From the Horse’s Mouth: Intrepid Conversation with Phil Fersht | Season 1

Episode 2: Riptide of Change - Heather E. McGowan, Bestselling Author of ‘The Empathy Advantage: Leading the Empowered Workforce’

00:35 Phil Fersht:

Hi, everybody. My name is Phil Fersht. I'm the author and leader of the Horse's Mouth podcast. So welcome to today's discussion. Today I'm absolutely thrilled to have Heather E. McGowan, who is a well-known author and a well-known thought leader, speaker, idea generator in the area of the future of work and where we're going in this current, probably most confusing environment for the workplace that we've ever experienced. So I'd love to hear a bit more from you, Heather, about you and your background.

01:12 Heather E. McGowan:

Hey there, thanks so much for having me. Well, I started looking at the future of work before those words were even least colloquial for it. It came out of working for corporate clients in white space exploration, proposing products, services, and systems that didn't yet exist, and also working in academia trying to help them prepare the future workforce for jobs that may not yet exist. Along the way, I spent most of my time explaining to people not so much the future 10 years out or 20 years out, but next year, even the year they were in, because I found so many people didn't understand the change that was happening—in some cases had been happening around them. So it sort of spun off and unexpectedly became its own thing and spawned a couple of books so far.

01:54 Phil Fersht:

Let's talk about what inspired you in the past to write a couple of great novels on this topic. Are you looking at a third book, is there something that's driving you to write about a further change that is happening in the workplace?

02:09 Heather E. McGowan:

Trilogies are a thing, aren't they? So, Chris Shipley and I wrote The Adaptation Advantage in 2020. It came out smack in the middle of the pandemic, and it became sort of an accidental guide. Our contention at that point is the future of work is going to be learning and adaptation, and that your mark for success in the future is going to be your ability to adapt to rapid and sometimes unclear changes. That certainly was the pandemic, but it's also what's happening right now with generative AI becoming more and more present at work.

Changes globally, we have a lot of societal, technical, demographic, and economic changes that people are adapting to. And then our second book came out in 2023, which is called ‘The Empathy Advantage: Leading the Empowered Workforce.’ That was really about the fact that I think for the foreseeable future, even with an economic downturn, we're going to have a pretty tight labor market. We've got new generations coming into the market. The workforce is empowered, and that's something we should celebrate, not try to suppress.

The best way to activate your empowered workforce is to help them become intrinsically motivated, which means you have to understand your people and help them get in touch with their own source of purpose and curiosity so that they learn and adapt on their own because we will never get our people to learn and adapt at the speed, scale, and scope that we need.

03:26 Phil Fersht:

Yeah. I mean, you're talking to my heart. I run a company of around 75 people and all of them work remotely. My goal in life is to have a happy, motivated workforce. Sometimes it feels like it's getting harder and harder to achieve that. Sometimes I blame the work environment—people getting isolated at home and feeling a little alone, staring at a video screen too long. Sometimes I think, hey, you guys, go walk the dog, get out, go to the gym, do something. Is there something I can do as a manager to motivate my people? Where's the line between how much I have to do versus how much employees need to do themselves to be happy and motivated at work?

04:07 Heather E. McGowan:

Yeah, I think the first thing we need to do is recognize what we're going through, and I don't think enough people have done that. We are seeing shifts in our demographics in the workplace. We're seeing, in some parts of the world, aging societies; other parts of the world, youth booms. So those have two different economic impacts. We're seeing rapid technological change, which has been happening for the last 10 to 15 years, really in a way that's distracting in some ways to folks.

We also have a long-term, 50-year march towards this loneliness epidemic, which some folks blamed on the pandemic or social media. Both of those were accelerants, but they weren't what started it. We've seen a decline in how often we interact with each other. And I don't mean just going to the office—that's a very small piece of it. I mean talking to your neighbors, going to a religious or spiritual place you might belong to—church or whatever—clubs we used to do, backyard barbecues—all that's been on the decline. So much so, in the U.S., I was reading an article that real estate agents are saying there just isn't even a dining room anymore and maybe not even a dining room table because we're eating alone, we're living alone longer.

So you take loneliness, and that's been going on for 50 years, that's been increasing, and then you add, this kind of riptide of societal, cultural, technological, and demographic change, and when you're lonely, your amygdala goes into overdrive and your parasympathetic nervous system goes into fight or flight mode. So you take a riptide of change, you take loneliness, and you take social media, which can weaponize these things, and people are polarized. It's a discussion we're not having at work that we need to have at work—not about politics. It's happening everywhere this year: four billion people vote—that's half the globe. But we need to figure out how do we get back to what binds us together, which is relationships and social connections. When it comes to work, this isn't normally a role work had, but we have to have work step up more and more to help people find their purpose because they're not getting it anywhere else. It helps your work performance as well if you can connect to a sense of purpose.

What is it we're doing here? Why does this organization exist? How does the world look differently because it exists? What part of your self-expression comes into work? Now, we're going to cheer for different sports teams. We're going to vote for different candidates. We're gonna have lots of differences of opinion, but there's so much more that we have in common than we have in difference. It's to remind folks of that. I think that becomes a bit of a flywheel that generates more energy. When we feel more connected, when we feel more of a sense of purpose, when we feel more of a sense of optimism, when we feel more of the impact we're having in the world, in the work that we do, we get energized as opposed to depleted.

06:43 Phil Fersht:

So impacts in the work we do, that means a lot. I've been involved in a very divisive conversation about return to office. I had a thousand people on my own LinkedIn, and it became like they're either on one side or the other, and some people were passionate against ever going back to the office. One person even said to me, 'I don't want my company dictating my social life. I don't want my company dictating who should be my friends. If my company wants me to interact with my colleagues, that should be my choice.' I'm getting to the point where, you say that in an interview, I'm ain’t giving you a job. But there is this sort of, people see working from home now as a human right. I'm like, okay, I get that, but we need this common sense of purpose, we need this common sense of drive. And then when your employees behave like contractors—I'm not saying all mine do, but you get some—it draws the line between what is a job versus what is just having a contract to perform some tasks. I do feel we're getting to that point with some organizations where are you actually employed by this organization? Or do you just fulfill certain tasks that they ask you to do, and you don't feel—it's like an imposition on your rights and freedoms to actually have to collaborate with your colleagues, care about your business, care about the mission of your company.

08:02 Heather E. McGowan:

Yeah, I think what we have to step back and realize is that social contract with work broke several decades ago. We used to trade our loyalty for security. Most people don't have that security anymore. So when the pandemic came in and people started working at home, they felt more control over their lives, and it began to feel like a right. I have no dog in the remote work versus office work fight because I think actually we'll figure that out over time in those studies we're doing now in terms of where work should take place. There's lots of arguments for more flexibility around working parents or people with disabilities who have struggled to get in the office. But we'll figure that out over time.

I think what we need to figure out is how do we get people to feel more connected to the work that they do and more committed to the organization, wherever they work. I think that that's got to come with a little more loyalty towards the employees. I mean, you got to hand it to them. If they feel like they're going to be laid off on a Zoom call on Friday, they're not going to fight traffic to get there on Thursday. We've got to figure that out, so we've got to rebalance it.

I think we've treated employees like they're disposable, and so they're reacting in that way. Not every organization does it, certainly not. Lots of organizations are really fantastic—I would say the majority of them are. But we need to communicate that care to our employees so they feel. We're never going to get back to the level of loyalty, security—we're never going to have one job for the rest of our lives. So how do we do that? I've seen some organizations that say things like, 'If this job isn't working for you, if you can't find your career here, I want you to go somewhere else and have experiences, but I want you to think back on this as the best experience you ever had.' So that if you go somewhere else and you get better experiences and possibly more pay, depending on the organization, you're going to be so much more valuable that I want to leave the door open that you'll always want to come back here.

Organizations that talk about their alumni network, so instead of saying when somebody's left they're persona non grata, no, you celebrate their successes at other places, and you always leave the door open for the really good ones to come back. Because the war for talent, which is like a 20-year-old term—the talent won, and it's going to continue to win in most markets where labor is going to continue to be tight, even in an economic downturn, especially for the best talent, you want to create the best work experiences that you can so people want to feel part of you. If they have to leave for a reason or other, whether it's to get another degree or to go have another experience, they either look fondly at the experience they had with you or they want to get back to it, becoming more valuable when they do.

10:28 Phil Fersht:

I do think that's important, and I encourage employees to come back in the future. It's always a good look as well—the shade wasn't that bad outside. But there's one thing making people feel very belonged and loved and cared for. But I don't know anybody who realizes that the company can lay them off at any minute. Getting that type of loyalty is really difficult. I mean, one of the big multi-billion dollar software companies, which had a tremendous culture, decided last year we're going to literally lay off 10% of the workforce, and we're just going to turn them off email. So I'm not joking—10,000 people showed up for work the next day, couldn't get into their email, and then they got some note to say you'd be laid off. Now, how they ever recovered from that I don't know, because you meet people from that company now and they still talk about it, like that scarred them forever—that feeling of we're always going to be here, there's always a sense of belonging—it really died a death.

11:27 Heather E. McGowan:

Yeah, when that happens, it isn't just the impact on the people that left. I think in some ways, it's more harmful for the company—the people that stay—because you just sit in your office, if your email's working, and you go, well, am I next? If people can be that disposable.

I think, I'm always an optimist, to look at the people who've done it well. I think that's what we need to do if we're going to have fluctuations in labor demand or we're going to have to lay people off and hire people, because that's just a reality of rapidly changing business models. We've got to get better at laying people off. I think the masterclass in this—and they are not perfect, but they were excellent at this—was what Airbnb did in the pandemic. Brian Chesky's letter to his employees—you can find it online—he said, 'I can't foresee the future right now. We are in an unprecedented, once-a-century global pandemic that is rapidly hitting the travel market. And so as of today, you're all a shareholder.' He rapidly increased the vesting of the shares. He extended health insurance for a long period of time. And then—this was the most impressive part—created a very active network of people that helped place those individuals in other experiences and told them how proud he was of the work that they did, that they will always be a part of building Airbnb. That sends a totally different message than turning off your email. So we have to make a decision as leaders: if we have to lay people off, what's the most humane and compassionate way that we can do it? So people would look back and say, 'I love that company, and I would go back and work there in a second.'

12:54 Phil Fersht:

Powerfully put. So in terms of driving excitement around—obviously, Gen AI has been very big for my company, being a tech analyst firm. We use Gen AI as part of our jobs now as analysts. It helps get things done faster, smarter, slicker. We even have workshops where we bring our analysts on to present to the rest of the company how they're using Gen AI in their jobs themselves. It's the best way to train people is get everybody to train each other, and it's driving some collaboration. But at the same time, there's some studies done which have shown that companies who've driven the use of Gen AI into their staff for a period of six months and then taking it away—we actually noticed a decrease in productivity and creativity once they had those tools taken away. It was almost like they got a little lazy on the job. Were used to Gen AI running queries for them, doing half their work for them, and then suddenly they were back in their own old job again and they weren't as sharp as they were before. Is this something you think is going to become quite endemic in the workplace as people use these tools more and more and more and might lose some of these creative, heuristic skills?

14:12 Heather E. McGowan:

Yeah, I mean, you just drew a conclusion from the results. I don't know that I would draw the same—might be true. There's one way to look at it. Sort of like I used to be able to remember seven-digit phone numbers. Someone said their phone number, I could remember it. I could walk back to my office, and I could call somebody. I can't remember three or four numbers now because I'm so used to pushing a button on the phone. So skills we don't use do atrophy—that's for sure truth.

But I would also wonder if, when you removed the generative AI, if you had layered back on some of the routine and predictable tasks that just sap your energy, and so they weren't as creative and sharp afterwards because they had to do more things that took the enthusiasm away from their job. When you got the generative AI, it's not that it's necessarily making you better—I mean, a lot of the research I've seen is it will take a C player up to a B-plus player. It doesn't take a B-plus player up to an A-plus player. But I think when we allow people to use it, their abilities increase because their energy increases because they've got the ability to focus on things they didn't get to focus on before.

15:13 Phil Fersht:

Yeah.

15:14 Heather E. McGowan:

That would be my hypothesis. That's what I'd like to see people figure out is not just, is it making us stupider when you remove it, or is it making us smarter and more creative when we remove that layer of sort of drudgery out of it?

15:27 Phil Fersht:

Interesting. I guess as we see these tools evolve, it'll be like, did using calculators make us worse at math, or did it make us faster at math and think more logically about math? If I ride an e-bike rather than a regular bike, hey, I'm using half the energy, but I'm maybe enjoying the bike ride a lot more.

15:48 Heather E. McGowan:

Well, actually, it's interesting. With e-bikes, they've done studies and found people are actually doing more exercise because they're not intimidated by that hill. They're doing longer distances. They're burning more calories. So it's contrary, and that's a good analogy. I have an e-bike. I'm an e-bike enthusiast. I mean, on my regular bike, I would do five miles, maybe ten miles. On my e-bike, I'd do 25 miles. It removes the friction of that hill that I would avoid, but I go so much further. I've seen the studies on the e-bikes, so I think that we need similar ones around what Gen AI is going to do to us. It's definitely going to have us learn differently. It's also going to have us lead differently. That's, I think, two of the things we need to be looking at now.

16:26 Phil Fersht:

You've givin me encouragement because I have an e-bike showing up tomorrow, I think.

16:29 Heather E. McGowan:

Yeah, enjoy it. It's a blast.

16:32 Phil Fersht:

I feel middle-aged and lazy buying the thing, but they are for sure. So now longer, more enjoyable exercise, and I'll actually burn more calories, which is very encouraging Heather. Good.

So tell me, what is going to happen next? There's interesting dynamics in the workplace. One of the things we are noticing is a lot of Gen Zs in my industry actually do want to go back to an office environment. I think there's a realization from a lot of them—I want to meet other people. It's healthier for me mentally. I don't want to be stuck at home all day. But the mid-career folks on the whole, there's a strong preponderance to just working from home—they like it. And they're willing to work on ways to get together more and have off-sites and things like that. But where do you see this all heading longer term as you look at these trends and, you know, you really look at a unique situation coming out of the pandemic?

17:23 Heather E. McGowan:

Yeah, Nick Bloom's research on this from Stanford—he's been studying remote work long before the pandemic, and he found, and I don't know if the percentage is exactly right, something like 20% of people want to be fully remote, 40% of people want to be hybrid, and the balance want to be in the office full-time, or 50% want to be hybrid. When you break down those percentages, it's exactly as you said, but the reasons are interesting. So the mid-career folks who want to be fully remote already have a network, already have established themselves enough in their career—they've found their mentors, they have them. They're more likely to have either children or aging parents, and sometimes both. So they want that flexibility.

The 55-plus, 60-plus—if your kids have left the house, a lot of times they're bored and want to be back in the office. Then the young people haven't established their career networks and know that they can—there's so much tacit learning which has to be done in person, generally—that they want to go into the office and learn. It's both for their social lives but also for their career pathways.

What's interesting is, I really looked at this stuff when we first went into the pandemic, and it was those mid-career people and the senior people who didn't want to be in the office, and then suddenly they bought a summer house or moved further away from the office, and they were like, 'Oh no, remote works great.' It was Gen Z then, who was coming out of learning in the pandemic who were fine working remote—they were most comfortable yet—so we saw a big flip-flop over time.

Where do I see this all going? I see a couple different things happening. I think we just don't know yet on where all the work should take place. It's probably going to be some version of hybrid and maybe around flexibility that people need in life stages, as we just discussed.

But my concern is human connection right now. I think that the frays in our society—it's acute in the U.S., it's popping up all over the world though—and the polarization, the lack of cohesion we have, is something that we have to address. It's getting bigger; it's going to get bigger going into the fall. Some half of the U.S. is going to be very unhappy—I don't know which half it's going to be. Same thing happening in every part of the world where there's some form of election, and it's really not based on policy or values that much when you dig into it. We have so much more in common than we have in difference. It's just profitable and much more effective to divide us.

So if we don't go into the office and we're not going to religious things and we're not talking to our neighbors, what is going to emerge as the place that connects us? What's going to be—as Starbucks had this idea of being the third place back when Schultz started seeing us bowling alone, to use Robert Putnam's words—but we haven't found that. I think we're going to have to find our way back to social connections and cohesion.

I do think work is one place where leaders could step forward and start being part of that solution by having some of these conversations and having hard conversations and talking to each other because most organizations don't have the luxury of serving only one political party. We're global, most organizations are global. They're serving lots of different people. Probably should keep politics entirely out of work. But talk about how do we respectfully talk to each other? How do we talk about the things that we value? How do we talk about the things we have in common? Then we use those differences to come up with better solutions, because it's cognitive diversity that really drives innovation. But we're avoiding conversations because of this polarization, and it's something I really think we need to take on going forward.

20:39 Phil Fersht:

You are preaching to the choir here. I come from the U.K. originally, where we would openly discuss politics. It was just something you did. It was never personal; it was always, let's get into the issues. My conversation is now, can we just get into the issues? Let's not talk about the things you care about and things like that. So that's a cultural thing. I think it's getting a little better in America and I think it's getting worse. But it's a tremendous point about expressing differences and viewpoints and finding common ground. Maybe this is just a societal problem in general, not just a workplace problem."

21:12 Heather E. McGowan:

Yeah. If you just look at it from a workplace perspective, if we're not having those hard conversations and we're not listening to those dissenting opinions, we're not creating better products and services. We're not creating better innovation that meets more people. It's the person who checks your blind spot that's going to figure out the better solution. But if you're unwilling to talk to somebody who doesn't agree with you, you're missing that opportunity.

21:34 Phil Fersht:

So final question, and I'm going to pick on you here because of your years of experience. We are reopening an office in Boston at HFS, and I'm trying to get everybody jazzed about it. Some people are, some people are pretending to be. But the best advice I've had from people is don't just have everyone show up and sit doing their Teams and Zoom calls—it's just a big waste of time. Then we all get out for a drink afterwards. Try and create time in the office where we actually do stuff together. So that's my new challenge. But have you seen much of this going on? Have you seen any things that are working and are not working with companies trying to recreate some nice physical proximity again with the team?

22:14 Heather E. McGowan:

I personally don't think, you know, badging and tracking and surveillance is the way to go. I mean, what you want in your organization is trust, and that's the way to erode trust. So the best organizations, I think, have curated experiences, because if you're fighting traffic—and I am a Boston native, and there's some serious traffic there—to get into an office to Zoom to somebody else who's home that day or go in your office worse and Zoom to somebody down the hall, or Teams or whatever it may be, you're demotivating. But if you come into the office to have some shared experiences, an important meeting, a key lunch, bring in speakers—I'm a speaker, shout out to all my speakers out there—create those experiences, have a workshop.

People are going to want to go in because they're going to be missing something. If they're not missing something, they're not going to want to go in. So there are going to be some people who just like being in an office. They have a small house, they have kids, they have loud neighbors, whatever it may be. There's also something about the commute. If it's not too long, a commute is a nice break. It allows you to decompress from the day. So when you get there or you get home, you've switched gears. Walking out of the bedroom down the hallway to the kitchen doesn't give you that time to switch gears. So I think more and more people might be interested in that. But really, it's creating the experience that they're going to otherwise miss if they're not together.

23:26 Phil Fersht:

That's fantastic. Do you think that if we take maybe a three to five-year horizon, a lot of businesses are going to have to go back to at least a hybrid model because it just becomes impossible to run a business with just remote staff?

23:41 Heather E. McGowan:

Some organizations, it depends on the nature of what you do. I mean, think about sales organizations—have largely never really been in the office. So it depends on the functions you're talking about. So every organization is going to be different. Again, on that human connection thing, some organizations may say, okay, we do have a central office, but we're going to have a smaller central office. We're going to have more satellite offices. We might have shared workspaces, but we have ways in which people can come together, connect, create collaborative opportunities, create community. I believe that humans run on connection, so they're going to want that. That's intrinsic to our species.

So how do you nurture that connection in a way that ultimately drives the performance of your organization? I think that is creating intentional shared experiences, making it easy for folks, understanding the other factors they have in their lives, especially working parents—and I mean working moms—or people who have elderly parents they have to care for, or people with disabilities, having some flexibility around that. Because one of the silver linings of all the remote stuff in the pandemic is we saw a big rise in people who had been out of the workforce because they were in some way disabled and unable to either operate in the office or get to the office. So I wouldn't want us to erase those gains, because we had a pretty good labor force participation rate right now—we'd like to keep that high. But I think we really want to focus on how do you optimize human performance. I think that's through connections. I think that's through caring. I think that's through purpose. I think that's through getting together when it makes sense to get together—that you can't miss something, you know, by being remote.

25:08 Phil Fersht:

That's perfect. As I say, we're all mammals, right?

25:11 Heather E. McGowan:

Yeah.

25:12 Phil Fersht:

And we need each other. There we go.

25:15 Heather E. McGowan:

Yeah, I mean, we evolved out of five human species, and they all existed in some form or fashion on the planet at once. But the sapiens emerged and leapt to the top of the food chain because of our ability to communicate and collaborate at scale and with people we didn't know. So it is the history of our species. When AI comes in and consumes more routine and predictable tasks, it's going to be the key to our future collaborative exploration. That's not something we can replace by any piece of technology. We run on connection.

25:45 Phil Fersht:

Yep. AI, in a weird way, is driving more of that if it can be managed effectively with these tools. So this gives us cause for more confidence, I think, and hope in the future than dread. So this has been wonderful, Heather McGowan. I really appreciate the time you've taken out of your day to share some of your insights with us.

26:02 Heather E. McGowan:

Thanks so much for having me.

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