

Gagen
MacDonald,

5 Priorities

in 2023 for Future-Forward,
People-Focused Leaders



FEBRUARY 2023

Certainty Has Never Been in Shorter Supply

Friends,

Picturing the future is never easy, but I'm not sure it's ever been harder than it is today. It feels as if any number of global factors — from the ongoing war in Ukraine to China's looming population crisis to the rapid emergence of machine learning and AI technology — could seismically impact how everything else shakes out.

It also feels that for every force pushing society one way, an equal and opposite force pulls the other direction.

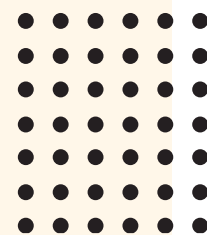
While tech layoffs mount, other sectors still struggle to fill key roles, and the U.S. unemployment rate sits at a half-century low. While fears of a global energy crisis remain, companies undertake ESG commitments of unprecedented scope. And just while the speculative bubble of major tech stocks gradually pops, OpenAI begins to raise capital on a record-setting, bubble-esque \$29-billion valuation.

What we are looking at is neither a thriving economy nor a recessionary one (at least in the traditional sense). It's an economy that, much like our world, is changing and growing in complexity so rapidly that we can no longer observe it as a monolith. Parts of it are thriving while others are withering. Jobs appear plentiful in many areas, but people are hardly filling them.

As we know, organizations that succeed over longer timelines balance the present with the future, and it is still our imperative as leaders to anticipate what's coming. The disruptions and challenges of the past few years have made everything but the here-and-now feel unknowable at times, but this only makes



Maril MacDonald
FOUNDER & CEO



it more essential that we protect space to analyze, prepare and imagine a better future.

And so against that backdrop, here is our latest attempt at separating the signals from the noise.

In December 2019, we forecasted **five trends we believed would shape employee experiences in the 2020s**. Here they are, as described in the white paper:

1. Money Isn't Everything

Employees are looking for meaning and fulfillment at work and will sacrifice money to find it.

2. The Loneliness Epidemic

Loneliness has become a very real epidemic, leaving employees feeling isolated, distrustful and alone.

3. Remote Teams on the Rise

More organizations are relying on geographically dispersed teams and more employees expect or want to work from home, resulting in challenges for collaboration, innovation and strategy execution.

4. The Automation Reckoning

Emerging technologies will reshape how large segments of work are performed, resulting in significant job changes and many displacements.

5. Maximizing the Gig Economy

Due to platform technologies like Uber and lean business models that rely greatly on freelancers, a growing percentage of large companies' workers will not be permanent employees.

Not to toot our own horn, but looking back, I'm amazed at just how true these predictions have turned out to be. Loneliness, remote collaboration, meaning and purpose, the gig economy and automation have all become far more powerful societal currents in the years since we forecasted them. Despite everything we couldn't see coming in 2019 and the fact that we're only in the early 2020s, these themes have already come to bear in tangible, powerful ways. Recognizing this helps put COVID-19's effect in perspective. For as much as it was the most massive disruption to work ever, in many ways, the pandemic's effect on the business world has been less like a major swerve and more like an acceleration on the path we were already heading down.

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At Gagen, we continue to monitor all these trends closely, and in the years since we published the 2020s paper, we've continued to make predictions in the form of **yearly priorities for leaders**. If the decade trends we predicted are like currents —

large, sweeping forces fundamentally reshaping work — the yearly priorities cover what future-forward, people-focused leaders can do this year to swim with these currents. Each stems from at least one of the broader decade themes we noted above.

It's never easy to proactively change a business, but it's usually better than waiting for circumstances to force your hand.

I'm confident that leaders who truly prioritize these actions will make a real difference for their businesses, this year and in many years to come.

From all of us at Gagen, good luck this year — we're rooting for you!

With love,
Maril





2023 PRIORITIES

1 Turning more toward *leaders* – not just technology – to foster connection among dispersed teams

In classrooms, good teachers will often say that technology is not a silver bullet; it's a tool on the teacher's toolbelt.

In music studios, you'll hear that it's not about your gear; it's about your ear.

These phrases both speak to an age-old truth about technology, and material purchases in general. This truth is that while technology can no doubt do amazing things in the right circumstances, when you're trying to solve a complex human problem – one that balances art and science – the technology itself matters a lot less than how you use it.

This year, the business world will need to re-ground itself on this idea, and shift its focus back to people themselves – not just new digital investments – as the true drivers of culture and connection in hybrid work.

For as comfortable as many of us have become collaborating remotely, there is still much work to be done with the human side of digital work life. Research suggests that switching to remote work arrangements usually worsens feelings of isolation and disconnect. Often, this can even be true among those who see flexibility as their top priority. Much of this seems to relate to the lost interstitial moments of the physical office. The water cooler conversations, the elevator moments, the drinks after hours – all these social interactions made work a more enjoyable, welcoming place, and helped people work across departments to get things done. As the pandemic set in, countless articles proclaimed things like “In a Hybrid World, Your Tech Defines Employee Experience”, and phrases like “Every company is now a tech company” made the rounds. Thought leaders touted the promise of headsets and immersive experiences for improving nearly every employee outcome, from belonging to connection to collaboration.

It's not hard to see why this happened. At COVID-19's onset, most companies were woefully unprepared to work over physical distance at scale. Lacking the digital infrastructures for functional remote work, many of us quickly whiplashed in the other direction, spending huge amounts on chat tools, Digital HQs, intranets, virtual cafes, employee-only social platforms and headsets –

all with the goal of making hybrid work more social, enjoyable and, in the process, productive. In a few short months, we went from undervaluing remote-work technology to seeing it as a panacea.

Some of these investments have made a difference. Some will continue to. Most, however, will not, because they were never paired with intentional, disciplined behavior change. When they fail to move the needle, many will blame the specific technology purchased. Maybe they'll blame the lack of additional technology they *should* have purchased. Smart companies, however, will blame themselves, and will re-focus on leaders and behaviors as the best levers to pull for a more robust, structured and joyful remote environment.

They will realize that the missing rituals and spontaneous conversations that connected us before remote work are less likely to be revived by a new Slack bot than by a team lead who recognizes how important they are and invests the time to nurture them. They'll realize that a virtual café or silly new video-chat background does a lot less for a team lacking fun than a manager who leads the way by being a joyful, fun boss. They will realize, much like the companies that purchased ping pong tables and bean bags a decade ago, that something as complicated as culture can never be meaningfully changed simply by buying into the newest *Fortune* trend.

As we've known all along, however, it can be changed by investing in people. You can help leaders at all levels to build better systems for working and talking, and to feel a sense of control in this remote environment that so frequently overwhelms. You can invest in training to help them listen better; to communicate more clearly;

to deliver more structured, regular feedback; to foster more productive conflict; to cultivate belonging; to have more fun. The list really goes on. The work starts with understanding your culture — what it offers, what it lacks, what employees feel is hypocritical — but the point is this year, we will see that we require human solutions to solve these stubborn human problems.

Thoughts like this tend to seem almost laughably obvious when a frenzy starts to fade. But remote work is still not making people happy, and the opportunity here is immense.

Because remember: even in the traditional office, social connection and interstitial moments never *just happened* at work. Leaders have always needed to cultivate the environment for these things, either explicitly or implicitly. That's still the case; it's just even more important in hybrid setups. The reality of this new hybrid context is that many employees experience ever-present

anxiety that they are wasting their colleagues' time by speaking any longer than necessary, or about anything other than the project at hand. This anxiety stems at least in part from relying on meeting calendars to have the chats we used to have at the water cooler. In the office, small talk didn't feel like it came at the

cost of someone's family or recharge time. The truth is that employees are not going to spend as much time together in remote environments or have as many authentic, vulnerable conversations unless leaders make it a priority — with thought, intention, structure, explicit reminders and, most of all, their own actions leading the way.

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2 Rethinking traditional candidates (candidate profiles) to promote *adaptability and equity*

We expect that in 2023, many more businesses will expand their talent pools by rethinking the factors that have historically determined who gets a job.

For a long time, talent expectations have been narrow and stringent. Education and experience have been the most weighted portions of resumes, and corporate jobs have been filled almost systematically by candidates who check the same boxes. Making matter worse, HR software has largely graded applicants by the same criteria, reinforcing the rigidity of the systematic approach.

This is bad for businesses and for people.

Firstly, it disadvantages candidates with less traditional backgrounds, many of whom already get marginalized in the workplace. Secondly, it takes our attention away from what is important: the outcomes that people produce. Too much focus placed on where people have been makes it harder than it already is to assess the impact they can really provide. Thirdly, these stringent expectations around candidates' backgrounds make it really hard to fill jobs. The truth is that there are just not enough employees who fit these traditional backgrounds to fill all the open roles reserved for only them.

As businesses continue to war over top talent, we believe many companies will begin to break down the traditional job profile, focusing more on skills and capabilities and less on education and experience. In doing so, these companies will greatly expand their talent pools, which will make a meaningful

difference in this challenging labor market.

They'll also help build a more equitable workplace in the process — one in which opportunities depend more on how you can perform in your role and less on your credentials and prior experience.

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To be effective, talent acquisition leaders, hiring managers and recruiters will need to ensure changes to role requirements manifest in the application and interview processes. We've already seen many technology companies focus more on direct skill assessments for recruiting, and we expect to see an influx of strategies like this throughout the business world. For organizations looking to build better cultures of belonging, these changes to how you describe and fill roles can amount to major ripples throughout the employee experience.





3 Getting stronger on the longer-term, *emotional benefits* of EVPs

In recent years, companies have started to recognize that they cannot be successful without a comprehensive, convincing Employee Value Proposition. EVPs, which at one point mostly involved communicating about compensation and benefits, have expanded radically as a result, with other, less-numeric aspects of the employee experience now baked into nearly every company's strategy for recruiting and retaining talent.

Today, a successful EVP must articulate a multifaceted portrait of what employees can expect to get from employment, through some balance of:

- Material benefits
- Learning and growth opportunities
- Relationships, social connection and emotional benefits
- Meaning, purpose and other commitments to social impact

These categories can overlap in different ways, and they can no doubt be broken out into more specific important things that employees seek, such as transparency; trust and autonomy; interesting, challenging work; and diversity, equity, inclusion and belonging. The point, however, is that this type of wide-ranging, holistic proposition is what's necessary in a world where, for many employees, money is not the most powerful motivator. Author Dan Pink has been telling us this for years, and the pandemic only reaffirmed it.

Many companies, however, are still struggling to make their EVPs effective. Two in five employees are currently thinking about leaving their job in the next six months. The consistent belief among them seems to be that if they want to, they can find a better opportunity elsewhere.

In our view, this is because companies, even some that have adopted the concept of a holistic EVP, have continued to over-index on short-term, transactional benefits. As a result, they've not given proper weight to the longer-term, emotional benefits of EVPs — namely meaning and purpose, social connection, learning and growth opportunities and transparency. These aspects of the value proposition are important to loyal employees, and wise leaders will take more action on them next year.

It's not hard, of course, to see why many companies have been over-emphasizing short-term, material offerings. As Mark Mortenson of INSEAD points out, these types of benefits “are the easiest levers to pull (you can decide to give a bonus tomorrow) and are immediately appreciated.” They also tend to be top-of-mind when you ask employees what they want. It makes sense, then, that offerings of this kind bring short-term, immediate wins for businesses in ways that other benefits don't.

The issue is that they don't stay very effective

over the longer term. If you attract talent by over-indexing on pay, for instance, a company has a good chance of luring that talent away simply by offering *more*.

And for as much as flexibility can be an emotional benefit, in the context of EVPs, it risks falling into this material category. This is because much like compensation or vacation days, benefits around flexible hours and flexible work locations are often transactional by nature; they don't hinge on any deeper sense of connection between employer and employee, unless leaders ratchet up their emphasis on trust and autonomy.

Since our founding 25 years ago, our firm has operated under the principle of *Be where you need to be*, which in our view is the ultimate manifestation of trust and autonomy. That, along with our other operating principles, such as *Help because you can*, *Trust yourself, you know more than you think you do* and *When in doubt, do the loving thing*, ladder up to the key elements of our values such as humility, kindness and an inclusive and collaborative community sustained through individual accountability. Time and time again, we hear that the money

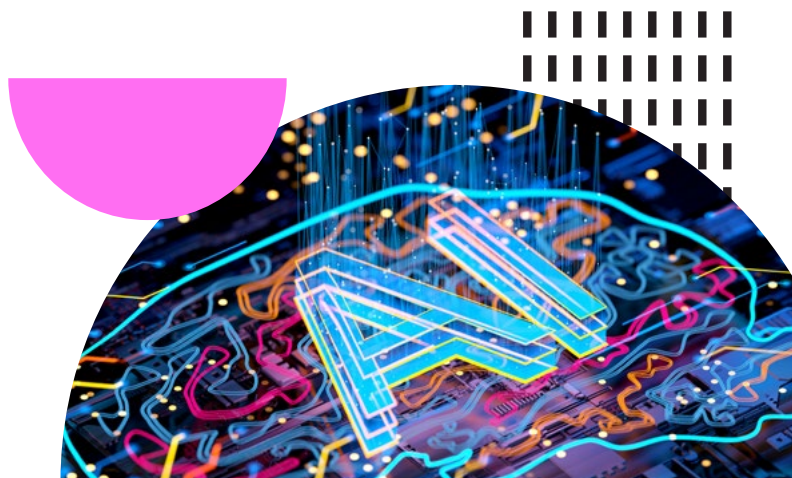
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and flexibility are important and the interesting and challenging work we do is a differentiator, but what keeps us loyal to one another is the sense of community and personal agency. That's where our leaders at all levels put their focus.

Because even in this age where many have declared employee loyalty a thing of the past, the reality is that we still need loyal employees. Now more than ever, a successful EVP cannot be a short-term sell to top talent; it must be a long-term, holistic, transparent commitment to the right talent for your organization. What exactly this phrase means will vary from business to business, and the work toward building a more robust EVP has to start with an in-depth culture assessment. But if we know one thing, it's that the people who truly find deeper meaning and purpose at work are those who thrive over the long term. The more directly your EVP targets and speaks to these people, the better off you'll be down the line.

4 Using reason, history and a *human-centered approach* to build trust around AI

If you've read other 2023 trends pieces, you already know that right now, everyone feels like they need to predict *something* about ChatGPT. You also probably recognize that no one seems to know what exactly to say — or do — about it.



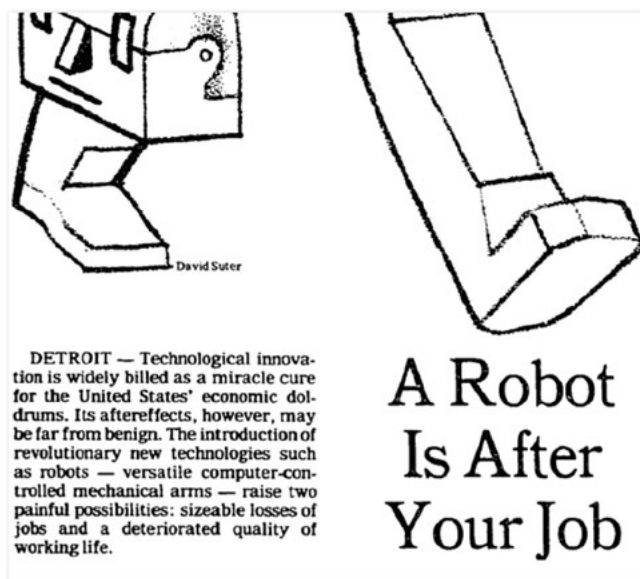
It is exactly this time window — one in which we have just barely scratched the surface of a new innovation’s potential — that a lot of assumptions and fear-based projections tend to surface.

As we know, 2023 will be a big year for AI. Between human-like chatbots that are expected to roll out across e-commerce sites by mid-2023 to the revamped, ChatGPT-enhanced Bing to an influx of AI art, machine learning innovations will become a lot more tangible in our lives over the next year. Still, however, in times like these, we must remember Amara’s Law, the adage which states we tend to overestimate the effect of a technology in the short run and underestimate its effect in the long run.

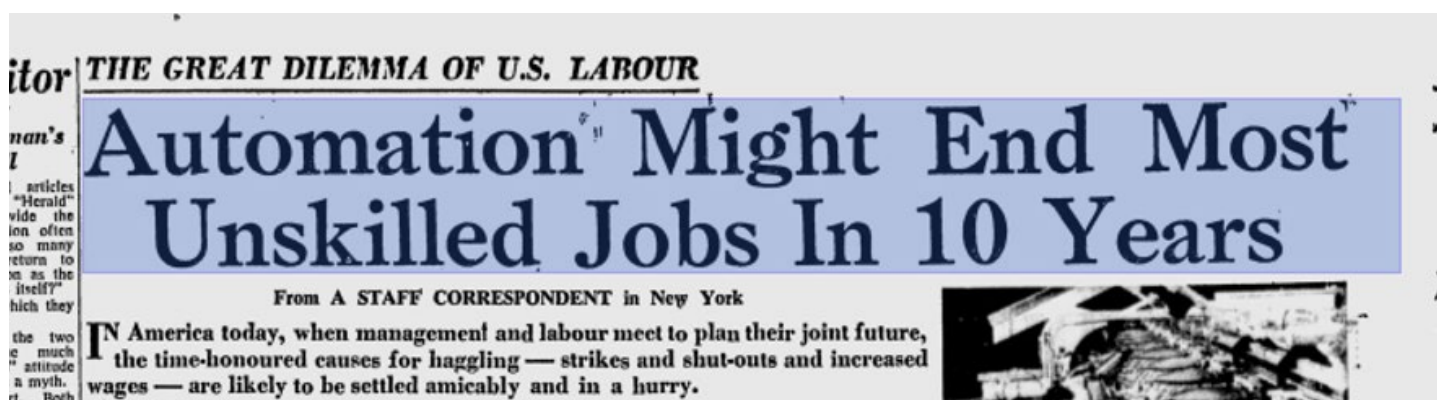
We believe the current frenzy around ChatGPT — and the fears of job displacement that have emerged with it — will substantially die down as the year goes on. Future-forward leaders will help bring nuance and reason to the conversation, and will build trust with their employees by showing early and often that they are committed to being human-centered with AI investments.

Because for as different as it might all feel this time around, we have seen this movie before. As technology writer Louis Anslow lays out

wonderfully, fears that machines will take our jobs have cyclically recurred since the start of the Industrial Revolution. Everything about this conversation — even the word “automation” — has been in our cultural lexicon far longer than one might assume. Albert Einstein and Henry Ford, actually, fell on opposite sides of the same debate in the 1930s; Einstein blamed machines for the Great Depression, while Ford believed they would eventually create more jobs for humans than they displaced.



A New York Times headline from 1980. SOURCE: Louis Anslow



A Sydney Morning Herald headline from 1961. SOURCE: Google News Archive

It's a rare instance in which Einstein's take has not aged particularly well. As New York University professor Scott Galloway has pointed out, Ford was right — each time we have feared a new technology will mark the end of human jobs, it has ended up creating more jobs than it takes away. Our visions of people pushed out of the workforce have always given way to abundant new roles that combine the skills of people and machines.

This is the future we believe will eventually come to be.

Certainly, many jobs will soon involve more ChatGPT and machine learning assistance than before. It's easy to imagine the tool helping with ideation, research and a lot of other things. But historically, technology developments don't push people out of the workforce; they just force us to re-calibrate how we add value, and to specialize in skills we can still truly do better than machines. What exactly these will be is hard to say, but there's little doubt that soft skills like creativity, problem-solving and social intelligence will be a lot closer to the core of what separates us than specific, technical, hard skills.

This year, AI will yield a lot of inflated valuations, inflammatory headlines, rash business decisions and worried employees. Smart leaders will do their best to avoid the hullabaloo. They will build trust across *all* their stakeholder audiences by staying measured, and reminding employees that this is a chance to eventually be more valuable because of what makes them human. They'll back this up by making AI investments that truly make employees' lives easier, by being transparent about their plans and by proactively reminding people how these displacement fears tend to play out.

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That said, it will also be important to remember that while this technology will likely create jobs in the long run, the jobs it creates aren't sure to be filled by the people who lost the old ones.

As Galloway points out, our society tends to be very bad at helping displaced workers learn new skills and transition into new roles. This automation reckoning, then, will only make it more critical to build out the learning and growth opportunities within your culture. Reassurances that AI will create more jobs than it kills will not matter to employees who can't picture their personal trajectories within that trend.

The more your AI adoption comes hand-in-hand with upskilling opportunities, the more you will build trust with employees that you're here to help navigate the coming changes with them.

5 *Elevating mental health* and holistic wellness for the employees of the future

A silver lining of COVID-19 has been society's increasing acceptance of mental health and well-being conversations, and of mental health as a critical factor to overall health. The pandemic also shined a spotlight, for many, on how much work can affect us and our entire sense of wellbeing.

As employees continue to value their holistic health more — and as younger generations make up more of the active workforce — we expect future-forward HR leaders to expand their mental-health commitments far beyond therapist co-pays. If you're not taking mental health seriously, you need to, because employees care about it. And the next generations are only set to care about it more.

You also need to prioritize it because we have a growing crisis on our hands. Dr. Vivek Murthy, the U.S. Surgeon General, has [five priorities for public health at large](#). Notably, two of those

five priorities are now Workplace Wellbeing and Youth Mental Health — alongside COVID-19, Health Misinformation and Health Worker Burnout.

Mental health, in other words, is a really big deal.

It's not just a feel-good exercise, either. Employees suffering from mental health challenges are unable to contribute their

full creativity or participation. When these issues reach extremes, they amount to burnout, lost productivity, serious hits to company morale, attrition and, even worse, quiet quitting.

Future-forward companies are already bringing more mental-health benefits into the workplace — integrating services and wellness check-ins into daily employee experiences, offering more flexible, open-ended stipends for pursuing mental health beyond work and getting creative with more experimental tactics like nature visits, meditation support and different options for taking time off. We expect to see a lot more investments of this kind, as well as in physical, financial and even spiritual health as

necessary extensions of mental health. These initiatives will require bold advocates at the leadership level, but when done right, they will differentiate talent brands from the competition.

However, wellness in the workplace is not just about helping employees address their mental struggles or avoid burnout. It's about a holistic, whole-person approach to health. We expect to see forward-looking companies aligning their culture with their approach to wellness. Positive human outcomes like belonging, psychological safety, clarity and joy have always been part of mental

wellbeing and wellness; it's just that when companies get asked about mental health, they tend to silo the conversation into what they do to address the negative sides of it. As companies embrace the holistic, all-encompassing nature of wellness, they will find better ways of speaking to the full portrait of what they do to protect and nurture it for employees.

A lot of companies, of course, have been working on this already; many of them just still have a lot of work to do.

Every touchpoint in your employee experience ultimately affects wellbeing. The companies that recognize this, seeing the threads of mental health across every micro-interaction, will be able to provide deeper, more effective wrap-around care for their people. The more they can articulate their approach as a connected web of support, infused into all facets of the employee experience, the more employees will see that their company really does care. That sincerity — and holistic commitment — is one of the most powerful things a winning culture can feature. ▶

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To explore our full predictions for the 2020s, check out our white paper, [*5 Trends That Will Shape Employee Experiences in the Coming Decade.*](#)



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