COMPETITIVE EDGE: INVESTING IN WORKFORCE RESILIENCY AND RISK MITIGATION

Announcer 00:00

Please welcome the panel on competitive edge investing in workforce resiliency and risk mitigation, moderated by the Senior Policy Editor at Politico, Joel Rubin.

Joel Rubin 00:13

Hello everybody. Thank you for joining us. Makes me sound so important, and senior. I am so excited to be here today with this incredible panel. I will introduce them very quickly with just their names and their titles. You will hear much more from them about what they actually do. If I went through their incredible bios, we would be out of time by the time I was finished introducing them. So, to my left is Ani Chahal Honan, did I pronounce that right?

Ani Chahal Honan 00:43

You did.

Joel Rubin 00:44

She is the founder and managing partner at Yunity and Imagine Global. And again, you'll hear a lot more about what that is as we go on. To her left is Alex DiLeonardo, who is the Chief People Officer at Citadel securities. Alex, thanks for coming. Then we have Dipal Doshi, who is the CEO of Entrada Therapeutics. And to his left, we have Holly May, the chief human resources officer at Petco. Hi, Holly. And then last, but definitely not least, we have Lindsay Patrick, the head of strategy, marketing and sustainability at RBC Capital Markets, who came—managed to come to us from Canada. Welcome, thank you for joining us. No questions about what it was like at the border.

Okay, yes, as I said, I'm so excited. It's a real pleasure to be here with these folks. This is an all-star lineup for this discussion. As I told them earlier, and I will tell you, the less you hear from me, the better. This hopefully will be a really lively discussion, where they are riffing off of each other and talking about common ground and places of disagreement, or just where they see things differently. But the unifying theme or guiding principle is, we're going to be talking about people today and talking about the employees that these folks hire and cultivate and teach and train. We'll be talking about the communities that their companies serve, and also build and speak to, and we'll be talking about shareholders to some extent, and what it's like to be trying to cultivate a workforce when you're beholden to the bottom line and revenue and have to answer to shareholders and all, all everything in between. So the sort of guiding theme, again, is resiliency, and how these panelists think about the need for resiliency in their workforces, and why it's not just about doing the right thing for their employees, but doing the right thing for their companies, and how this is all about trying to think ahead and anticipate what's coming, and, as the title indicates, you know, manage risk for their companies. And you know, there's, there's no big secret to the fact that workforces are the single most important, perhaps, asset to a company. And so when we talk about, how do we develop those workforces, it's a vein rich for discussion. So, let's jump right in. Ani, I wanted to start with something that you said when we were talking and getting ready for this panel—you said the biggest challenge startups face isn't the product, it's the team. So I would like you to explain a little bit about what you meant by that. And before you do that, tell everybody a little bit about what you do at Yunity and Imagine and again, what did you mean by that statement? And from there, I think it'll help frame sort of the larger discussion. Then I want other folks to jump in from their perspective.

Ani Chahal Honan 04:08

Yeah, happy to do that, Joel. And thank you so much. And Milken for inviting us to be here. We think this is a really important topic. So I am part of a group that we are just announcing here at Milken, we're debuting, called Imagine Global. And we've been—I've been in the startup world and the venture capital and investment world for most of my career. And what I always say is, you know, I'm a creator's creator. If you told me that I would be a VC years ago, I would have laughed myself off the stage. And the reason why that I got into this side of our industry is the very thing that you were talking about, Joel. I love creators. I love building companies—small—and I, and we actually—as advisors—I've been a consultant, have gone into some of the largest organizations in the world. And at the end of the day, when you're trying to go from zero to one, and you're building a product, and you're in—as an investor, you're investing in a company and a team—truly what we all know is you could have great product market fit—we see that all the time—you could build a product, you can build technology, you can build all of these different things, but we constantly, consistently see friction when it comes to the teams and the people. And one of the challenges coming from that world—so I've been in the startup world quite a long time and we started to see burnout. Personally, I've seen that. Personally, I've had really amazing people who have worked for me that went on to go to other companies, reach out and thank me for certain things that we've done—because we always have cared about people and commit suicide. And I've known people that I love in the industry, that are very well respected, saw things like that as well. And so we started diving into this because it, you know, it wasn't once or twice. We were seeing things like this happen over and over. And so, in the startup world, it is over 300% higher mental health challenges and burnout, compared to other industries. And so for us, we really started looking at this and saying, okay, nobody's doing anything about this. We really need to talk about this, dive in, and if you think about entrepreneurs, it's a lonely world. We always say, you know, it's lonely at the top, and you have a small team, and most of the mentorship or development, it's not happening. Either it's—you know, some people inspire that, and so they invest in themselves, but most of the mentorship is coming from your investors. That are also stressed, by the way, and saying, we've got to get to this traction point and that traction point. So for us, this is about risk

and resilience and so, we believe in investing in whole-person health for founders. This is something that we talk to the actual boards and founders about, and this is a whole systemic approach that we're taking, and part of what we are putting out into the world.

Joel Rubin 07:16

Definitely want to hear more about what your thoughts on whole-person health are later. I think we'll come back to that idea later. But let me throw it all the way down to Lindsay, who I think literally is on the other end of the panel, but also on the other end of the spectrum. You're not thinking about startups and the challenges of startups. You are thinking about the challenges of a workforce that is 100,000 strong at RBC, and you wear many hats in that operation, and so you have many different types of employees. What is that like when you think about the challenges of teams—multiple—that are trying to develop multiple products, and how do you have that conversation across many different types of teams?

Lindsay Patrick 07:58

Thanks very much, Joel, and you're right, literally on the other end of the spectrum. So RBC is one of the world's largest financial institutions, headquartered in Toronto, Canada, with, as Joel mentioned, 100,000 people. But when we look at our—in 20 countries—so we have people all over the world, and you know, employees that cross the full spectrum of banking, from operating in a retail branch to advising some of the most sophisticated asset managers around the world. So the challenge is pretty big. The expectations are different for all of our different employees, and the expectations are very high in our own market, when we would be one of the largest employers outside of the federal government. And so when we think about team RBC, and we think about it that way, it's really about finding that commonality between all of our teams. And risk and resilience, I think, similar to the venture capital world, is an underlying theme for us, but it's all about, how do we unite our 100,000 employees, and we do that through a very well-articulated purpose. And our purpose is helping clients thrive and communities prosper. Those are two of our four stakeholders, where we have a very clear value proposition. And I look forward to diving in a little bit deeper, Joel, around you know, what does that mean? A value proposition for your employee, a value proposition for the clients that you serve, and then importantly, for the communities that you operate in.

Joel Rubin 09:27

Look forward to it. Yes. Dipal, let's go to you. You are coming at it from a perspective where resiliency is a must. Uncertainty is just part of the game, right? Talk about what it means to be building a workforce where just, day in and day out, you need people who are okay with the fact that they don't know if what they're working on is actually going to pan out.

Dipal Doshi 09:58

Thanks. Joel, and thanks for the opportunity. So I'm the CEO of a biotech company called Entrada Therapeutics, and Entrada is focused on the discovery, development, and hopefully the approval and commercialization of rare diseases. And so everything that we've done at Entrada—it's kind of funny where I'm sitting because we were venture backed, and then we don't feel as though we're big, but we're like, we're kind of like an in-betweener now, because we're a public company and whatnot—but everything we do is really calculated on risk return, and for us, and for the drug discovery and development arena, you're talking about a 90% failure rate. But that 10% is what's, you know, been that innovation that, you know, turning diseases like AIDS into a chronic disease, turning HIV, you know, hepatitis into a chronic disease as well, too. But that takes so much, you know, perseverance and failure and learning and curiosity, and the only way we're going to get that in the industry that I kind of represent is through allowing people to have scientific curiosity. And really letting them explore what that means, right? So all the science that we have is, at Entrada, is homegrown. However, there's been so many left turns, I guess there's only so many left turns you can take. But the ability to use that scientific discovery and really enable people to come to work with a plan that's focused on a mission is something that's probably allowed us to get to where we are today, where now we're in clinical trials for a disease called Duchenne muscular dystrophy and so—but it just takes so much perseverance. And I think that, you know, leadership, people say, starts at the top. I don't—I mean, I think strategy may start at the top, but leadership is something that's just embedded throughout the organization. It's just, it's got to be something that's part of the culture that you're allowed to fail. But, you know, you can't give up. And I think that's, that's the big part. So looking forward to diving into that.

Joel Rubin 12:09

Yeah, let's dive into that as we go about what—how do we—how do you get from the—for all of you to weigh in at some point. You know, you guys are all at the top of your respective hierarchies, and there's no, you know, any number of people below you that need to understand what your vision is, and how do you make sure that you have the folks in the managerial levels all the way through, that are, you know, walking the same walk that you are, right? And—because, if it breaks down below you, then, the game is lost, right? So—but let's, come back to that, yeah? Alex, dive in. Tell us about what you do. You have a really interesting—your job description, talks about the whole life cycle of the employee at Citadel. Tell us, you know, sort of what you do and how you think about these issues of, you know, it's not the product, it's the team.

Alex DiLeonardo 13:11

Yeah. Joel, thank you for the opportunity to be here. So I'm the chief people officer at Citadel Securities. That means I lead, essentially, most of our talent organization, from how we recruit talent, develop talent, and reward talent, really thinking about myself as responsible for all the extraordinary careers of our extraordinary colleagues. And Citadel Securities is a market maker, and so we're talking about volatility, which is sort of an interesting context to talk about our firm. So as a market maker, we have a duty to kind of participate in volatile markets and to provide liquidity into volatile markets. And so we actually have built our organization around the idea of standing up through volatility. So every decision that we make about our platform, whether that's a technology decision or a people decision, is very intentionally made around how we can, you know, thrive and perform in a volatile context. So, we kind of think about it from two angles. One is, in order to have a workforce that performs well in a volatile environment, it starts with hiring the most exceptional humans in the world. If you have a bench of folks who have deep, intrinsic skills, who are highly cognitively able, they can sort of be very valuable, and they

could be deployed against all different types of problems as the problem set evolves in a volatile environment. But I also think in order to perform in any environment—and you kind of mentioned this—it starts with setting strategy from the top and making that crystal clear to everybody, and then propagating accountability for that strategy at the lowest levels of the organization. So what I mean by that is, you hire the most exceptional humans in the world, and then we spend, as a management team, disproportionate time thinking about our business strategy, breaking it down into its sub-components, and aligning all of the people in our organization around every node of what we're trying to do. And we're very clear as a leadership team on that, and we're very clear at every level of our organization on that. And the lower down in the organization, the closer to the front line, the closer to value creation that you can propagate that accountability, you empower those individuals to make decisions in real time to address changing environment volatility, and those are the individuals that have the best signal and the best capability to create value in the moment when things are changing very rapidly. And I think that, that mindset is the DNA of our firm.

Holly May 15:27

I love as we go, as we talk more, I'd love to hear if there is room in that approach to risk taking and create—you know, thinking outside the box—or whether the premium is placed on—it sounds like there's a premium placed on knowing, like—making sure everybody knows exactly what the goal is for that particular role, and making sure that they are well-equipped and supported to accomplish it. Just curious—is like—if you've got that renegade who's like, yeah, what about this? You know, is there—is there space in the model for that? But, a thought for later. Let's first go to Holly, who is—comes to us from Petco, and tell us a little bit about what you do at Petco. And again, I think, just as a theme for the discussion, I think, you know, common ground between very different types of companies— we just heard from Alex, who's come in from a financial institution. You might have different goals, but you guys are trying to have the similar conversations with your employees, I think, so curious to compare. Thank you, Joel, and I'm the chief HR officer at Petco, 30,000 employees strong throughout the United States, and Mexico. And what I believe really attracts employees to work at Petco—and what attracted me is, we have a very unique value proposition, which is, we're a company for people that love pets and really want to provide services and products to pets and pet parents. And we're really passionate about that. So when you think about investments in people and what we offer them, both to attract and retain them, I think there's not a one size fits all approach. And for us particularly, we think about the whole person. We were talking earlier about whole-person health and not parking the individual and their personal life at the door, but really delivering on their whole life and experience. And, for Petco, when we think about families, that includes our four legged friends as well. So some unique things we provide to our employees would be pet bereavement leave, as an example. They're—they're a family member too. And we also encourage people to bring their pets to work. We have dog grooming in-house. We have dog parks and whatnot. But what I would say, if I were to give advice about just, investments to encourage resiliency, and what you would do as any employer, really, would be to focus on your people managers. So when you think about how to get people to perform at their best, it starts with the manager-employee relationship. And I know you've probably heard the phrase, people join organizations, they leave managers. And part of that, in the development of that connection and relationship, is establishing trust. And I firmly believe, and has been my experience, that those relationships are formed by managers showing vulnerability themselves. And I experienced that in my own personal life. I didn't fully understand or appreciate the concept previously, but when I was working a few years ago, I discovered—and my son was diagnosed with autism spectrum disorder. And it was a life-changing moment for me. I had to navigate a system, a healthcare ecosystem, of providers, determine how my son was going to receive care, and I had to be vulnerable, probably for the first time in my career, in telling both my manager and my team that I needed help. And I will tell you, through that experience, I formed such a close bond with my team, and

they felt they could come to me when they had a problem. They felt they could come to me and express when they had to do something for their child or they had to come in late one day, and that was okay. And through that, I was able to allow them to perform at their best, by providing flexibility options and ways that they could manage their own personal life. So that's something we champion with our managers. We invest in their training, and I truly believe that's how you create trust in the workplace.

Joel Rubin 19:51

I'm going to play devil's advocate here real quick and push back. And I'd love to hear thoughts from from everybody. Is—you're publicly traded company and, at the end of the day, a shareholder stands up and says, all I care about is the bottom line. What do you say to that? And why are you, Holly, spending time giving, being understanding and supportive to somebody who has, you know, a problem at home, and when they need to do this for Petco today, so that I, you know, my share goes up, how do you respond to that?

Holly May 20:41

Well, let's start there and work our way back. So, if our focus, if our priority is on results and the performance of the business, that is driven by the employees that work within it. How do we get our employees to perform at their best? It's understanding the complete picture of their lives, what is going to make them perform consistently every day, and achieve the top level of what they're capable of. That's allowing them to bring their whole selves to work and create an environment where they're going to perform at their best every day. So I think this is—this is not just the warm and fuzzy side of HR. This is how you achieve real business results. And I think we talked about this a lot. You heard a lot—you saw a lot of news articles about this coming out of COVID and women in the workplace. I think this has to be a priority for all companies.

Joel Rubin 21:33

Agreed.

Ani Chahal Honan 21:34

I agree with you 100%, by the way. Sorry.

Joel Rubin 21:37

No, please.

Ani Chahal Honan 21:38

You know we talk about innovation a lot, and—and I talk about it in different countries, and it's interesting, when you see culture. And there's certain cultures where people do not feel safe. It's very, very—it's almost impossible to innovate, by the way. And this is something that we see. The best innovators in the world—and I've been very, very fortunate to work with pioneers of AI, robotics, I mean, you name it—I've been very, very blessed in that way. And one of the areas around innovation—and you get down to the design phase—when you really go back to, how do we do this? It starts with building an incredibly trusted team. We play games—I mean, really—and you get to know people—you create this amazing space where you're sharing pretty deeply. And that's how you build these teams that innovate. The best innovation teams, hands down, at least in technology—it all starts with the team, the people, and building those trusted spaces. You can't do it without it.

Dipal Doshi 22:49

Yeah, I think that, just to add to that—I mean, I think that's—that teamwork, and knowing that full self and of the other person also builds that trust, right? To understand, I mean, COVID is a great example of that, right? And so, you know, our company went from a private company—we went public over COVID, so that—that was weird in itself. And we also built the company from like, 50 people to 120 people over COVID, so, the whole interview process, the whole, you know, the culture of the company, was really defined during a very, very scary time, and the only way that we could stay together as a leadership team—and we had our leadership team meet over zoom three times a week and just continuously, right? Continuous communication and if they couldn't be somewhere, you gave them the grace, and you'd be like, all right, you go, right? Like, your kid's taking a test over Zoom? Then, you know, that's more important than this, right? But that trust, right? And real—the realization that no one will let someone else fall. Because we're all in this—you know, it's cliche, but cliche—there's—they're cliches for a reason, because most of them are true—but we're all kind of in this together. We're gonna succeed together. We're gonna fail together. That became like a mantra for us, right? And so now this leadership team—the company's been around for eight years—the leadership team's around for five years, but, you know—I think—together for five years—I think that just resonates really well, because you can really kind of bring your full self to work, the strengths and weaknesses, the struggles that we have every day, but know that you're in an environment that actually supports you, right? And I think that is what I would also say to that investor question, right? Like, you want us to, you want us to, you know, you want us to hit our timelines and hit our deadlines. You have to treat— you have to realize that people are people.

Joel Rubin 24:37

Does this conversation change depending on what industry, sector we're talking about? I'm thinking about just like the relentless, numbers-driven world that you live in and Lindsay, that you live in. I wonder, do you guys have the luxury of thinking about whole-person health, and if so, how do you—how do you resolve that with the fact that it's just numbers at the end of the day?

Lindsay Patrick 25:05

I mean, we certainly have the critical importance of talking about culture. And culture is that unifying thesis that brings everybody together and allows them to ask for help when they need it. And when I think of culture, it's not something that you can say, it's not something that something can dictate, but it's something you—your employees have to experience and feed back to you. And a moment in our history's—our firm's culture was immortalized by Michael Lewis in Flash Boys. And he coined from the interviews that he did with people, RBC Nice. And RBC Nice was not so much everybody, you know, playing nice in the sandbox and collaborating, but it was this culture of being able to ask for help when you need it, and importantly, not being able to ask for help knowing one of your teammates would be there to help you. And I think that's the concept of teamwork—it's not letting people out to dry when they're struggling, but knowing that you're part of an organization that will be there for you and will help you, and that you've got the right supports to do it.

Alex DiLeonardo 26:12

I think something that we're all agreeing on is, it's not shareholder value versus talent. It's shareholder value enabled by talent. And I think every organization, you know is allocating the capital in their mandate, financial and human capital, in order to maximize shareholder value, and that's aligned with their strategy. And every organization has a social contract with its members. Ours is very simple. Our social contract with our colleagues is, if you take your career seriously, we take you seriously. Full stop. And so that's why some of the work that I talked about earlier is so important to our firm. Because we are a data driven organization, because human capital is our most valuable form of capital, we put a lot of rigor on decisions around people. We use data heavily when it comes to decisions around people to make sure that we get, you know, kind of that optimal trajectory.

Joel Rubin 27:07

Talk more about that. I mean, you've talked about bringing a quantitative approach to assessing humans, which is often a qualitative discussion, yeah, and the awkwardness of that—of that approach. Talk more about it.

Alex DiLeonardo 27:23

Yeah, so I've spent a good deal of my career kind of at the intersection of people and data. And you know, one thing I'll just acknowledge at the beginning—we should all talk about this—is when you first having a—when you first start having a conversation that's anchored in data around people—because people are sort of this historical—historically qualitative construct, right? We think about people as humans. Humans have emotions, there's a bunch of intangibles related to people. So when you first start having a conversation through a data lens around people, it's awkward, but when you push past that, I think you end up optimizing for human. You end up optimizing for social outcomes. And so—if—let's go back to the example that I shared at the beginning of the panel discussion on this idea of disaggregating our strategy, linking it to individual roles at all levels of our organization. So, we use data in that exercise. We're actually thinking about, how do we take, you know, a very clear top three or four or five-initiative strategy and then breaking it down into two to 300 initiatives that individuals can own? How do we quantify the value associated with each cell of our strategy? How do we look at, holistically, each individual and their propensity to excel, owning that initiative, based on what they've done before, past performance reviews, where they are in their career, what kind of development that they need? And we spend real time, as leaders

within every business area, as leaders across every team, kind of optimizing that equation, if you will. And then that flows through to our colleagues' goals. So they're very clear at the beginning of the year on what they're going to own, why it is so important to the business—so they're super excited to jump out of bed every day and come help create value. And it flows through to your end in terms of how they're evaluated, so that that process isn't one that is full of kind of bias, and, you know, objective that's not based on—sorry—judgment, that's not based on objective constructs. Instead, it's very objective. And what that does, it drives a culture of meritocracy. So I think when—and of course, it then flows through to how we reward talent—so when it's all said and done, I think the benefit is clarity and excitement at the individual level, a culture of meritocracy and real objectivity around how we manage, evaluate and reward our talent, and then that ultimately trickles into the next stage in everybody's career. They're always set up to be performing in the role that's best for them, and many of our colleagues, therefore, experience exponential career growth from there.

Holly May 29:44

I would absolutely agree with Alex. I think it has to be a blend of the quantitative and the qualitative. I think at Petco, obviously, we track voluntary turnover, we track our engagement scores regularly. But beyond that, we look at it through the lens of our customer. So when we think about Net Promoter Score, what do you think a customer's experience is like in one of our stores, and how does the employee play into that? So, as an example, I went to one of our pet care centers recently, and I was talking to someone in the store and asking what they like most about their role, and the person told me, I know our regulars. I get to interact with them all the time. But more importantly, I know more than 60 pets' names when they walk in the door every day. And that point of pride in that. But don't you think that customer—when that person remembers their pet each time—that's a return customer for us. So I think it's also, you know, it's a driver of the business. So it's tracking all of these different quantitative elements, and then, as you said so eloquently, Alex, it's delivering on the qualitative for for the employee.

Lindsay Patrick 30:55

I think, Joel, it's a really good point that our clients, we call them, because we operate in the largest segment of the economy, are people too, and we're forming long-term relationships and supporting them. And in fact, one of the most meaningful engagements I've had at Milken, at this conference, was with one of our corporate clients, who said, you were really there for us as an institution during our toughest time. And you saw us through and supported that—now—that is something that continues—you know, we will reward you for and why we value relationships. So you're not only seeing your teammates through ups and downs, but seeing your customers and your clients through your ups and downs. And so that whole-person extends much, much broader than your own internal employee franchise.

Joel Rubin 31:41

I wonder—I'm thinking about, sort of this—is this a zero—within the context of your workforces and, you know, you talked about breaking everything down to really discrete objectives and assigning those to people but I wonder, within the context of building a supportive, productive workforce, how do you deal with individuals who see it as,

this is my opportunity to advance myself, as opposed to, this is my opportunity to participate in a—something that's larger than myself, if that—if that makes sense. I come from the world of news media, which is a—newsrooms are these really unique places where, every day, a reporter has—often has a choice between telling a colleague about a tip they got and helping them write a story that their name—you know, every day you get a byline with your name on it. I wrote that story, but behind that is a whole—opportunities for people who don't get their name on it to help, and share information. And you see the ones that are part of a team—think of themselves as part of a team, and see the larger product of, let's get the best newspaper out that we can. And then you see the ones that are sort of operating from more of a place of fear, I would assume, of just like wanting to make sure that everybody knows that they did it. And I just wonder, when you guys are thinking about your teams, how do you cultivate that environment of, we're all in this together, when some people might not be thinking that way? Or do you just try to make sure you're not hiring those folks to begin with? I think it has to be both. Yeah.

Holly May 32:40

So I think you have to have tools and resources in place to enable career pathing and career advancement, and having opportunities for visibility with senior leadership to provide you with the basis for a promotion—that opportunity to move up in an organization. But at the end of the day, teamwork is a critical skill. Navigating cross-functionally is a critical skill that's essential to driving results. So I think—I think it's a little bit of both.

Dipal Doshi 33:51

Yeah, I would agree. I mean—and I think specifically for us, we're a research-driven company, so about 70% of our folks are research, meaning, like, more on the lab work and things like that. So it's kind of hard to be—well, let me come back to that. So I think each person has their individual goals, and each department has their department goals, and then each division has their division goals, and then there's the corporate goals, and they all kind of blend together. And so that's one way, besides just trying to interview out the individual performer, that's another way of trying to tie everything together, right? And it's all weighted accordingly, based upon the value of that—of that goal. And so, in that scenario, and being a research-driven company, it's actually hard to be an individual, like, I did this, right? Like, because you can't, right? Because there's all these, these handoffs to other people. That doesn't mean that it's not tried, right? And so—and I think that's where the team, the culture that I think we built and, you know, research and science can pretty cutthroat, right? It's draconian in many, many ways. I think, there's a little bit of self-policing as well that that goes on. Which—we welcome that, right? Because at the end of the day, you know, as I said earlier, it's—there is a mantra in our company that we're either going to succeed or fail, but we're going to do it together.

Lindsay Patrick 35:00

I think you have to anchor it in ambition. We actually, our CEO, presented a leadership matrix, a two-by-two matrix, which put firm ambition on one side and individual ambition on the other. And believe it or not, we do have some people that score low on individual ambition and high on firm ambition and then, you know, clearly in my division in capital markets, we have people on the opposite end of the quadrant. But if you can create that top corner and those incentives so that people have individual ambition—they know they can achieve success—but

more importantly, can contribute to the firm's success, that's where you get that magic. And so one of the key questions on our employee engagement survey every year is, do you feel that you contribute to RBC's success? And it's 92%. And so even just reinforcing that message of you're important, you are contributing, helps to articulate that broader ambition.

Ani Chahal Honan 36:08

I love—I love hearing about large organizations that have really brought in commitment culture. So I mean, I come from Silicon Valley—it's kind of where I was growing up. And I always say it was—it's like growing up in The Hunger Games. And it's confusing, because it's a little bit like Shark Tank, and then as of late, you know, everyone's got their Burning Man story where, you know, really, life has changed. And I really feel like the valley is going through a renaissance, truly. And Joel's cracking up. We—I think we all kind of crack ourselves up over this, but the renaissance is really coming back to, what are we really doing, right? What are we doing as a society? And with Imagine we truly are—we are an ecosystem for the new intelligence economy. So we, as Imagine, we've just been announcing, we have the largest coalition of AI scientists that are advancing artificial general intelligence that are joint venture partners with what we do. And we're taking a very different approach than a lot of what we've been seeing out there, even though a lot of these folks are our friends—and I've been in that world, and most of us have for quite a while—and so—we love commitment culture, coming back to what we're doing around whole-person health, but also bringing leadership development at the beginning. Because we think that if we really teach people, what does commitment culture mean? What does being a servant leader authentically mean? Right? Then, we're starting from the beginning and part of what we're doing, and thankfully, with Milken Institute, we're looking at, how can we measure this, and how can we talk about this at the beginning? And we're hoping we'll develop amazing cultures that we're hearing about today from these larger organizations. We think that's critical, and that's why we're investing in it.

Joel Rubin 38:10

I think that you provided a great segue talking about commitment culture. I'm not judging any one particular generation over another, but I think it's a great discussion of the generational approach. The differences in—when you have a workforce that has a 22-year old and a 35-year old and a 50-year old, and they've been there for two years, five years, 20 years—how do you guys talk about the different expectations of what a job is, what it means to commit to a job? Well, first of all, do you see differences? And what are, you know, quickly, sort of, what are those differences? And then, how do you approach trying to get everybody speaking a common language, as employees, when they are coming to the job with such different—sort of—definitions of what it means to work for a company?

Holly May 39:06

You know Joel, it's interesting. I saw a study over the weekend. I was reading about this, where it showed that approximately half of all Gen Z and millennials are willing to take a pay cut to work for an employer that commits to and prioritizes wellness. Compare that to 1/5 of baby boomers. So I think there're huge differences in how different generations think about benefits, think about different employers but I think at Petco, we're very

fortunate in that pets are the great equalizer. It goes across generations. A love of pets is true to our mission, and it's what attracts people to us. But you know, I do agree. I think the differences make it a bit challenging to deliver a portfolio to a workforce that's very different, with different needs and desires. Do you—do the other panelists see it similarly? I mean, not to be flippant about it, but is money—you know—is a desire for, you know, financial gain the great equalizer, too? Does it matter whether you're 22 or 40, 45 at Citadel, if you know—a trader who's just getting started and a trader who's been there for 20 years, are they motivated by the same things?

Alex DiLeonardo 40:30

Yeah, to follow up on the point of benefits, so we—you know, our focus is helping people spend time at work, performing at their very best, and not having to worry about anything else. And so, we have on-site gyms, we offer on-site meals, in many of our offices we have on-site health care. But I really think we're providing those services not because of a certain generational preference, but just because for our entire colleague base, we want to make sure that we're taking as much off their plate so that they can focus on work and perform, you know, at their very best. And I also think our, you know—we have, obviously a young workforce. 50%-ish of our hires every year come from campus. I think individuals are self selecting into our culture, and they know that they're going to get experience doing really important things very early in their career when they join our organization. And so, I don't think we have that generational difference. I'm not saying it doesn't exist. I see it less in our organization because of some of these other factors, and just the way we have a more holistic view on our colleague base.

Joel Rubin 41:38

Is science immune to that—

Dipal Doshi 41:40

I would actually, kind of, I would agree with that. I mean, this is what we do is hard science. And so whether you're a 22 year old kid or, you know, a 50 year old, you know, person, it doesn't really matter. You kind of have to follow this, you know, the basic principles of science and experimentation. I think where it starts to get a little bit more interesting for us is when—I'll just call it the younger generation. The younger generation starts to bring in more technology aspects of things, and this comes down to AI, right? And so can AI replace, you know, the actual scientific experiments that an older generation has spent their entire careers trying to perfect, and there is a tension there. There's a tension there. In our company, we actually embrace that tension, because I think it's a great question to ask. That's my perspective, but I'm not, well, I'm not the one who's having the conversation in a lab, right? But I think it's a good conversation to have because we're continuously trying to evolve and get faster and faster and faster so we can bring therapeutics to the patients who so desperately deserve them as fast and efficiently as possible. However, I think in the—from the—to answer the core question, I think within a structured environment that we have, age or generation is kind of almost irrelevant for us.

Joel Rubin 43:00

No, you just—you just opened the door to the great elephant in the room. Let's talk about artificial intelligence and how it plays into your thoughts and your work on workforce. You know, it's—you know, I'd love to hear, how is artificial intelligence playing into the products that you guys are trying to put out into the world, and then how does that impact the discussions you're having with the employees—who I would assume need to see it simultaneously as a potential asset, but also as something that could dramatically change the way the job is done and perhaps change, you know, how much human labor is needed to do those jobs. So talk to me about artificial intelligence. Ani, do you want to start? It's something that you've talked a lot about.

Ani Chahal Honan 43:48

Well, yeah, I've been in innovation and deep tech and AI most of my career, and most people who know me—and to a certain degree of success. And most people who really know me—they know I do not fall in love with innovation or tip of the tech at all. Quite the opposite. I'm—and I love working with scientists and engineers, and what I'm always trying to get to is okay, but has—who are we doing this for? We always try and come back to, who are we doing this for? Why are we doing this? Why are you doing this? And getting to the why is really important. Getting to the root challenge that we're solving for is really important. And so when we're looking at the industry right now and what's happening in the AI world, it is—the Pandora's box was opened, and I think right now, most of who we're talking to are governments, enterprises, you name it, and everyone's trying to figure out what to do. I'm going to be very frank, most leaders do not know what to do. Truly.

Joel Rubin 44:36

So you're thinking big, macro-level thoughts. Each of you has your own world that you are operating in and and AI is here. It's, as you said, Pandora's box is open. How are you—what are the conversations like with your employees? And you can't pretend, you know, they—it's reality, right? And talk to us a little bit about how it's integrated into your day to day and has it been a discussion with employees? Leaders of?

Ani Chahal Honan 45:07

Enterprise organizations, governments, you name it. Let's get real. I have tremendous hope, and this is genuine. I mean, I get to work with a lot of futurists, and we do believe in the promise of a lot of these technologies. I wouldn't be involved in it if I didn't. I think what we have to do—we're looking at—from a foundational societal perspective. Why are we doing this, and who are we doing this for? And so a lot of what we're trying to bring—some alternative perspective, some interesting solutions. That's why we work with some of the—I mean, these are some of the big pioneers known as, like the father of AGI, Ben Goertzel, John Laird, everything that you see in aviation, autonomous robotics. I mean, that's John and their lab, and we all came together because we're looking at what's happening and saying, Okay, how do we bring more of society that's in the center of this, and not looking at this from the outside in? Because if you look at most of the respected organizations that are studying what's happening and asking people around the world, over 85% of most people feel that innovation is for rich people and not for people like me. Over 92% of people around the world—this is coming from Edelman trust. They are the trusted organization around trust—believe that their data—meaning what is important to them—they are very concerned with the privacy of their data, and so we have been working behind the scenes as quickly as we can,

building rails that are really important. We believe in sovereign AI solutions and new economic models that are bringing people into this world, where they're part of it, right? Where we have more people who are involved in creating these solutions. It can't just be one tiny area of the world. It needs to be the world involved in it. So that's what we're working on.

Lindsay Patrick 47:54

I mean, I would say our employees are incredible. We work in a knowledge based industry. All of our teams are required to have that knowledge to serve those clients, and in fact, it's a competitive edge for them. So for the most part, they're incredibly excited. This is a new intern that they can tailor to sit beside them, that they can tailor to speak like them, talk like them, solve many things for them. I'll have—we have our own proprietary system. You know, RBC was very early in investing in the research through a partnership called Borealis AI. And so the real challenge for us is less about motivating employees—because they're incredibly excited about it—it's—these are expensive resources. How do you prioritize them? And how do you make sure those resources go to the highest area of impact, while still quite—you know, well—while still quite expensive to operate, and that's where you need the ideas to come up. Not—this is not a strategy that can be set from the top down. The ideas, the use cases, need to be brought up from the bottom, and so you need an agentic framework where the best ideas can surface to the top in order to get the most impact. You only do that by empowering your teams.

Joel Rubin 49:08

Alex, you're nodding.

Alex DiLeonardo 49:09

Yeah so I agree with that. I also—and you cited this study on trust and that there's the perception from some communities that innovation is only for the rich—I'm paraphrasing. And I don't dispute the study. It makes me personally sad, because I feel like technology is the great democratizer, whether it's bringing information into the hands of people all over the world, or the power of capital markets to raise entire communities out of poverty. But on the topic of AI—so one of the things that we do for our colleagues in different offices, but lately, in our headquarters in Miami is we've been sponsoring a lecture series and inviting other folks from even outside of our organization to join so that we can build better communities in the south Florida region in terms of knowledge workers. And so we recently invited a professor of generative AI to come and speak with residents of Miami and with some of our colleagues. And one of the points that he made, which resonated with me, was the idea that, you know, AI really doesn't, hasn't shown yet that it creates intelligence, but it's a phenomenal scaler of intelligence, and I would say that's very much our perspective in terms of how it's being used in our organization. And so why I say that is that we don't see it as a tool to reduce. We see it as a tool to grow. And I think that's very much part of how we're using it.

Dipal Doshi 50:28

I would agree with what Alex said as well, too. I mean, I think when we think of our own health care, and we think of our own—just ourselves—AI can get a little scary at times, right? When we look at it from a data aggregation perspective, right? How can it be—how can we utilize this tool to make things more efficient, or go a little faster? Not to replace, but to augment? And I think that's what we've seen. So what we do a lot of, right—and a lot of biotech and pharma companies do this—they look at natural history studies. So the progression of a disease from, you know, the birth of a child to someone who has a terrible disease at 70 years old. I'm just making it up, right? But if you can aggregate that timeline, and then now multiply that by a lot more people who have that, and then start to understand that, that's factual, right? And that can actually help, from a drug discovery, drug development perspective. The challenge is that you just got to—the thing that gets a little scary, I think, sitting in my seat becomes the integrity of that data, right? And so—and then making decisions based upon data that may not be as sound as you think they may be. So putting all—just going all in on it, right? So I think there's got to be a continuous fact-checking of what we're citing, and what we're using, especially when it comes to the research and development of new drugs.

Joel Rubin 51:54

So do you see different generation—going back to the generation question—do you see different generations of workers being more or less willing to go all in and be like, this is just what it is, versus somebody who's more reluctant. Is that a generational issue, or is it—you've [inaudible] anyone? I mean, you mentioned in your labs, you're having these somewhat difficult conversations between older and younger.

Dipal Doshi 52:19

I think the older people seem to have more health issues, so I think they're reluctant to go all in. I think at the end of the day, I think it's following the scientific discipline, which is what, regard—irrespective of age, I think in our— we spend a lot of time talking about it and how to how to utilize it. But if it's a tool that you can use that, as I said, that can augment your understanding, then that's great. It should not be a tool that is a shortcut, that allows you to bypass a certain scientific experiment. And I think, whether it's a younger generation or an older generation, I think everybody agrees with that.

Joel Rubin 52:57

We are quickly coming up on time, which is incredible. Feels like we just started. But, today, it's AI. Who knows what it is tomorrow. Maybe we could start to wrap this up by thinking of what does this conversation that we're having today look like five years from now? You guys are obviously not just thinking about your workforces today. You're thinking about what they have to be in the future so that the company continues to thrive. What are you thinking about when, Lindsay, when you put your—you know, sort of work—you know—when you think about how to talk to your various teams, what are you thinking about, as far as being ready to have this conversation five years from now? And love a few—you know, everybody else to weigh in too and also, as we finish up, if there's something that we haven't touched on that you think is really important to this discussion, please feel free to just shout it out.

Lindsay Patrick 53:52

Yeah so I lead five very different teams across the bank everywhere, from our economics team, which provides our thought leadership, to our central corporate strategy team, our marketing and then our sustainability teams, which deliver both our—to our foundation, our foundation support, but also sustainability ideas and advice to our clients. So a very broad set of employees. When I think of the commonality around that, really, when I think about the future, is, how does every member of the team take their coaching and mentoring responsibility seriously, so that they are bringing up that next generation of talent? And the earlier question you asked around, what's different between generations and having started my career in an investment bank, the difference is people want to be coached, not managed. And that's where you come back into the team. No, you know, we're not really using the term manager anymore, because people don't want to be manager, but our teams are coming together and they want to be coached. Everybody has the opportunity to be part of a team. We talk about a player-coach model. So I really think about it—how am I setting up my team so that they can be the coaches of tomorrow? What skills do they need to be able to coach others?

Joel Rubin 55:09

Holly, any thoughts?

Holly May 55:10

Yes, as we think about the future for us—and this has already taken place a bit, but will continue for the next five years, I guarantee—is, you know when the e-commerce platforms came into play, and you know people could get their dog food online and have it repeat delivery. I think we started quickly growing our veterinary business and opening vet hospitals in our stores, and what we're still continuing to bring together—and I think very recently, we did this successfully at a leadership off-site, was how do we pull together the grooming salon, the vet hospital and our center store workforce, and pull that together to ensure, you know, opportunities for making a recommendation about a shampoo in the store. So I think, with the competition of e-commerce and digital coming into play, I think we've had to evolve as an organization and continue to evolve to create an experience for our customers when they walk in our brick and mortar stores that feels continuous and consistent.

Joel Rubin 56:24

Dipal, where are we in five years?

Dipal Doshi 56:26

I think, from my perspective, when it comes to Entrada and being the CEO of the company, I think for me, it's—it kind of goes to that next generation of leaders, right? I think that's one. And teaching them the—teaching them and allowing them to lead, right? Expecting them to lead, expecting them to make mistakes, expecting to persevere, but also, you know, not managing them, but, you know, but coaching them. I think that's one. I think the second thing is more of a high level thought that we have. We want to obsolete our own technologies, especially from a especially from a drug discovery, drug development perspective, we should always be looking at what's better, right, especially when we think of functional cures becoming actual cures. That's the goal, right? The goal is to be able to leverage all these tools around us, not only—and that includes AI, but it also includes developing those— that resilience. Just go back to the title of the topic, so that we can continue to innovate and create new drugs that are even better than the ones that we have. And I think that—I take that very personally, and that is actually a success for me—if we can actually do that—or a criteria for success, personally.

Alex DiLeonardo 57:42

I think a lot will change. I think a lot won't. I think every day, whether we're talking about knowledge workers or not, whether we're talking about different generations, a volatile environment or a stable, steady environment—I don't know what that is, but a steady environment—I think when folks get up and go to work, they kind of have always wanted the same thing. One, clarity on what it is they're doing and how it contributes to the greater good. Two, a feeling of being enabled to execute, whether that's resource allocation, development, coaching, and then three, the ability to innovate and contribute ideas to how the organization continue to evolve. That's what we work on every day—today. I think that's what we'll be talking about in five years. I know for our firm, you know, our objective is be the—is to be the capital markets firm of our generation. There are so many opportunities ahead of us as an organization, and so many opportunities ahead of all of our colleagues. We're just getting started.

Joel Rubin 58:39

Ani, any parting thoughts?

Ani Chahal Honan 58:40

Parting thoughts, five years. I don't think we're going to recognize the world in five years. Truly. Transformation, innovation—it's happening faster than our brains can really, really fathom right now. And so what I will say is this: the future hasn't been built yet. We think it has, but it hasn't. It's ours to build. And so I encourage everyone to get involved. That's what's important. I think that these innovations are going to help us figure out who we really are as humans—not in survival, but abundance. That's why I love innovation, but it's required for society and the planet to be part of this. So—.

Joel Rubin 59:25

A great note to end on. Thank you all so much.

Lindsay Patrick 59:27

Thank you. Great conversation. Thank you.

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