

Hamel On Disappearing White-Collar Jobs, Zombie Buildings, And Virtual Vs In-Person Work

Gary 00:00

There's a lot of wasted administrative effort that's going on in organizations.

Jacob Morgan 00:04

So it doesn't seem like a lot has changed and not surprised. Do you think this is a technology issue? Or is it a culture issue?

Gary 00:10

I think that's a big challenge for productivity.

Jacob Morgan 00:12

So what's the solution? Then?

Gary 00:13

You're kind of surprising me with this.

Jacob Morgan 00:15

How do you fix this?

Gary 00:15

You have to have a super clear reason for bringing people together.

Jacob Morgan 00:20

How do you keep ego from taking over?

Gary 00:22

It's hard. It takes a lot of self discipline to do that. And that requires a different sort of mindset.

Jacob Morgan 00:27

Having that humility, that vulnerability, staying grounded,

Gary 00:30

we need to be able to master that as individuals.

Jacob Morgan 00:35

Hey, everyone, welcome to another episode of great leadership. My guest today actually repeat guest is Gary Hamel. He is one of the world's top business thinkers best selling authors of numerous books, including competing for the future, what matters now. And his latest book, which is called human autocracy, creating organizations as amazing as the people inside them. Gary was actually a guest on the show, man, when was it a year or two years ago, we talked about his book, human autocracy. In fact, I think some of the most popular images and graphics and things like that I shared on LinkedIn, were actually from your book, and people loved it. So Gary, thank you for joining me again.

Gary 01:14

Yeah, it's a pleasure, Jacob. Nice to be back. Yeah. So today, we're

Jacob Morgan 01:17

gonna do something a little bit different. We've never done this on the show before. But I get asked by a lot of people to do this. And we're going to be looking at some current events, business stories, and sharing a little bit of commentary and getting Gary's perspectives on some of the thing, some of the things going on in the business world. So I wanted to start with a story that came out fairly recently from the Wall Street Journal. By the way,

Gary 01:41

Jacob, I should say, I'm like, you're kind of surprising me with this. So this is going to be like, off the top of my head. So if it's rubbish, it's like, it's down to you. But I'll do my best. Yes,

Jacob Morgan 01:50

yes, I should point out that Gary has no idea the stories that I'm going to be asking him about and getting his feedback on. They're all business stories. I'm not gonna throw any curveballs out there, but it'll be interesting to get your take on him. So the first one is a Wall Street Journal story. The title of it is called workers now spent two full days a week on email. And in meetings, new data shows why it can be so hard to get things done. And I just want to read you a quick clip from it to kind of set the stage for it. And from the article, it says if you ever wonder why it can feel like there is no time to accomplish anything at work, consider this. Many of us spend the equivalent of two work days a week in meetings and on email. Both workers and bosses complained that digital overload is hurting innovation and productivity, a sentiment echoed in numerous workplace studies, and a separate Microsoft study of 31,000 people worldwide, nearly two out of three said they struggled to find time and energy to do their actual job. And those people were more than three times as likely as others polled to say innovation and strategic thinking were a challenge for them. I thought this was a very interesting story. Because two things one, for some reason, I remember hearing similar stories years ago, when we had like the Jive communities and lithium technologies, and Salesforce Chatter and all these different platforms that are out there. I remember reading a lot of similar stories that we spent a lot of time in, in meetings and via email. So it doesn't seem like a lot has changed. I'm curious to get your take on this.

Gary 03:22

Yeah, no, I don't I don't think a lot has changed. I think there's several things behind this. You know, and I'm not surprised. I think that that data kind of fits with I think probably most of our kind of anecdotal experience. I mean, we know from our research, Jacob, that employees report that they spend about

one day a week on internal compliance issues, these are things that, from the employees perspective, aren't adding a lot of value, but it's reporting up to a manager is filling out some report, it's going to your, you know, your, your, your training, and whatever it is. So, so for sure, there's a lot of wasted administrative kind of effort that's going on in organizations, I think what you're seeing with the technology, you know, is a couple of effects. One is, you know, as we all know, we get spammed our emails filled up with all kinds of junk and crap. And the same things happens at work. It's just, it's so easy to, you know, copy more people to include more people to invite more people, that that tends to be kind of just a reflex. And so suddenly, you're spending hours and hours going through stuff that's probably not relevant to you. But somehow you have to clean all that up. I think the other thing that happened and this may be a bit controversial, but I think there was kind of a false economy. So I experienced this, you know, I'm lucky enough I have pretty much a full time assistant who goes to my emails and tells me what's important and what's not. And way back in the age before emails, I'm old enough to remember that, you know, I had somebody to go through all the correspondence look at it and bring it to me what I really needed to pay attention. Well, we essentially took all of that kind of triage and all of that work and we dumped it on every leader every manager so now it's up to you, you know, we decimated the ranks of administrative assistants and support staff. So you know, and by the way to open an email to read it and then to take an attachment and to put it in the right folder takes about as much time I was it would have taken for somebody to do that and put it in a physical file. So I think we've put a lot of that kind of work back on people, which is probably for many of those people is not the best use of their time. So it's too easy to do, we don't have an out maybe maybe AI or something is going to get better at triage and separating out what I really need to see and what I don't but certainly that that way, I think a lot of time. And there's another thing at work as well, in that, I think there's just a tendency to over communicate, and part of this is kind of cya cover your ass, right? So, you know, you want to make sure that you haven't left anybody out that even notice what's going on. And and so, you know, so all of these things together? Yes, I think I've just increased the burden on people. And we're gonna have to roll all of that back, or NAFTA is smarter about how we use technology, more careful about who we communicate with, look at all of the internal processes that are not adding value and sucking up time and just systematically work to roll that back. Because I 100% agree, you know, you can't, you can't innovate, you can't think strategically, you can't launch a new project and the tiny shards of time, you know, that are left over after you attend, to attend to everything else, you know, the first step is just turn off the damn notifications right on your phone, on your whatever, you should never hear a ping when an email comes in, or when a chat comes in, like just turn that off, and then set aside specific periods of time in the day where you're going to do that kind of work. Otherwise, it will just, you know, fragment your time hopelessly.

Jacob Morgan 06:29

Well, part of me wonders if this is a technology problem. And

Gary 06:31

I was surprised. And by the way, I think that's a big challenge for productivity. And we talk about these as being productivity enhancing tools. net net, probably they are. I remember long, many, many years ago, I was talking to Marc Andreessen, who invented the first browser now of a famous venture capitalist. I said, Mark, do you think like all this technology, internet, is it going to save us time? Or is it going to like waste? He says, Oh, for sure. It's going to waste it? Yeah. So there's a certain self

discipline that comes in this as well. But every one of these tools that allows us to be more densely connected allows us to communicate faster, to communicate with more people, you know, invites us to do things that probably just waste other people's time.

Jacob Morgan 07:09

Hey, sorry to interrupt. But do you want to hear something really crazy 96% of the people who watch these videos are not subscribed to the channel. If you want to get access to more content just like this on a leadership and the future of work, make sure to hit that subscribe button so you can get notified when new videos are released. Well, do you think this is a technology issue? Or is it a culture issue? Because on the technology side, obviously, it's very easy to just kind of like click people into the meeting. On the culture side, you said you're you're right. It's like cover your own ass. And then it's also I wonder if it's an accountability issue. Because if you were to go back, for example, before the days of technology before the internet, you know, you would walk over to somebody's desk and say, Hey, let's get together, let's chat, you know, you wouldn't be getting like your entire company together, you wouldn't be including, like 40 5060 people into a meeting. So technology on the one hand has allowed us to be able to reach more people at scale, different geographies and stuff like that. But the downside of that is it also brings more people when you probably don't need as many people to solve a problem. So is it a culture issue? Is it a technology issue? Like how do we, how do we figure out this?

Gary 08:19

I think part of part of it isn't an accountability issue. You know, when you don't have very crisp accountability when when you don't have clear p&l accountability. When you when, when there are so many people that have to weigh into a decision when there's so many interdependencies that haven't been clarified? You tenant and I mean, I have leaders telling me this all the time, that they're they're sitting in a meeting with 40 people, they don't know half of them, and they don't even know why they're there. Yeah. But you know, but but somehow everybody feels they have to weigh in this and half have to have their voice heard, and does it. So the authority isn't clear enough, there's not enough trust to say, Gary, just go ahead and make the decision and so on. So yeah, you end up with just a huge amount of other people looking over other people's other people's shoulders. And the more hierarchical the organization gets, you know, the more that happens. So what's

Jacob Morgan 09:10

the solution? Then? I guess for a lot of people out there who are inside of organizations, where they themselves are spending two days a week in meetings and emails and stuff like that. Is it about setting boundaries, just declining the invitations and saying, I'm not going to go up to leaders maybe being more conscientious of who they're inviting, giving more accountability and autonomy for employees to get their work done? How do you how do you fix this?

Gary 09:32

You know, all of the things you just mentioned, I think are part of it. I came across one thing, I can't say the name of the company for reasons of confidentiality. But I came across a very large global company that was was trying to roll this back to many meetings, too much waste of time. And so what are the thoughts they started with a check, which I thought was very good. They said, don't do anything. Don't accept an invitation. Don't go to a meeting. Don't call a meeting. Don't don't fill out a form don't get

involved in any activity. where you can't say specifically how that benefits our customers. So if you can't draw a line between what you're trying to do here and create genuine customer value and benefit, like, don't do it, you know, I know I know another another big bank this this goes back a few years, but they were trying to roll this back. And, and and the CEO said, the first thing we have to do is stop the train. And so what what what he did in this case, this this CEO, he put a 30 day moratorium on any emails, any messages coming from corporate and staff down to operating units. He said, let's, let's see what happens if you just like stay out of their hair? And, you know, and so then you find out, you know, things collapses, like chaos? No, well, I just think you have to have a super clear reason for bringing people together and going to the expensive and the meeting. And certainly, you know, I know one company where they said, If you can't explain it, defend or justify this activity, in terms of the value creating for customers are some of the critical stakeholders, like just don't do it. Yeah. So that's just like, that's a discipline and avoiding this thought that you have to invite everybody to the wedding, right, and being clear on who can really add value and why. But again, a lot of this, I think, comes back to a lack of clarity around January accountability, and you know, whose problem this is to solve. And so, you know, and yeah, and part of it is just the discipline, as I said, the personal discipline to buffer your time, make sure that you're not being interrupted at times. I mean, I think that one of the greatest personal competitive advantages you can have the day is simply the self discipline to create blocks of time, where you are not interrupted. And, you know, that's, that's, that's very much a personal discipline. You know, every time we get a message, we get an invitation, we see something that's little dopamine hit and like, okay, like, who's what's happening and like, why are they reaching out to me? So, you know, in that sense, we're, you know, a lot of us are like teenagers on Tik Tok, we just don't have the personal discipline to pull down the shutter. So my

Jacob Morgan 11:55

email is the Tick Tock for adults, I suppose you could say. i Let's jump to another story from Business Insider. Another really interesting one, actually, the title of this one is the great resignation is giving away to the big stay as job hopping slows down. And let me just read you a quick quote from here. The great resignation is winding down, according to ADPs, Chief Economist Neela Richardson, and she says the great resignation as it comes to be known was fueled by abundant job opportunities, labor shortages, and big pay increases for workers who quit one job to take another. Richardson wrote a year later, all three of these dynamics are abating. And the great resignation itself is looking like a thing of the past, job hopping is slowing down for more work for remote workers, but still strong for blue collar work. This I also thought was very, very interesting, because I think one of the things that happened during the Great resignation, and almost felt like there were a lot of people who were taking advantage of the labor shortage of the fact that they knew that their employers couldn't let them go. And they were really negotiating much higher salaries, they were really jumping from company to company because they knew they had all the power inside of their organizations. And part of me wonders if you know, when you have more power inside of an organization? You know, we assumed that the great resignation was because a lot of employees were being treated poorly. But could it be that the great resignation is also because employees had so much power that they were kind of coasting, right? Because when you have more power inside of the organization, what's your incentive to go above and beyond to do more to solve complex problems to better serve the customer, if you know that nothing can happen to you? And you're just kind of negotiating up and up and up? To me, it seems like a lot of people would just be coasting at that point. And now we're seeing a lot of these layoffs coming. A lot of

tech companies are laying employees off, there's, you know, a lot of turbulence in the economy. And now people are sort of like, wait a minute, we don't have that power anymore. We better hang on to the mothership. Because we know that we're at least getting a paycheck. And I think a lot of employers are saying, hey, the people who came to us that were negotiating these larger salaries, these 15 20% increases. Maybe those should be the first ones that we let go. So curious to hear your take on that. Is the great resignation over Do you believe in this concept of the big stay?

Gary 14:11

Well, you know, I think the great resignation, so called was a product of three things. First, as you say, it was a product of a tight labor market, and people had choices. And they exercise that choice. Number one, during COVID people were kind of at home more. They weren't in the office. And I think many have just had more time to like, ask this question. Like, how is my career working for me? Is this something that I really enjoy, do I love and so on, and you're spending more time with your family? And you know, when you're on the hamster wheel, you know, after a while you forget, you're on the hamster wheel and then you get off and you're like, dammit, like that was a hamster wheel. So I think there was there was time for reflection. And a lot of people were asked that question, what am I getting, you know, what's the emotional return as well as the financial turn on my job? And then you know, I think I think the third thing is the thing to pay more more attention to which is just, you know, years and years of frustration that have built up, you know, let's let's come back to the thing that people coasting. I think that can be a real issue. But I also know what the data says the data says that in the United States, only about 30% of people are fully engaged in the work, that means they're there physically, or virtually, but they're that they're not there emotionally, or intellectually. They're bringing their discipline and, you know, their, their, their obedience and their intellect to work in some way. But they're not bringing their imagination and their passion and so on. So that's the Gallup data. And like, why

Jacob Morgan 15:34

is that? Because for example, if you're in a relationship, right, you're married to somebody, you have friends, you have a spouse, a significant other. You know, it's, it's partially Sure, it's partially the other person's responsibility as well, like they play a role in it. But so do you is well in a relationship to bring your imagination, your passion, your ideas. So I'm wondering how much of this is the responsibility of the employee versus the responsibility of the organization? Because to me, it seems like inside of a lot of organizations, we've been very, we've gotten very good at pointing out problems and complaining, and, you know, I'm unhappy with this, I want more here. But it seems like there aren't enough employees who are actually coming forward with solutions, who are speaking up who are understanding that part of their accountability. And their responsibility is to show up to work each day, with their ideas with their passion, it's kind of like a chicken in the egg thing? Well, I

Gary 16:27

agree. It's a two sided problem. And of course, you see some cases now, you know, some, some employees in Apple Retail are talking about unionizing. Occasionally, employees do get frustrated enough. I don't know the merits of that particular case, but they get frustrated enough. You know, they try to take that that that that step. Having said that, I think the deck is really stacked against ordinary employees. You know, what, what you've seen over the last few decades, is, you know, employees losing bargaining power unions are on the backfoot. They're waiting, a huge increase in contract labor,

like that's up like 60% Over the last few years, because you don't have to pay the same benefits. It's easier to you don't get rid of those people when when when you don't want them. You know, Teresa Mobley at Harvard, did some really interesting research, very comprehensive research, asking people at work, when do you feel like this job is satisfied? When do you feel truly engaged, and the number one thing that came back was, I feel I'm able to solve a problem to work on something that is bigger than my immediate task. In other words, I'm making a bigger contribution, I'm learning something, I'm getting smarter, and so on. And the opportunity that people have to do that is is pretty, pretty miniscule. Again, if you if you go look at the data, the Bureau of Labor Statistics, data collected the United States, they look at hundreds 1000s of different job categories across the United States, and 70% of jobs, the United States offer little or no opportunity for creativity. In fact, we we talk about these as low skilled jobs. And I think that's like BS, there's no such thing that's inherently a low skilled job. But there's a lot of low opportunity jobs where we haven't trained people to think like business people, we don't give them permission to experiment. There's no upside, if you come up with a new ideas, as we mentioned earlier, there's no time to do it as well. And then, you know, so, you know, part of this Yes, is on employees to come together and to think through like, how do we have more meaningful work? How do I put some pressure on my leader and others to create a, you know, a work environment that allows me to thrive? But but that is simply not top of mind for for many, many, many, many, many leaders. And I think I, you know, the data, Jacob, all the data that I've looked at, says that most companies waste more human capacity than they use just just before the pandemic, there was a very interesting study done in Europe, 30,000, European enterprises, very, very comprehensive study. And only 25% of the managers in the study said that frontline employees can be helpful to creating competitive advantage. And you were like, What planet are you living on? And only a quarter of manager said that employees were important in solving problems? So I think, yeah, there's a part of this that is on workers. Now back back to the your point about, you know, coasting, and so on. Sure, that's going to happen, you know, but But it happens partly because, you know, if I have no opportunity to move ahead, if there's, if there's literally nothing I can do that's going to raise my salary that's going to help me build new skills and so on, then, yeah, I mean, there's probably a part of me that just says, like, What the hell, I'm just gonna sit here, do my job and go home. But again, I have to put more of that burden on leadership and management than I do on ordinary employees. Yeah.

Jacob Morgan 19:38

So it's funny and I don't remember the stats off the top of my head. I had this in my previous book, The future leader, but there were also very similar stats where employees were asked about the efficacy of their managers and a lot of employees said, Yeah, I don't really need my manager, I could do my manager's job better than they can. So you kind of see it on both sides. Right. The you have the leaders who are saying their employees are not contributing To the competitive advantage, and then you see employees who are saying, I don't need my manager and I can do my job better than they can. So it's sort of like,

Gary 20:07

you know, one of the one of the companies I talk about in my book, which is the opposite of this kind of sad scenario is Nucor, which is the most profitable, efficient, innovative steel company United States, they outperform their peers, like like, twice on return on capital and share price performance, almost any metric, you look at the twice as good as everybody else. And part of that is every and these are

mostly blue collar employees. So part of it is they have a third the number of managers as their peers, so you don't have somebody looking over your shoulder, which creates room for you to grow and learn. Number two, when you join the company, as a blue collar employee, they spend a lot of time days teaching you to think like a business person, you play a long simulation where you are running an entire steel plant, and you learn about return on capital and pricing and quality and all of that. So you're equipping people to make smart decisions. Every employee can spend up to \$75,000 without getting any sign off. In most companies, you can't buy an office chair without getting somebody's permission to do it. So they've just systematically and they've never had any layoffs ever, because they want to build an environment of trust. And most importantly, when any frontline team improves their productivity, they get a bonus in next week's paycheck. So you put all that stuff together and you unlock an incredible amount of what I would call everyday genius in the organization. Most most companies aren't aren't doing that. And the point you made though about management is a good one. Because the question I'd like to ask, you can ask your listeners this, do you feel you need to be managed? Like you wake up every day saying thank God, like we got all those matters? Because I for sure need to be managed? I think most of us would say no. And so part of all that management is a legacy of era, you know, long gone when most employees were illiterate, and you needed somebody to kind of oversee. But I think right now, I think there's only three reasons anybody would need a manager. And I don't think these are very good reasons. Number one is if you lack competence, right, if clearly, you haven't been trained to do the job, you know, you know, in some of these companies, I work with frontline employees know how to do net present value, internal rate of return, they've been trained, so they can make investment decisions. So if you don't have the competence, okay, well, then I need somebody who's more capable. Number two, I don't have the context, I don't have this bigger picture of how does my activity fit with others? What's the overall purpose of the organization? How do I know whether I'm working on the right thing? How do I make trade offs, so if you're kind of in the dark on those things, then you need somebody else who can connect the dots and so on. So lack of context. And the third thing is, if I'm just not conscientious, you know, if like, like, who gives a crap why, like, it's not my problem. And of course, if you're lack conscientiousness, that's probably mostly a matter of rewards and incentives and how you're treated and you just kind of give up. So you know, what we have to do is educate people on the front line, so they can make smart decisions, raise the competence, right, rather than moving decisions up to where people have competence that's moved with the competence down to where people have context. Number two, we have to create much more more lateral connections, so people understand what my colleagues are working on what other departments are working on. So I know how my work fits and what's important. And then thirdly, we have to have incentive structures that encourage people to do their best work and give them rewards when they do. So you do those things, and the need for like managers pretty much disappears.

Jacob Morgan 23:24

Yeah, no, well said. Do you want to learn how to create an amazing corporate culture while avoiding the pitfalls that make for a toxic one? If so, I created a brand new eight part training video series just for you. In total, it's around 30 minutes in length, and you can get it right now by going to help my culture.com Go there right now before this training series disappears forever. Again, that is help my culture.com and get access to this free eight part training series on how to create an amazing corporate culture. Okay, next story from Boston Consulting Group called countering the curse of zombie buildings. Buildings become zombies. When vacancy rates and unused space under lease drive

utilization to 50% or less, and many buildings are already at that mark. Our research found and average vacancy rates have increased from 12 to 17%, while utilization has plummeted from 70% to 40, to 42%, and declined driven by a surge in what we call at risk space. This category represents the enormous amount of space under leases that are unlikely to be renewed. And assuming these trends continue and organizations right size to fit new levels of demand. Utilization may take up slightly from today's depths, but still only 60% to 65% of current US office space will be needed. That means about 1.5 billion square feet of office space could become obsolete, which would translate into 40 billion to 60 billion of lost revenue for building owners. And of course you Can't it's hard to argue that one of the big reasons why this is happening is because of the big work from home trend that we're starting to see where a lot of organizations are basically saying employees can work remotely. But it's interesting because the flip side of that is you also see a lot of organizations like the Goldman Sachs is like the Disney's Apple is trying this. Netflix, I believe, as well, which are saying, you know, what, you gotta get back to the office. And so there's sort of like this debate, right? Where work the work from Homer's versus this show up to the office, and it's kind of like Game of Thrones, and everyone's just in the middle of the battlefield, you know, clashing with each other, I think there's, there has to be some sort of a little bit of a middle ground, right. I mean, I've, I've always been a big believer in flexible work. But flexible work doesn't necessarily mean 100% remote work, I still see a lot of benefit and value to in person work when needed for strategic thinking business decisions. I think it also depends on your goals as an employee, right? I mean, if I'm an employee in an organization, and I'm an entry level employee, let's say and I have aspirations of leadership, I'm likely going to need to have some sort of an in person presence to be able to get that leadership, I think it's a little bit naive to think that I can just be behind the screen 24/7, and work my way up the ranks from an entry level employee to a senior level leader at the company. So curious to hear your take on this. You know, the zombie buildings? Is that is that the future? Are we not going to have office space anymore?

Gary 26:31

I think I think you have to look at both kind of the short term and long term realities on this. I agree. 100%, there's, there is deep, deep value to in person, you know, conversations. And that's where serendipity happens. That's where relationships get built, right? Nobody, nobody would contend if your only relationships were on Tinder, right? If that's the only way you ever went like on a real date, and like met somebody face to face. And this is particularly an issue for young employees. Because if you're trying to get known, build a reputation, find a mentor, learn the ropes, very, very difficult to do that entirely remotely, very difficult for innovation to happen in that way. So I you know, I'm very sympathetic to companies who are saying, you know, we need a certain amount of your time, like, together. I mean, there's just now, you know, technology is getting better. Let me come back to that. But you know, virtual presence is still an oxymoron, right? It's like, you know, I don't know, strategic planning, or Scottish cuisine or something, right. It's not like a real thing. So So, so definitely, you know, I get that, having said that, it's a tough bind for companies, because this is going to become a big kind of perk or a job thing, right of, you know, if you're looking at one employer, particularly our highly skilled tech employ, and one has asked you to be there four days a week and other two, you know, that may be, that may be be a big issue. So I think, you know, companies aren't a hard place here. But there's, there's a lot of legitimate reasons and, and, and a lot of data behind this that says people are more productive, they are more creative, and so on, when when you have in person in person.

Jacob Morgan 28:08

And I guess there's a difference between productivity versus innovation. I think Microsoft even had a study, I think, a year or two ago, and they found that yeah, a lot of employees are productive when they're from home, meaning like, if you have a task of things, you know, task list, you can check those tasks off your to do list at home. But when it comes to innovation, and solving complex problems, Microsoft or is an organization said that they were struggling, because they weren't getting employees together and collaborating. So it's kind of like, do you want productivity? Only? You know, just getting things done? Or do you want to think about the future in terms of growth and innovation and strategic problem solving? It's very hard to do that behind the screen.

Gary 28:45

Yeah, I think, unfortunately, remote work turns every employee into a contract employee. Yeah. I like, you know, technically, because, you know, yes, it's a very specific task, if I can measure your output your productivity in a very simple and rigorous way. You know, if there's not a lot of relationship building or whatever it yes, then then like, you can do that work remotely. But you know, for sure, this is not how creativity happens. You know, I've spent a lot of time with my friends at IDEO, a wonderful design company out here in Silicon Valley in Palo Alto. And I've watched their work and I've done a lot of innovation work with companies over the years, there is no substitute for having 15 or 20 people or up to 100 people in a big room in tables, thinking plastering all the walls, sharing ideas back and forth with zero latency and real time. I mean, we have a problem even with with with the tools. I remember years ago talking at that time to the the Chief Technology Officer at Microsoft, they said the problem with the PC is the P It's a personal computer, but all real value added happens in a social context. And you know, social media is not something that allows us to do kind of multilateral zero latency communication. It's done All that problem as well. And then and then you simply have the technical problem of of a screen that has a certain number of pixels, right? Well, I'm doing brainstorming on a company. And we can cover an enormous wall with stickies. And we can draw circles and draw relationships. Now there's, there's better tools for sure that you can do that online, but nothing that kind of really you can do when you have real physical space to work with. So yeah, I think I think, you know, and so, yes, maybe in a narrow definition of productivity, you know, we don't suffer. But if you take a longer view of productivity, and let me give you some data there, historically, the single biggest driver of productivity growth is innovation, that accounts for about half of improving productivity, the rest is more capital spending, and smarter workers and so on. If you look at over the last 10 or 15 years, the the amount of productivity growth that comes through innovation has collapsed, collapsed, and some countries it's been zero. And some companies countries are in some countries and zeros are going in reverse. And you go like, how could this be, we have all this technology we're creating, and somehow it's not showing up in our productivity statistics. And I think a lot of it goes back to what you said earlier, you know, we're using all these technologies, but it's these are not technologies that make us more creative, that make us more curious, that bring people together for deep conversations, where they can build on each other it does any of those things. It just so yeah, I think that's

Jacob Morgan 31:21

hard for leadership like I, I mean, how can you learn to be an effective leader? And how can you lead others when you can never see them in person, you can't see body language and all you can see the

face, right? How do you mentor and coach somebody when you can't go out and grab coffee with them and sit across the table from them and have like a normal, everything

Gary 31:38

is scheduled? Everything starts on the minute as on the minute. So but let me so that's the short term thing. And yeah, we have to get back together. I mean, for our own bloody mental health, we have to get back together, right. You know, we know what huge amounts of screen time are doing to the mental health of young people, right? Oh, yeah. There's no, there's no doubt about that. And, you know, we're not not any different. I think though, if you take a longer perspective on this, Jacob, clearly the tools are going to get better and better, right, we're going to have, we're going to feel more connected, we're going to feel more immediate, the creativity tools that we can access together online and share spaces. I don't know what the future holds. Maybe when you're going home, you have an entire wall. There's a screen? I don't know. So I think this question of zombie buildings is a real question. Because if you take a longer term, you know, somebody wrote an interesting article, maybe we can find the link called the death of density. I know if you look, historically, the only way you could create anything new was putting people together when literally when communication was very expensive and difficult to do. And this is why, you know, people were in London and New York and San Francisco, and they came together and and it also gives you the chance for a lot of unscripted conversations, you're walking down the street, and you see something Oh, wow, that's interesting. And so so that density was fundamental to innovation and economic growth, it is becoming steadily less so because it can be supplemented in other ways. So the province on the buildings is real. And even if this is only a few years, there are a lot of cities, I fear are now getting into a doom loop where they're just not going to have the tax revenues to provide the public services. When the public services go down. People leave the city. You know, this is this is a huge social problem. I don't have a simple solution to that.

Jacob Morgan 33:22

Yeah, San Francisco, New Yorker to to the cities that come to mind. So yeah, it's definitely a big, big challenge. So speaking of tools, I wanted to jump over to another story. And this is there's kind of like a couple stories that fall into this. I won't go through all of them. But it's really interesting. So one thread through Business Insider, billionaire investor, Paul Tudor Jones says AI will drive a productivity boom in the economy that will keep stocks soaring for years to come. Which goes with another story that found from the Wall Street Journal, which says the disappearing white collar job a once in a generation convergence of technology and pressure to operate more efficiently has corporations saying many lost jobs may never return. And a quote from there says the jobs lost in a month long cascade of white collar layoffs triggered by over hiring and rising interest rates might never return. And corporate executives and economists say that that's likely to happen. Companies are rethinking the value of many white collar roles and what some experts anticipate will be a permanent shift in labor demand that will disrupt the work life of millions of Americans whose jobs will be lost, diminished or revamp partly through the use of AI intelligence. So on the one hand, you see these positive stories, right, a lot of productivity. VentureBeat recently put out a story I don't know if you saw this, but Chachi Beatty, they're rolling out a series of plugins to plus subscribers. So you know a lot of people we talked about technology for so many years and everybody always asks well, why is it different this time because you know, the traditional story is we talked about technology during Uh, you know, when bank, ATM machines were coming out and everybody thought that's gonna be the end of bank tellers, but instead

we saw the rise of bank tellers. I mean, for me, one of the reasons why I think it's different this time is because AI is actually coming after creative jobs. Whereas in the past, AI was purely coming after routine, mundane, repetitive jobs. But if you look at something like Chat GPT, it is able to write scripts for you, it's able to design images for you, it's able to code for you, like you can input an image into some of these platforms and say, write me HTML code that will allow me to put this onto a website. So it's no longer just these routine jobs. It is the creative jobs, the white collar jobs that we never thought would go away. And I think that it's very, you know, on the one side, it helps, especially people like me, right? Small business owners, probably even people like you who are looking to create content and get things done efficiently. But on the flip side, there's also a lot of danger for writers for the creatives for people like that out there. So what do you think's going to happen with these white collar jobs? In what do we even do?

Gary 36:07

I think it's too early to make predictions. So I'm pretty aware of anybody. You know, I mean, I hear on some sides, it's gonna decimate white collar jobs, I hear other people are deep into AI, say, AI has gotten as good as it's gonna get, don't expect that we're going to have like another breakthrough, right? We've, we've created these large language models, and we know what they can do. And like, there isn't some you know, like, you look at something like like Word, you know, that was a huge advantage to be able to create documents and share them, like how much you know, how much has word moved forward in the last 30 years? Right? Not very much. So I think there's there's two arguments here, I think it's very hard right now, to kind of, I would not want to take a side on this, because I just I just don't think you can know, having said that, let me give you my own experience, I think what what AI is going to do, it's going to allow us to take a lot of repetitive, repetitive things, like just a standard email or something else, that's for sure. I think it's going to allow us to be more productive in some ways, I think of myself as a researcher, you know, I'm old enough to remember a genuine library, we had to go into some bloody card catalog, and you had to search the shelves and you know, whatever, whatever. Now I can get any journal in the world, I can quickly find, you know, the articles I want. And within a few years, I'll be able to, or maybe now I can say, like, well, you synthesize, you know, everything we know about compensation and productivity, right, we you synthesize the best 20 or 30 studies. So, so our ability to get access to that thinking to synthesize it and get like the findings really quick, that's going to save a huge amount of time. Well, for me, that saves time that I could use to think more creatively. And and to say, like, how do I go beyond beyond this date? I mean, I believe for a long time, Jacob, that we're in a world now where it's impossible to know more, I can't create an economic value because like, I somehow know more about X or Y than somebody else, because everything that can be known is going to be known. And now with with AI, what you're going to know is not a series of facts are but but you're going to be able to get the synthesis and everybody don't understand. But but the real value in a creative economy is knowing different. And to some extent, yes, AI can generate images, it can generate music. And and so, you know, graphic arts, programming and so on. Definitely, I think some of those jobs are under threat. Candidate think laterally kind of find a new to the world problem to solve. Let me go back to my steel company for an exam for an example. I'll tell you why I'm, I'm not kind of as frightened by this as perhaps some people. Here's here's a team in an Arkansas steel plant. And they realized that the big cauldron in which they melt, the steel has to be replaced, it's wearing out. So they talked to vendors around the world, they get a bid back about \$30 million to replace this all frontline employees doing this, they realized so and they get a bid. They're like, wow, that's just like too

expensive. So the team themselves sits down works through a better design for that finds a fabricator, and they get it done for \$3 million, not 30 million. So How soon is AI going to be able to recognize that problem, think through it creatively come up with a nonlinear solution? I mean, it may well happen. I'm not saying it won't happen. I don't think that's on the horizon next year or the year after. So there's certain professions I think that are that are more at risk than others for sure. I think it's way too early to be apocalyptic about this.

Jacob Morgan 39:26

Yeah. And it gets it depends on the type of work that you're talking about. Right. I mean, in your situation, clearly, I don't think AI is going to be there. But for example, if I'm hiring a team of copywriters, graphic designers, web developers, you know, people, you know, maybe even do coding analysis data. A lot of those types of things I think, will probably go first before we get into kind of that that strategic component. Yeah, but

Gary 39:49

I was I was giving an example of blue collar workers, right? Yeah. Yeah. In problems and, and by the way, that's only one example. At nuclear. They solve 1000s of problems like that every year. I You know, the CEO says our r&d department has 20,000 employees strong. So yeah, there's certain jobs, I think that are definitely going to be more more context matters. Yeah, but let me let me say, let me say something else. You know, you were talking about white collar jobs going, I don't think AI is the biggest threat to white collar jobs. I think the fact that we've just become administratively bloated is the biggest threat. You I might have shared some of this data last time we talked, but if you look at the number of managerial, administrative, Supervisory, managerial jobs in the US economy, that category of jobs since 1983, has grown by 131%. more than doubled those jobs. If you look at all other job categories in the in the US economy that has grown by less than 40%. So we have you know, you saw this, you know, somebody posted this, I can't verify it, I think it was pragmatic engineer.com But somebody posted a org chart from Facebook's from Metis, technical organization, they have 12 layers, they have three layers of vice presidents, three layers of directors finally have somebody writing software at the bottom. And Mark Zuckerberg said, I won't quote it exactly. But this is very, very close. He's I don't think it's a good idea to have managers, managing managers, managing managers, managing managers, of people doing the work, right, like no shit. Like, that's not a very good idea. And so I think, you know, if you look at the companies that I talked about inhuman autocracy, these are companies that operate with almost no managers at all, right? They have, they've distributed the work of managing down to the front line. So for example, at a higher the Chinese appliance maker that owns GE appliance in North America, they, they got rid of 11,000, middle managers. Now, they didn't fire those people, they went to work, and they divided up the company into 4000. micro enterprises, they're very entrepreneurial. So those people went there, by the way, Gallup data tells you the least engaged people in the average organization is middle management, right? They're being asked every day to be a surrogate parent to adults, like not a good thing to be. And so yeah, I think huge number of those jobs are and should disappear. Now. In fact, we've we've we've argued that if we could reduce kind of that bureaucratic load by half, that adds \$10 trillion to economic output across the OECD. So if your job has been managing others, who are adults, like I would worry about that, because I think we're realizing, you know, we have too many layers, too much administrative work, the average company has kind of an administrative aristocracy, they create work for each other. In many cases, it's very difficult to judge the value of the

work that's being done. So you know, and and now, if you simply get rid of those jobs, without upskilling frontline employees and making them more accountable, I'm not sure that's a very good idea as well. But a lot of those jobs, I think, are under risk and at risk, and, and perhaps, you know, right, rightly so. So if I'm somewhere in the middle of the organization, I really have to ask myself every day, where am I adding real value? What can I do to develop other people? What am I doing to drive innovation to do something amazing for customers? And if I can't answer those questions, then I need to be worried.

Jacob Morgan 43:14

Alright, one more story before we jump into some action items in the last 15 minutes, which I call the leaders toolkit. Before we jump into that one more story for you CNN BUSINESS story, actually today that came out, Elon Musk said he must approve all hiring decisions. at Tesla, he sent out a memo saying no one can join Tesla, even as a contractor until you receive my email approval, according to the email, and musk told executives to send him a list of hiring requests on a weekly basis, while also cautioning them to think carefully before submitting such requests. I'm not aware really of any other company off the top of my head where the CEO of a big global company is personally reviewing all hiring requests. Is this a completely insane idea that sort of bottlenecks? I mean, this this, to me sounds like the opposite of human accuracy. It seems like the opposite of giving the accountability to other people, I don't know, would you agree? Or is this a good idea?

Gary 44:15

You know, time, time will tell, but I can see a certain logic to what he's doing. I felt like I can see two to two things that may make sense here. One is, I think, you know, this is really a message to the organization Is he is he going to review every person, look at a CV, you know, whatever. I doubt it. But the message to the organization is be very careful that we don't over hire. Yeah, be very careful that you're building a team just for the sake of having more direct reports and justifying a bigger salary and building kind of your fiefdom and I think that's a good message like that's a good message to send you know, you look at so many of these tech companies as you mentioned earlier, Jacob that like seriously over hired there was very little discipline there are a lot of people are not adding very much value. And so he's that's like a warning shot across the bow of probably A lot of, of leaders at Tesla saying like think really, really carefully, you know, one of one of Tesla's advantages, maybe their biggest advantage is that they have a ratio of maker to managers, that's way higher than any auto company, right? I mean, pretty much everybody there says, like, I'm innovating, I'm trying to change the rules. And so they're innovating faster than any other large industrial company in the world right now, I would I would submit, and and I think, you know, he's seen what's happened to these other companies, he's going like, I don't want to go down that route. So I think there's a certain logic to that, where he digs in and probably looks at particular individuals, more senior individuals, you know, I'm sure that he's wary of hiring people that spent their lives and grew up inside of some big, large bureaucratic company, a competitor others, and kind of thinks of their value, you know, being measured by their title. And, and, and believing that that's like, you know, that they're kind of kind of kind of come in and be a boss, he doesn't want those people he wants people who, who want to build stuff, who want a break, you know, break break industry convention and want to do new things, we're not going to be overly reliant on titles and positional authority. And so I'm sure you know, I think a good leader, is really, really careful about those senior hires, and whether they are perpetuating the kind of DNA you want in an organization. And so often what happens in these in these startups, you know, at some point, all your advisors or

consultants say, Well, you have to grow up, right, you have to like, look like other companies. So they start hiring senior leaders that come from incumbent companies that have eight or nine layers in them. And guess what, they replicate that? Because that's the only model they know. And that's how they justify, you know, their, their their position, the pyramid. So I'm guessing there's probably two logics, one is like, be really, really careful. We don't get blowed. And number two, yeah, I do want to look really carefully at senior people were bringing into the company because they have to be makers at their heart, not managers love it.

Jacob Morgan 46:56

Alright, let's jump into the leaders toolkit last 15 minutes, talking about some specific action items for leaders out there. And one of the ones that I thought we could start with is this idea of slashing bureaucracy. So I noticed on your LinkedIn, it was a couple of months ago, you put up a post, I think you were linking to an article where it was Elon Musk was slashing bureaucracy. You know, which, obviously, we know he laid off so many of the employees at at Twitter. And I don't know if you saw this, but you got some, some happy comments and some critical comments. And one of those critical comments was from Bob Sutton, who I believe is where's he at Stanford. He's at Stanford. And he was making the argument that, you know, there's a human way to do it and an unhuman way. And he was saying, Gary, you know, I get that he did it, but do support slashing bureaucracy, even if it's, you know, at the at the cost of treating employees. Well, so I'm curious to hear your take on that. And how do you balance the bureaucracy while also treating employees well to for example, in the case of Twitter, right, you on one in there and just butchered the company? And some people were saying, Yeah, that's great. But other people were saying there was a better, more humane way to do it. How do you balance? To get access to the leaders toolkit with Gary Hamel, along with all of my other amazing guests that have appeared on this show? Head over to greatleadership.substack.com. The leaders toolkit is a 15 Minute deep dive into a leadership topic and idea, a strategy a piece of research from one of my amazing guests. The one with Gary Hamel is going to look at how to slash bureaucracy and why ego is such a killer for leaders and what to do about it. Again, this is only available at [Great leadership.substack.com](https://greatleadership.substack.com) And we release these every single week. I'll see you over there, and thanks for tuning in.