

Ramona Schindelheim, WorkingNation editor-in-chief:

You're listening to Work in progress. I'm Ramona Schindelheim, editor in chief of Working Nation. Work in Progress explores the rapidly changing workplace through conversations with innovators, educators, and decision makers, people with solutions to today's workforce challenges.

Ramona Schindelheim, WorkingNation editor-in-chief:

Joining me today on the podcast, it's my pleasure to welcome Rachel Carlson, the CEO and co-founder of Guild Education. Rachel, good to see you and talk to you again.

Rachel Carlson, Guild Education CEO & co-founder:

Thanks for having me, Ramona. Always one of my favorite people to talk ed and workforce and future of work with.

Ramona Schindelheim, WorkingNation editor-in-chief:

The feeling is mutual, believe me. I want to let everybody know what Guild does. I mean, I can say it in a couple of words, you help up-skill, re-skill workforce for better paying jobs and you work with companies. Kind of roll out that a little bit more, unpack it and tell us what Guild is up to.

Rachel Carlson, Guild Education CEO & co-founder:

Yeah, so you hit our mission dead on. We're focused on unlocking economic opportunity for America's workforce, especially the frontline. What we know to be true is that there are 88 to 100 million Americans, depending on how you track the data, who need up-skilling and re-skilling. In order to have a really solid chance at staying relevant in the economy of the future, at having a family sustaining wage, at having a chance at the middle class American dream. And really, fundamentally, ensuring that those people and their families have a chance to survive or ideally thrive in this economy of tomorrow that has already shown up here at our doorsteps.

Rachel Carlson, Guild Education CEO & co-founder:

So the way we do that work is we've built a two-sided marketplace and partner with some of the nation's most innovative and leading institutions. Those are classic higher ed organizations, those are innovative providers of English as a second language and high school completion. And it's everything in between, with certificates and cybersecurity, and the people management and jobs of the future.

Rachel Carlson, Guild Education CEO & co-founder:

And then on the other side, we've worked with the nation's largest employers. And aim to find the most innovative leadership teams within those employers to say, "How can we help your workforce of today?" That's often working in your frontline, whether this is healthcare, retail, restaurant, food service, FinTech, call center, you name it. How do we help those workers to up-skill and re-skill in a way that's debt free? And we found a way to help employers see that when their employees are learning, when they're in an education up-scaling program. Not only are they recruiting and retaining at higher rates very significantly, but they're also being promoted and diversifying the company's workforce and helping the company build their talent brand.

Rachel Carlson, Guild Education CEO & co-founder:

So we're a business that thinks first and foremost about our purpose and the goal of up-skilling that workforce. And then we've aimed to work really, really hard to align incentives between employers, universities, and the end student learner to make it all work.

Ramona Schindelheim, WorkingNation editor-in-chief:

It's interesting that there was this fear in the past that if you up-skilled the workforce, you were going to lose them. But you're seeing exactly the opposite. You're seeing people getting promoted. You're seeing them staying on with the company. What's behind that change of thought with the companies, that they decided that they wanted to do this with you?

Rachel Carlson, Guild Education CEO & co-founder:

One of the most dangerous habits that people can exercise is assuming that everyone works like them. And that idea of like, "Oh gosh, what happens if you up-skill them and they leave?" That emanated out of expensive MBA programs where Goldman Sachs or you name it, would spend \$200,000 up-skilling one of their bankers. They would get the fancy MBA and then they'd go join a competitor. That just isn't the talent dynamic nor the talent ecosystem of the frontline workforce.

Rachel Carlson, Guild Education CEO & co-founder:

When you're a worker today, thanks to a lot of the wage gains we've seen over the last nine months, the frontline wage has become sort of a commodity. You can make \$15 an hour at lots of businesses. So, that's pay and we at Guild talk about the three P's, pay, pathway and purpose. You're going to decide your purpose based on the topics that interest you, the companies that live their values, industries that you're excited by, et cetera. But that middle part pathways, that is one of the key parts of a value proposition for an employee that innovative companies are nailing and that others are being left behind, as a result.

Rachel Carlson, Guild Education CEO & co-founder:

And when we think about pathways, it means, "Hey, okay, I know what my starting wage is going to be. But I want to know what upward mobility looks like." And I don't know if that upward mobility will happen here. If there are paths, I want to know what they are. And if there aren't paths to move up here, I want the company to be honest with me. I want them to be brave and tell me, "Hey, we'd love you to work here for three to five years. And then we'll help you develop skills along the way to go get a better job somewhere else." It's a bit more of the conversation that the military has always had with our active service. And really being more transparent about how to build a career path that points towards the middle class in America. Whether that means you start with a company or you stay with a company.

Ramona Schindelheim, WorkingNation editor-in-chief:

It's a benefit, which is really great. I know some of the companies that you work with, Walmart, Target, Chipotle, and now Macy's is one of them. So this is a free benefit. So in addition to the wage, they're paying nothing for this additional education. Which I think is very appealing to a lot of people, given the cost of education.

Rachel Carlson, Guild Education CEO & co-founder:

Exactly. When you're a student and you see that, gosh, I know people are putting themselves 20, 40, 60, \$80,000 in debt. That's a really important part of the conversation. But then when you're the employer,

the part that we really have to help ground employers in is like, this doesn't have to cost \$80,000. Some of the best institutions in the country think University of Central Florida, University of Arizona, Oregon State, as well as schools that you've probably heard of like Southern New Hampshire University. And then many you've never heard of, but have great outcomes. These schools are often working to help bring down the cost of higher education to six, seven, \$8,000 a year.

Rachel Carlson, Guild Education CEO & co-founder:

So from the ROI perspective, it simply has to be more affordable for me to retain and educate Joe at my company, than it is to lose Joe and have to rehire and retrain his replacement. And in the frontline force today, the lowest turnover cost in restaurant and retail is about \$7,000. It goes upward from there into call centers and hits up to \$24,000 of hard turnover costs for frontline healthcare jobs. So our job is to just keep the education costs such that every company can say, "Hey, I'd rather pay for this person's education for them to be with me here today, as an amortized cost today." Rather than worrying about whether they'll stay with me for a decade and really reap the education, the way that the outdated thinking applied to the corporate white collar MBA.

Ramona Schindelheim, WorkingNation editor-in-chief:

Speaking of healthcare, you just signed on a new company in Cincinnati.

Rachel Carlson, Guild Education CEO & co-founder:

Yes.

Ramona Schindelheim, WorkingNation editor-in-chief:

What is that company, again?

Rachel Carlson, Guild Education CEO & co-founder:

So Bon Secours Mercy Health, which is a Southern system that spans up and down the Southeast, really phenomenal mission driven organization. Like has been led by nuns, like they actually have nuns on their leadership team, which is pretty powerful. And they are under crisis. The nurses of America, but not only the nurses, the ecosystem that sits in and around nursing, the clinical assistants, the medical assistants, the CNAs, the LPNs, and then even the nonclinical staff who sit at the front desk. I mean, gosh, they have carried America on their back during this pandemic.

Rachel Carlson, Guild Education CEO & co-founder:

And as a result, burnout, tension, recruitment is suffocating for hospitals right now. And they're looking for how to recruit both young people and mid-career folks back into working at hospitals. And what we know is that offering education is one of the best ways to get folks to really reconsider a career in healthcare. Which is obviously so important, it's so mission driven to Bon Secours' work, but it's also a national imperative.

Ramona Schindelheim, WorkingNation editor-in-chief:

Is the courses that you're offering, are they the same across all the industries? Or for example, like Bon Secours, are you offering healthcare training?

Rachel Carlson, Guild Education CEO & co-founder:

It is very customized. Guild has curated 2,200 programs from a group of the top hundred higher education institutions in America. Believe it or not, there are 7,500 institutions across the US that are accredited, thousands more that are unaccredited. And the unfortunate reality is the vast majority of them have a negative ROI. Americans have wasted their time by ever sitting in those classrooms, unless it was just for fun. In which case, fun is to each their own on an ROI calculation.

Rachel Carlson, Guild Education CEO & co-founder:

The problem is, you really need to curate. And so at Guild, we believe in a triple curated model. We, Guild, curate every institution and every program based on looking at their outcomes for working adult learners, their low cost and lower no debt models. And really thinking about, do they provide economic mobility for their graduates? And do they have a track record of serving the working adult learner well? Then the employer gets to curate that based on their industry and where they want to help people go. But it's not always solely industry focused.

Rachel Carlson, Guild Education CEO & co-founder:

So, Disney for example, offers the vast majority of the programs in our catalog. Macy's, same approach, Target, the same. And they're doing that because they have that start with me, stay with me methodology. They want a certain percentage of those folks to move up within their business. But they also are very supportive of people who want to go and become teachers or nurses in their local communities. And that serves the Target or the Macy's community well, as well.

Rachel Carlson, Guild Education CEO & co-founder:

And then lastly, the student gets to make the third curation choice in concert with our coaches and our technology. And so when somebody comes to us, we're talking to them about, what are your goals? What are your interests? What competencies have you already developed in your life and in your career and your education? What are your doubts? What are your concerns? And then really, if you're at point A and you see point B and point C and point D, how can we help you build the bridge? Which is often education, it's often up-skilling, to go from that first point A to that point B. And then when you're ready, from B to C and onward.

Ramona Schindelheim, WorkingNation editor-in-chief:

I spoke to a young man in his thirties, named Robert Guise at Waste Management in Illinois. And he was telling me that the value to him is helping him learn the skills he needs to move up in the company. He says he applied for quite a few jobs and they were very straightforward, saying what he was lacking to get those jobs. So they help point him to some classes, some certifications through Guild.

Robert Guise, Waste Management pricing analyst:

It's not that I wasn't able to do my current job without it. It was something that I needed to learn so that I could get to that next level of my career. And I think it's fantastic that not only has my company been pretty open in terms of, when I previously applied for positions and didn't them. As to some of the reasons, some of the things I was lacking comparing to other candidates. And I felt that that was given to me in a really honest way. But it had been a really big challenge to find a way to get those things myself and for it to be offered not only by the company, but at absolutely no cost to me, it's no brainer.

Ramona Schindelheim, WorkingNation editor-in-chief:

And one of the values that I thought as I was listening to him was that individualized approach. That very much what he could use because he knew where he wanted to go, but he didn't know how to get there.

Rachel Carlson, Guild Education CEO & co-founder:

I think that's exactly it. I was a community college advisor and then I ran a coaching program before graduate school. I think what we sometimes forget, especially in the privileged positions in our economy right now, is how much shame and confusion we inject into people's understanding of how to move up in this country. We've painted a narrative of economic mobility, we've painted the American dream. But then we spend the first 13 years of people's lives, giving them grades and telling them where they're inadequate, but not always telling them how to improve.

Rachel Carlson, Guild Education CEO & co-founder:

We then ship them off to a college system that for most working adults or most low income students means they have an 80 to 95 percent chance of failing. Whether they go to a for-profit institution or a local community college, those are the odds. And so by the time you end up in the workforce, you're pretty demoralized. You've been called a failure a lot. You've been told all the things you aren't good at and all the reasons you aren't a good learner.

Rachel Carlson, Guild Education CEO & co-founder:

And so I think a big part of the job we have at Guild and a huge part of the work that our 400 plus coaches do every day is helping eliminate some of that shame, helping people understand like, "This isn't about you. You're not a dropout, you probably went to a dropout factory. You're not incapable of learning, you learn on the job every day." And then really doing the work of helping people understand the art of the possible. Because we know that you can't see the jobs and the capabilities and the competencies that you could have if they're not in front of you. And so how do we bring that information to you? How do we use data and storytelling and coaching so that any worker can understand how to move up?

Ramona Schindelheim, WorkingNation editor-in-chief:

Robert, one of the things he said to me was that he had a dispatcher router position at the company. But he learned a lot of data analytics on that, but he didn't have like the formal training that he needed to do some of the data query languages that I don't even begin to understand, SQL is one of them, structured query language.

Robert Guise, Waste Management pricing analyst:

One of the things interested me the most in the options that they offered was their professional certificate program. I have a two year old at home and my job requires a decent amount of overtime. I looked into the possibilities of exploring a master's degree or potentially going and getting second bachelor's degree, maybe in something now 15 years after I graduated college, that would be more applicable to what I'm interested in now. And all of those were time commitments, at least for me right now, were a little bit too great for what I could commit to. But the professional certificates, they are all mostly 15 to 18 weeks. They would immediately teach me the skill that I was learning or hoping to learn. And it seemed like something that would fit my schedule a lot more.

Ramona Schindelheim, WorkingNation editor-in-chief:

This course gave him that. And then he was able to move up in the company and he just recently got this new position as pricing analyst. It was so really great to hear his success story and how much it meant to him. And he was able to do it without incurring this massive amount of debt.

Rachel Carlson, Guild Education CEO & co-founder:

Yeah, that debt piece is so important. Because the average American has \$400 in their checking and savings account. And what we know from the early work we did with companies like Chipotle, is that even the companies who are trying to do the right thing and Chipotle was rolling out before us a very traditional tuition reimbursement program. What we know is that tuition reimbursement serves white collar, white males pretty adequately. But in almost all other populations, people who succeed, succeed despite the tuition reimbursement benefit, not because of it.

Rachel Carlson, Guild Education CEO & co-founder:

And the reason that is, is that tuition reimbursement is exactly as it sounds. Even if your company's willing to pay and you get to avoid the crushing long-term student debt that Americans have accumulated to the tune of a trillion ... and what is it, \$1,000,000,000,003 now? Even if you can avoid that long-term debt, your company's still asking you to take out short-term debt with tuition reimbursement. You are being asked to pay upfront, to wait all year until your company reimburses you for the cost. So what you see is that 95% of workers just don't use it. And it bothers me to my core when I hear old, mostly white, mostly men say, "We give this wildly generous benefit to our employees, and then they don't use it. Gosh, whoa, maybe they just don't have the grit and persistence." No, they don't have the money. They don't have the financial capital and they don't have the credit that we all benefit from in order to take advantage of it.

Rachel Carlson, Guild Education CEO & co-founder:

And so what we've done at Guild is work tremendously hard to build a payment system, akin to how the 401k model works. So that no worker has to pay up front for their education. And so Robert was able to go back to school without forking over a couple thousand dollars and waiting for someone to pay him back or ultimately having to pay that debt off himself. And I think that's such an important piece in what we do.

Ramona Schindelheim, WorkingNation editor-in-chief:

I think one of the other important parts about this is not all students are young and they are not all single. There are adults in these businesses, they have children, they have family obligations. And Robert was one of these people, to be able to work and work full time, still provide for his family, but also work on a schedule that worked for him. I think that's also an important part of the equation.

Rachel Carlson, Guild Education CEO & co-founder:

Absolutely. So at Guild, 51% of our students are parents, 54% identify as students of color and 57% identify as female. Our archetype student is a 30 something woman of color with children whose priorities go like this. Her family, always number one. Her job, how she pays the bills, almost always number two. And it's a good day if school can fit in as number three priority. And so at Guild, our job is to accept that and acknowledge that and make school work around her life.

Rachel Carlson, Guild Education CEO & co-founder:

Whereas the classic higher ed system was designed under the auspices that school's your number one priority. You're going to live there, you're going to eat there, your friends are going to be there, your entire life is going to be school. And oh, you'll probably go to class about 15 hours a week at times that work for your faculty members. And you're going to pay whatever it costs for your school to house you and send you to the football game. I mean, it's just a broken model at this point, but for that core coming of age experience. And there's a small group of 18 year olds who want that every year and that's okay. But the traditional learner is no longer that 18 year old. The new normal is the woman we serve or the Roberts of the world.

Ramona Schindelheim, WorkingNation editor-in-chief:

So one of the other benefits when companies are bringing in Guild and offering this benefit is it does ... and I think you mentioned it earlier, it increased diversity. And I noticed that you just signed up with One10.

Rachel Carlson, Guild Education CEO & co-founder:

Yeah.

Ramona Schindelheim, WorkingNation editor-in-chief:

To start helping them increase diversity in businesses. Can you tell me how you guys are doing that?

Rachel Carlson, Guild Education CEO & co-founder:

Yes. We've been at this work for a couple of years, but companies are obviously more invested and more engaged than ever before when thinking about the diversity of their workforces. Especially given really important conversations about systemic racism and some of the issues baked into the fabric of corporate America and how to unwind that from really awakening in 2020.

Rachel Carlson, Guild Education CEO & co-founder:

What we've found ... and Walmart actually just published this data, so it's exciting for me to get to share that we've seen it happening for the last couple years. Is that, for example, at Walmart their black talent who enroll in our learning programs are being promoted at an 88% higher rate than black talent who don't enroll in a learning program. Latinx, same thing, 71% higher likelihood of being promoted for the learners than the Latinx talent that isn't learning.

Rachel Carlson, Guild Education CEO & co-founder:

That's a mix of a couple different things. That's people developing skills and using those skills to get promoted. It's also helping overcome unconscious bias. When black or Latinx talent can use the calling card of, "Look, I'm investing in myself, I'm educating myself. I am here to grow." And say that to their bosses and to the system. It helps overcome some of those unconscious and conscious biases that we're all working against. So companies get themselves caught in a rat race sometimes of everybody recruiting the same senior leaders of color. And what we believe is we've got to build those leaders from within. And we believe that will be the real mobility work that helps change America. Is when we're opening the gates to everyone at the frontline. Because the frontline is really diverse and the solution to having leadership that is diverse starts with the frontline.

Ramona Schindelheim, WorkingNation editor-in-chief:

I can hear it in your voice, how passionate you are about this subject. What's behind your passion? What in your own experience made you want to go into this business?

Rachel Carlson, Guild Education CEO & co-founder:

Two things. My family's an AB test on higher education. My dad and his seven siblings went to college debt free and then my grandfather had a lot of fortune, better be lucky than good, he'll tell you. And he was able to save for 22 of us to go to college debt free. But on my mom's side of the family, she was one of only two who went immediately to college. And then most of her siblings didn't. But that was okay in the fifties, sixties, seventies, eighties. Plenty of middle class careers to be built.

Rachel Carlson, Guild Education CEO & co-founder:

That hasn't been the easy path for my cousins. I think debt free college has been the defining characteristic, not intellect, not aptitude, not hustle. But the cousins who didn't have that opportunity had to work so much harder and had so much less opportunity than I have. And then the second is just awareness that I was born on third base and I've had the opportunity to start walking home. And the work we get to do here at Guild is making sure that tens and then hundreds and then millions more Americans get that same opportunity. And so I feel really lucky that I get to do this work.

Ramona Schindelheim, WorkingNation editor-in-chief:

Rachel, thank you so much. I always love hearing you talk about the subject because again, that passion really shines through.

Rachel Carlson, Guild Education CEO & co-founder:

Thank you. It's fun to talk always.

Ramona Schindelheim, WorkingNation editor-in-chief:

I've been speaking with Rachel Carlson, the CEO and co-founder of Guild Education. I'm Ramona Schindelheim, editor and chief of Working Nation. Thank you for listening.