

PREPARING FOR FUTURE CONFLICT

How I Think About the Future: Trends and Spikes

Jason Schenker, The Futurist Institute

Interviewed By: Douglas Lindsay

Lindsay: Would you mind talking a little bit about how you got to where you are today?

Schenker: I do a couple of different things. I run a financial market research shop called Prestige Economics that I founded back in 2009. That organization is focused on looking at financial market risks and helping corporations. We are looking at financial markets, but we don't advise people. We advise the Fed, airlines, pipelines, oil & gas, auto manufactures, and supply chain companies about interest rate, currency, macroeconomic, and commodity price risk. Before that, I worked at McKinsey as a risk specialist and before that I was the Chief Energy and Commodity Economist at Wachovia, the third largest bank in the U.S. Prior to that, I had done a lot of education.

About three and a half years ago, in October of 2016, I started The Futurist Institute. In that organization, we take a longer perspective on future events that are going to happen. The reason I started that organization was that my clients were coming to me and saying, "It's great that you are helping us understand the 3-year view, but help us understand a 5, 10, 15 or 20- year view." So, I got smart on what it means to be a futurist and future technology. That included reading many books and taking many courses. I then synthesized that into several books that I have written.

Jason Schenker is the President of Prestige Economics and Chairman of The Futurist Institute. He has been ranked one of the most accurate financial forecasters and futurists in the world. Bloomberg News has ranked Mr. Schenker a top forecaster in 43 categories, including #1 in the world for his accuracy in 25 categories. His work has been featured in *The Wall Street Journal*, *The New York Times*, and the *Frankfurter Allgemeine Zeitung*. He has appeared on CNBC, CNN, ABC, NBC, MSNBC, Fox, Fox Business, BNN, Bloomberg Germany, and the BBC. He advises executives, industry groups, institutional investors, and central banks as the President of Prestige Economics. He also founded The Futurist Institute in October 2016. Mr. Schenker holds a Master's in Applied Economics from UNC Greensboro, a Master's in Negotiation, Conflict Resolution, and Peacebuilding from CSU Dominguez Hills, a Master's in Germanic Languages and Literature from UNC Chapel Hill, and a Bachelor's in History and German from The University of Virginia.

To date, I have written 21 books and three almanacs on related topics. I think some of where I have come to as being a leader is on the thought leader side. I have spent a lot of time in formal education and now have three master's degrees. That education has been very helpful to what I do professionally. I also have several certificates and a bunch of professional designations. I mention this to underscore that in order to be in this space, you have to be willing to make big financial and time investments in your formal education, professional development, and continuing education.

I don't run a huge team in my organization, and the leadership I have is really in the thought leadership space. The leadership piece for me is to absorb content, learn a lot of things, digest it, synthesize it, and then help others understand the implications in the short

what a lot of effective leaders have mentioned with respect to the grind. Doing the work and doing what is necessary to learn about the work.

Schenker: I think that is true and there are a lot of ways that people learn. There is formal education, online courses, certification programs, and other channels. Some are better for some career paths – and better for some people – than others. It really depends on the preferred learning modes and professional goals of each individual. For example, if you are expected to be innovative or know new and different things to help find new solutions, then you have to be out there learning and hearing from a lot of different people because you generally don't learn new and innovative things just sitting around with your own thoughts. That's not where you get new and innovative ideas from.

Oftentimes, it requires examining ideas that others have had and then iterating on them.

Lindsay: You mentioned being a futurist. Could you share a little bit more about what that is?

Mark Twain said that, "History doesn't repeat itself, but it often rhymes." So, there are often patterns that occur again, and again, and again.

term and the long term. So, to answer your question, the way I got here was a lot of schooling and working a lot of hours. I don't think I have ever had a job that was less than 60-70 hours a week. Trust me, that part isn't fun. And it's not a point of pride or anything – it's just a numbers thing. If you put in more hours on the job, that means you are learning and absorbing more. That is how I got here.

Lindsay: That's a similar approach to what Warren Buffet talks about. He reads hundreds of pages a day so that he can close the learning cycle and learn as much as he can about related topics to bring that information and learning to bear. What you also talked about is

Schenker: People describe being a futurist in different ways. For me, I look at it from a scientific approach. In essence, you are looking at the data of the present through the lens of the past in order to make a projection – or series of projections – about the future. Mark Twain said that, "History doesn't repeat itself, but it often rhymes." So, there are often patterns that occur again, and again, and again.

That is what I am looking for.

As an example, every kind of media that has come along has been disruptive. That is important to

understand. In addition, if we think about national security, some of the same things are always at play like visibility, agility, communication, and lethality. The areas of development are the same, but the means of technology are different. So, when we look at how something will play out, those patterns and themes that show up again and again are what we're looking for.

Some folks would define a futurist as someone who inherently thinks the future is better. I'm not one of those folks. I think that depends on the choices we make. So, people will define a futurist in different ways. For me, it means doing long-term forecasting with somewhat limited data points. That means you have to find trends. Economists often talk about the trend line versus the headline. The trend line is something like, what has unemployment done in the past two or five years? The corresponding headline is, what is today's unemployment rate? We are interested in that trend line.

When you are looking at the future you aren't just looking at the past two years or five years, you are looking at what has ever happen in human history potentially related to certain kinds of development in technology or society. For example, with COVID-19 right now, we don't know exactly how it is going to turn out. However, there is the Spanish Flu case. Then there is the SARS and MERS. People are trying to figure out where this will go. While there are some trends, you are still operating in a world of limited data and you are working with certain probabilities of how things will turn out.

If we take a futurist perspective and look longer term, Futurist questions related to this would be: What does COVID-19 mean for medicine? What are we likely to

see after this experience? How will we apply technology to this problem to address it in the future?

Lindsay: As a scientist myself, I appreciate the scientific approach by using data to help inform what the future may look like. You also alluded a bit to understanding what the horizon is that you are interested in.

Schenker: That is important. If you look at the U.S. Bureau of Labor Statistics – and this is where I get to mix my economics hat with my futurist hat – the long-term forecast going into the COVID-19 pandemic already on the books was that the hottest jobs going into the next decade would be in the health care field. Already, going into this crisis, there is a shortage of nurses, doctors, home health aides, and care assistants. Now, this situation really exposes that there aren't enough workers. People sometimes ask, "What about automation, will robots take jobs?" The truth is that you really need people to do a lot of the health care jobs. Robots can do some things but they can't actually provide physical care. It will be a long time before we are near something like that. I think if the Bureau of Labor Statistics did another forecast today, I think they would probably be forecasting even greater job creation in the health care arena for the decade ahead.

Lindsay: You have been talking about trends and potential trends of the future. As you think about some of those bigger trends moving forward, what are some of them that we need to start thinking about and that leaders need to start grappling with?

Schenker: I think COVID-19 has shown that for education and work, there are greater potentials for remote learning and remote working than ever before. If you looked at what was going on when COVID-19 broke out, the companies I work with and look at the

financial markets, it feels eerily similar to the time after September 11, 2001 where people were afraid to go out and they didn't know what was going to happen. They felt like the other shoe was going to drop any second. The difference is back in 2001, the President came out and said that it was essentially Americans' patriotic duty to go out shopping and live life. In the wake of the COVID-19 outbreak, we were essentially hearing that it is your patriotic duty to social distance and stay home. These are very different things. But 70% plus of the U.S. economy is people buying stuff.

And that makes supporting the economy much harder to do if you stay home. Of course, it was virtually impossible to shop at home in 2001. But today, ecommerce is a much bigger part of the economy.

Back in 2001, telecommuting really wasn't a possibility for most people either. But today it is much more common. This appears to be the point in time where the trends of ecommerce and telecommuting might be at this threshold moment, where we see these things take a huge leap forward.

20 to 30 years from now, I expect to sit down and talk to kids and they will ask what it was like when I was younger. What was working like? I'll likely say something like, you got in a car and drove an hour to a building and then you went in and you worked. Then, you got back in your car and drove an hour home. They might ask, "What was in the building?" I'll say, "A desk, a computer, a bathroom." Well, they'll ask, "What was in your house?" I'll repeat, "A desk, a computer, a bathroom." And those kids are going to laugh and say, "I don't believe you. That sounds dumb." And it kind of does.

I look at these trends and try to find the human nature in it. The human nature is that people like

things that are convenient, which is why ecommerce isn't going away. People don't like sitting in traffic, and that will never change.

Now, there are going to be different impacts on the economy and different impacts if we think about real GDP per capita. If we look out 30 years or so, we will find that the real per capita GDP (Gross Domestic Product or the annual income of the entire country) in the U.S., and you divide it by the number of people, there is a dollar amount tied to that. Essentially, the dollar of growth per person.

In about 30 years in China, that dollar per person GDP number, will be roughly equal to what it is in the United States today, and there are a lot more people there. If we think about what trends matter, you will have a lot more people with a lot more money, so what does that mean for demand for fiscal goods? What does it mean for commodities? We still live in a Rousseauian world. What I mean is that there is a limited amount of stuff and all the people want all the stuff. But, not all the people can have all of the stuff because there is a limited amount of stuff.

These kinds of challenges don't go away.

I am always looking for the underlying theme that doesn't change.

The thing to remember is that even though people tend to gloss over what the future might be, the fundamental reality is that there will still be more people than stuff. We have covered a few themes here.

People like convenience.

There is still going to be a limited amount of stuff.

Everybody is going get richer.

The population is going to up a lot. Right now, we are at about 7.2 billion people and there will be about another 2 billion people on the planet in 30 years.

People also want to live in a safe environment.

Those are the building blocks.

Does technology get stronger? Absolutely. Does it remove everyone's desire for more stuff? No. Does it remove the potential for a higher population? Probably not.

Birthrates are falling everywhere but there is net population growth in many countries. You are also seeing that people are living longer.

These are the types of themes that I am looking for. As another example, from a national security perspective, we can think about what comes next.

If we look at technology, what can we say? Generally, most technology gets cheaper over time. So, now what you are finding is that now there are going to be potential risks like weaponized drones and the ability to create havoc with very inexpensive means.

They already kind of exist now, we will likely see a greater influence of technology in that risk. I think we are also going to see further supply chain conflicts. Going back to those main economic thoughts like more people and limited stuff, we could also see resource concerns and resource wars.

Lindsay: As we think about those trends and what we may see in the future, it will certainly affect leaders

and their ability to lead. Along those lines, you wrote a book called *Spikes: Growth Hacking Leadership* where you talk about identifying and building extreme competence. Could you talk a little bit about what a junior leader needs to be thinking about?

Schenker: I think a lot of it is figuring out what you are good at and doing a lot more of it. In consulting, they often talk about spikes. And a spike is an area where you are really good at something. There are a few fundamental building blocks of spikes. One of them is meta-cognition which is the ability to think about how you learn. It is the process of learning how to learn – and not focusing just on the content. This is original notion behind having a major in college. It isn't so much what you major in (as that is a personal choice), it matters that by going through the lens of that subject, you learn how to learn.

Most of the things you learn in college often aren't going to translate directly into what you are going to

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do in your job. However, it's about being able to know how you learn and get up to speed rapidly. Trying to continually learn new things is really important.

The second thing is to share what you know with others.

There are different ways that people learn and one of the best ways that people learn is by teaching others.

So, if you are forced to teach someone something, you really get that down. If I am a junior leader, I would say to find out what you are good at.

Don't try to force the proverbial square peg in the round hole. Realize what you are good at, share that, build on that and then find other things that you would like to learn about. Having a passion for things is important. Then, try to get deep into that. Continually try to build on what you know because each time you learn something new and each time you try something new, you get a little bit better at it. There is a process to everything.

The first time you do something, it is often a challenge. But it gets less challenging as you do it more often. Put in the time and the effort to get good at something you have a natural proclivity for. If you think you are good at something, keep pushing on it. People often wonder where they are going to be a leader or a thought leader? I ask, "What are you good at? What do you like to do? What do you want to do more of? What do you want to do crazy amounts of stuff on?"

If I were to tell people what building spikes means, it is those things. It is also learning from the mistakes of others. You don't have to learn everything from scratch. Other people have been through a lot of what you have been through. Try to leverage other people's experience. Try to find mentors. Then, try to solidify what you know by sharing what you've learned and synthesizing what you have seen. That will not only make you a better contributor to the people around you, but will also solidify your own position more.

You can grow even by helping those around you and by pulling people along. It doesn't just make you a leader, it also makes you better at whatever thing you are

helping your team do because now you have to translate it into more understandable terms for people who may have different capabilities or styles of learning. So, whether you are teaching a class or training colleagues, or working new theories or equipment, showing someone else and explaining it to different people just makes it even more crystalized in your own mind.

Lindsay: With that in mind, how does what you just talked about have implications for how our educational systems are set up today?

Schenker: I think I take two perspectives on that. In my parents' generation, if you graduated High School, that was pretty much enough. In my generation (I'm 43), if you graduated college, that was kind of enough... maybe. Now, you are probably going to need a graduate degree or other advanced learning.

Of course, there are some that would say, "You really don't need that, and you can just do other informal training." For some, depending on what you need, that will be enough. But, data from the U.S. Bureau of Labor Statistics does show 2 things related to education. First, the more formal education you have, it is positively correlated with your income, your annual earnings. Second, the amount of formal education you have is inversely correlated with unemployment. In other words, the more education you have, the lower the unemployment rate for your category of worker is likely to be.

People are also always wondering what they can invest in – like which stock or other investment vehicle. The number one thing you can invest in is yourself. That could be your education or possibly even starting a business. And the number two thing to invest in is your children's education. Those are your big ROIs

(return on investments). The sooner you start, the better. If you want to talk about things to invest in that have financial returns, those are the two big ones.

The future of education will involve a lot more online education. That is not necessarily a bad thing. I earned two in-residence Master's Degrees and one online. I learned a couple important things. First, when you do a class in person, you sometimes have a little more wiggle room regarding deadlines or work and you have personal relationships, etc.

But when you do a degree online, you either do the work or you don't do the work. The accountability of that was something that I liked. It forced me to be more of a hunter than a gatherer.

The agricultural model of learning is where you just sit there and watch the information grow. There is also the hunter/gatherer model where you have to go out and learn what you need to learn.

I think the formal piece of it is really in making sure that there is follow through and that there is a certain intensity to the learning. The future probably requires a deeper intensity of learning and more frequent leaning. You learn how to learn, you get good at it, and you get spikes in a few areas.

Your undergraduate degree might be a spike.

Skills you learn on your first or second job can become spikes.

Then, you take those spikes and combine them with other spikes.

But you may also need to be getting other skills along the way because the technology is changing so rapidly

that you are going to need to learn more and more. So, if we took a long term perspective on education, or a futurist view of looking at long term trends, what I would tell you that in order to be successful, in the past the dividing line between success and failure has always been education. That is a trend.

I really think that the more you learn, the more frames of reference you have. That perpetual learning is the way ahead. It has always been a bit optional, but at different levels as I mentioned before. Looking ahead, it could still be seen as optional, but if you want professional success, you need to always be learning new things and not just in one functional area.

Continually learning new things, moving around, doing different jobs, gaining new skills is something that the Department of Defense (DoD) does a lot of. We also see it in a lot of the larger organizations and I think we are going to see that be more common in corporate America. That will be a dividing line. How quickly can you learn things and how willing are you to learn new things will impact future outcomes. And as technology changes, you are going to have to learn new things. Does that make sense?

Lindsay: It does. I think in many respects, employees rely upon their organization to provide them with the skills, training, and development that they need to be successful in that domain. It's a bit of a passive approach. If I need to learn something, my organization will train me or send me to a class. What you are suggesting is not the approach of relying on the organization, but putting the onus back on the individual to determine what I want to learn and what do I need to learn. Being proactive in the process.

Schenker: That's right. Let me give you an example. Sometimes you have to invest in yourself. Let's say for

example, the DoD won't pay for your education or your company won't pay for education, but you really want it – or need it – to get to the next level. If that's the case, then you need to invest in that additional education yourself.

You shouldn't take the stance that my company won't pay for that, so I won't either.

Because in the end you'll end up losing out.

That just isn't very helpful. Because if there is still a value in it for you, but you skip it, then the only person losing out in that scenario is you.

The key is that the investment happens. When I worked in consulting – and this is going back a decade now – the average annual education investment per consultant, was rumored to be about \$25,000. That's how much the company invested every year in everyone's education. These are full-time workers and that is what some consulting firms were paying per worker for education, training, and development every year.

When I started my own company, I knew I had to allocate money for that. It is an important part of how you grow and get better at what you do. That is part of the process. Having structure to it is about accountability. Can you do all of your courses online without an instructor...sure. Are you going to have more thorough learning when you have structure and work tied into that? Sure you will, because you are processing it and interacting with it.

I'd also say that experiences bring value to you professionally and are things you may also need to invest in.

As another example, when I worked in investment banking, I pretty quickly became the Chief Energy and Commodity Economist at the bank. There were some forecasts that I made and they came to fruition. So, that resulted in me having a new role. One of the things that came up that was really important were OPEC meetings.

The first time I went, my company paid. They thought it was worthwhile for me to go and see what happens, see who makes decisions, and who attends these meetings. After the first time I went, my company didn't really see a value in me going back.

I said okay, but I thought it was really good for my own career because there was a lot of value in it. I could interact with real decision makers and other leaders. I met other people who I professionally connected with. So, I continued to go to these meetings – and I paid for it out of pocket. I've now gone to OPEC meetings for about 15 years, and it's really helped my career. I still go to the meetings to this day because they provide me with some unique insights into what happens in the energy market.

As a different perspective, I had a guy that I worked with who was also an oil guy. I remember that he laughed at me about it because I used my own time and money to go to those meetings. The irony was he was doing an MBA at a mid-level school. By the time he was done, he was going to be close to a quarter of a million dollars expense for that degree.

My investment in my own learning (albeit different) was way less than his and he thought I was being stupid. But the reality was that I was meeting, interacting with, and building relationships with more people in our field that were of very high value than he was going to get sitting in a classroom with other students.

Still, despite the big investment in his formal education, he wasn't willing to spend a little bit of his own money to go to OPEC and hang with the big dogs. It's not that I am suggesting the MBA was bad, it's that investment can come in different ways and have different value propositions.

The bottom line is that if you believe something is worth it for you, do it.

It doesn't matter what anyone else says. If you believe there is an ROI of taking a class, going to a conference, or being at an event where you will meet the right people to help you get to where you want to go in your career, it is worth it.

Most people think of investing as buying stock in a company where they don't know anyone at the company. They likely haven't read any of the financial reports. They see some letters and a stock price somewhere and they decide that is good to invest in. They never think about, "Hey, maybe I can invest some in myself." They think about investing in the "I'm going to put money in the Stock Market" kind of way, instead of thinking that I am the most valuable asset kind of way.

I attend many different conferences where I don't get paid to be there. I consider those as investment days. Every year, I try to do 10 or 12 investment days where I am meeting with people, learning something, or at a conference where I am not speaking but simply absorbing and learning. There is a cost to me being there, but there is also a value to it and it is making me better at what I do.

Lindsay: By thinking that way, it puts the accountability back on me as the leader. That fits nicely

into the next question that I had. What would be your advice to new leaders?

Schenker: I think there are several things. The first ties back to what I was talking about regarding investing. When people think of investing, it is about things like their retirement account or their stock account. Stock prices can drop, sometimes significantly. The value of the courses you take, the conferences you attend, or the connections you make don't drop. That doesn't happen. If we think about long term investing, you should include yourself in that.

Another thing is if you have weaknesses, really try to tackle those head on.

I was somewhat less lucky in that I didn't really know what I wanted to do after college. It was 1999 and I was not an economist as my undergraduate degrees

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were in History and German. Since I didn't know what I wanted to do and I had full funding to go to a graduate degree, I decided to do that. The program was in Germanic Languages and Literature. Since I wasn't an economist, I thought that in 2001 the job market would surely be better than in 1999. So, I reasoned: the worst case scenario would be that I get my Master's Degree and go out into the world and get a great job. My thinking was that the job market was so good in 1999 that it would have to be even better in 2001.

Big surprise, it was not better in 2001 and it ended up being a tougher job market. Everyone I met said, "Oh, you must want to be a professional student." I said, "No, I just didn't know what I wanted to do so I

thought I would learn some more stuff.” In a structured way, I attacked that weakness and developed expertise there. And I created a spike.

As another example, a couple of things that I wasn’t good at in my professional career were sales and negotiating. I tried sales courses, but I realized that I was probably not ever going to be a great sales guy. But I definitely got better at it through investing in it.

For the negotiation piece, I did a week-long course at Harvard Law School. When that wasn’t enough for me, I did a Master’s Degree in Negotiation and that is what it took. I wanted to attack it as deeply as I could because it was a serious issue and potential risk to my business and career. Now, I’m a much better negotiator.

Everyone has a weakness and you have to be able to acknowledge where you might not be good at something. You can’t just ignore it. Try to find the most advanced way to attack that weakness and manage it.

As another example, I wasn’t great at quantitative stuff, so I did a Master’s Degree in Applied Economics, which is some of the hardest core quantitative stuff out there.

Finally, don’t do it alone.

You need to be looking for senior people with lots of experience in an area that you might be struggling with – or you think is going to be important for your career. You don’t shy away from it or ignore it. It is not going to go away. You really need to tap into something or someone that can help you work through that.

You only get one life. So, you can either try to learn everything from your own mistakes or you can leverage

the mistakes of others. It is a lot better to leverage their mistakes than to have to make them on your own. Find a really good teacher or cohort of teachers that have really attacked a problem, they can help you get there too.

Lindsay: Thanks for that advice. As you look toward the future, what are you excited about? What is on the horizon for you?

Schenker: That’s a great question. It reminds me of Milo of Croton. The story goes that this guy lifted a baby calf every day until it became a cow. Then, one day he walked in front of the town square with a cow on his shoulders. Everyone was amazed, but the reality is that he built up to the cow every day.

It all started with a baby calf, but every day he lifted it.

Along those lines, there are a couple of things that I am focused on. First, every day and every year, I try to do a little more a little better. I know people like to set very specific goals. They want to do X amount of things by X day. For me, instead of being overly specific on every action item, I just try to do a little more and do it a little better every day, every month, and every year.

If you do that, over time, you don’t even realize how much more stuff you are doing.

For me, that is a right kind of goal...a persistent strategy like I want to learn more and learn better. That is part of perpetual learning. It is a mindset. Ten years ago, I didn’t know I would be doing what I am doing now, how much I’m doing, or what kind of things I would be doing.

Even five years ago before I founded the Futurist Institute, I didn't know how deeply I'd be involved in extrapolating long-term trends. I didn't know I'd be doing work with the DoD or other exciting things. I'm very excited to see what will happen 10 years from now, and how big my career cow will get. For me, that is the exciting part.

The surprise of life.

Some of it is putting the time in and grinding forward trying to get there. The reality is that often, you don't just get there, you get somewhere beyond where you thought you could even go just by having that persistent mindset of a little further...a little more...a little better.

Finally, be hungry.

If you aren't hungry, then you don't eat. You need to have a hunger and want to do things. The motivation has to come from the inside. That hunger is so important about whatever it is that you are doing. Take on those challenges.

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