very comfortable with that. And there's another group of people that sort of saying, well, where's the money going to come from? And how's the street going to look at this? And what's our investing community going to think about this? And then there's another group of people sort of saying, well, here's what we're doing day to day to day, and how does that connect with all this? And so it occurred to me like, What if you could pull all that together and put it on one page, basically. And so, a strategy spine basically says, here's our sources of revenue. So at the end of the day, you know, as Peter Drucker very famously said, the purpose of a business is to go Create a customer. So leaving aside everything else your company could be doing, what are our sources of revenue? What groups? What? offerings? What products at at high level? Right? Yep. And then what are the critical assumptions you're making about those sources of revenue? So top three, top five, you know, what, what, what do you think makes this a valuable thing? Then what are the investments that would be necessary for this specific thing? So not generic investments, but what what would you have to put in to figure out whether this thing was actually a good idea? Then you got investments that are just infrastructure investments, right? So whatever happens, I've got to make sure my communications infrastructures secure whatever happens, I have to make sure I've got global connectivity, you know, whatever happens, I have to make sure XYZ happens. And so and so the idea is to have it all on one page, and then kind of you can almost think of it the bottom like, like a set of links to all the other documents that go to support that one page, right, so that are a couple of pages. So you know, at a personal level, right? So it's, you know, what are your sources of income? What are your sources of

personal growth? What are your sources of personal development? And I think you can do something similar, what are the assumptions I'm making? You know, what would what would convince me this isn't the right course of action? I mean, people don't ask that enough, I think what would convince me that this is that I should accelerate that this is something I really should lean into. And so kind of, to put it all together in a simple package. And then what's interesting about that is then you can you can bring into your family, you can take it to people you care about, if you've got I think, like a personal board of advisors, you can, you can talk to them. So there's all kinds of very cool stuff you could do with that.

Jacob Morgan 46:40

Maybe we could walk through an example. So people can kind of visualize how this might play out. I'm trying to think for leaders, if it would be more beneficial, maybe we can look at the business example. And then, if people want, they can listen to this episode again, and figure out what to do for their personal side. But let's say for your you're leading a team, and you're trying to think of a new I don't know product or service or improving a product or service, I guess the first thing that you would do is look at how is this product or service? Well, I guess for the sake of simplicity, let's call it a product. How is it going to be generating revenue? Who's going to be buying it? Where's that revenue coming from? And this would be something like, I don't know, retail stores ecommerce?

47:24

Well, let me let me take a concrete example. Because that might make it Yes. And I think I would use different tool if I was first sitting out on a growth program. So I wouldn't use the strategy spine, it's kind of after you've gone through that real exploration period, it's, it's you've gotten to the stage and you think you've got something you can really put a stake in the ground around, that's when the spine becomes valuable. Before that, I use a process called discovery driven planning, which is, I'm in discovery mode, I don't even know if it's a thing yet, you know, it's not even worth putting on a spine document yet, because I don't even know how real it is. So I think you want to get to a certain level of understanding before you start putting spines around things. But the example I've used in a recent article was Unilever, looking at how shopping behavior is changing how commerce is changing. And one of the things they're very worried about, and especially in their health and beauty division is if you think about it, how do we shop? Right, and one of the things that has occurred to them now is, well, there's now social shopping, right? And there were five specific things they were worried about. So the first one was influencer shopping, which in the West is not a big deal. But in countries like China is huge. I mean, these influencers determined, they moved the markets for entire categories of products. It's crazy, because they're they know they're online, they're chatty, you chat to them, they chat to you. It's very interactive. And it feels like an authentic social experience, you feel like they're your friends and you buy what they tell you to buy, and bla bla bla. Second one is shopping in context. This one fascinates me. So here I am flipping through the digital equivalent of a magazine, I noticed that you know, James Bond is drinking this particular brand of vodka without leaving the magazine without even being exposed to a conventional ad. I click on that, and I buy it without interruption. So, you know, contextual shopping, no advertising involved. Third is gamification. So, you know, how do we think about shopping like games, right? How do we think of shopping as games kind of shopping as a game? Right? So maybe you're you got a treasure hunt, and maybe it's a limited item. And if you think about the way like Nike sells really, really high end sneakers, it's got that kind of flavor, right? I want to be the one of the 50 people on the planet that has this \$600 pair of sneakers. Then we've got shopping in

groups, so group group shopping contexts, where, you know, I might, I might, like group on, I guess would have been an early version of this, you know, so I'm shopping as a group. This one was but but you know, all these different categories of the ways shopping might change. And each of those has significant implications for how Unilever might go to market, what they're going to spend their money on how they're going to try to recruit influencers or so Initial people or whatever. And so the fascinating thing then becomes, okay, if we decided to want to place bets on these things, what what, what specifically? Are we trying to test in terms of assumptions, what supporting infrastructure we need to have? So the in context one, right? Well, if I'm gonna have people buying my stuff in context, so I read about the, I don't know, the face cream JLo is using and I click on that, and without even my being advertised to, I buy it. Well, now I gotta make nice to JLo, his publicist, and I gotta figure out who the magazine people aren't, I gotta, you know, there's a whole different ecosystem to appeal to. So that would be an example of taking some very specific kinds of revenue generating behavior and turning it into specific activities.

Jacob Morgan 50:41

Okay. And since you mentioned it, maybe we could spend a few minutes talking about the discovery driven planning, because I'm sure leaders would be very interested in that concept as well.

50:50

Yeah, so discovery driven planning had its roots in a fascinating series of studies I did and still do on corporate flops, right. So these are the big ones that went dreadfully wrong, you know, the like, like, just recently, we had drink works, which was a multimillion dollar DreamWorks drink works. Yeah. So this was a lovechild, between Anheuser Busch and caring and caring was looking for what comes after coffee pods. And Anheuser Busch was looking for how do we develop new channels for drinks, and the two of them got together? Fantastic idea, we're going to put pods like instead of coffee pots, you're going to have an alcohol pot, this is going to be amazing. And they spent, I don't know, hundreds of millions of dollars on this thing. It was called Drink works. They launched it in 2017, I want to say they went national in 2020. And then 2021, they sort of went, hang on maybe not pulled the plug on it in December and left everybody kind of high and dry without any warning. Anyway, why does this happen? And it happens, actually, because of a lot of things. We've touched on untested assumptions taken as facts, leaders completely convinced they have the answer, no opportunity to test and say, maybe we're right, maybe we're wrong. No opportunity for learning. And worst of all, all the money upfront all the people upfront. And so you plan this thing is though, you knew what you were doing when actually you don't. And so you march off, you know, with this million dollar multimillion dollar project, where you really have nothing, you have nothing but assumptions. And so the idea there is what you want to be doing is learning what you need to learn at lowest possible cost and risk. And so that by the time you do want to make a big commitment to something you've de risked.

Jacob Morgan 52:28

Does it mean that it's always possible to have a good outcome? Or because you know, there's so many different processes and frameworks and models out there that exist? Does that mean if you use them, you'll never make a mistake? Or is a mistake just inevitable? Okay?

52:44

Life is too messy for that. I can't promise you, you'll never make a mistake. What I can promise you is your mistakes will be cheaper. They'll arrive faster. And they'll hopefully teach you more than if you didn't use techniques like this. But you you can always get stuff wrong. You know, humans are wildly unpredictable in what things will actually appeal to them. I was talking to the CEO of GE Appliances, a wonderful person by the name of Kevin Nolan, and you should talk to him for your book. He's awesome. But he was saying like one thing, Nolan. Yeah, one thing he's learned in his career as a CEO, is he said, I am a terrible judge of what products will be successful. Like I should just take myself completely out of the product evaluation idea. He said, so these guys came to him with at that GE appliances with this idea for an indoor smoker. And he grew up in Louisville, Kentucky. So to him, smoking was a thing you did like in a shared outside and he had to pit we had about like an indoor like, who would need that. But he was like, see what you can do with it. So they made this indoor smoker and the thing is flying off the shelves, people love this thing. Another thing that they created, which he didn't really believe in was a machine that makes ice that you can chew. There's an insider. Yeah, there's an entire market segment of people who like ice, but they don't want it too cold. And they want it just frozen enough that it kind of is a little crisp when you chew it. So this is a machine that just does that. Fascinating. But he was humble enough to say I, you know, I can set up the structures, I can set up the process. Now I'm not going to give you you know, hundreds of millions of dollars to figure out an indoor smoker. But if you can come up with some money, you got some interested participants, you come up with a prototype, figure out how to do it up to I'm totally happy to support.

Jacob Morgan 54:30

That's interesting. Okay, maybe last question for you. You know, obviously we're all a part of this, this this crazy, uncertain world? Well, the things have always been uncertain, but it seems like now more than ever, they feel more uncertain for some reason. But we still need to lead in these types of worlds. We still need to create products and services and serve customers and do all the things that we do when things are normal. What advice do you have for leaders out there as far as should they be? doing anything differently as far as how they lead? Is there a particular mindset or skill set that you think leaders need to be focusing on now more than, than in the past?

55:10

Well, I think going step by step from what you know, and focusing on what won't change, you know, I mean, Amazon was very famous for seeing Jeff Bezos said, you know, I'm never going to see a world where people say, I love Amazon, but charge me more and ship it more slowly. So you can focus on what won't change.

Jacob Morgan 55:33

That's a simple and straightforward piece of advice. Focus on what won't change. And then what about any any mindsets or skill sets that you think are becoming increasingly important?

55:42

My computer is trying to upset Oh, hang on. Whoa, no, we don't want to we don't want to do that. Sorry. My computer's trying to update itself. Oh, I don't know why it takes 10 to do that, like,

Jacob Morgan 55:52

the weird growth technology.

55:56

It's ridiculous. Anyway, you're still with

Jacob Morgan 55:59

I'm still here? Yeah. You're still here? Yes. Can you still hear me and see me?

56:06

I can hear you. I can't see you. But I can hear you. Okay, why

Jacob Morgan 56:09

can you still see him hear you and everything's recording? So?

56:13

Well, if we're if we're having so I think I think focusing on you know, what are some things that won't change? articulate your hypotheses focused on experiments, right? How can we conduct the best experiment to learn what is the right thing to do? I think I think those are sensible ways of going forward. And then, you know, having the courage to say, Hey, we've learned enough now that now it's decision time, you know, now it's time to, we're gonna we're gonna move forward on this particular thing that we've gathered enough information now to feel comfortable.

Jacob Morgan 56:44

Is there a particular mindset or skill set that you think is becoming more important now than in the past?

56:50

Oh, yeah. Oh, absolutely. I think I think if you if you look at Microsoft's recent success, they will credit Carol Dweck work on growth mindset. So not having this fixed mindset about I'm good at this. I'm not good at that. I know, I'm smart at this. But having this idea that says Well, I'm not good at it yet. So this emphasis mobile learning, I think those are the companies that are gonna win.

Jacob Morgan 57:11

I love that. I love that not good yet. One word that you can add to the end of all, all of your sentences that will read it. It's always awesome to speak with you. Where can people go to learn more about you connect with you grab any of your books, anything you want to mention free people to check out?

57:26

Sure. So Amida MoGraph dot, Rita mcgrath.com will find me. On that website, I have a tab called thought sparks, which is a whole series of newsletters, articles, things, I publish things, I think they're interesting. And there is an archive there that goes back, you know, forever. It's searchable. So if you're interested in some of these comments, you can search on those terms. And it'll just pull up the relevant articles, that's a good place to go. I do a weekly, I call them thought sparks, which is just articles that I think about stuff that's interesting. And they come up kind of weekly ish, pretty much every week. So

that's a good place. And then if you're interested in tools and sort of making some of these concepts very practical, my sister company believes. So that's the ice.com is a good place to go for that.

Jacob Morgan 58:11

Very cool. Well read that again. I really appreciate your time. Thank you for joining me.

58:17

Thank you so much. It's a pleasure to be here. All

Jacob Morgan 58:19

right, and thanks, everyone, again for tuning in. I will see all of you next week. All right, let me hit stop record