

Ramona Schindelheim, WorkingNation editor-in-chief:

You're listening to Work in Progress. I'm Ramona Schindelheim, Editor-in-Chief of WorkingNation. Work in Progress explores the rapidly changing workplace through conversations with innovators, educators, and decision makers, people with solutions to today's workforce challenges. In his new book C-Spark, Vivek Sharma, CEO and Co-Founder of the workforce education company InStride, talks directly to the nation's CEOs, warning them that the American workforce is in crisis with a capital C and challenging them to do something about it. Joining me now to discuss is Vivek Sharma. Vivek, thank you for joining me.

Vivek Sharma, InStride CEO & Co-Founder:

Thanks for hosting me, Ramona.

Ramona Schindelheim, WorkingNation editor-in-chief:

It's my pleasure. I've been reading a lot in the book and then also about the company. So before we jump in and really tackle that powerful statement that you lead your book with, I want to talk about InStride. You've been around about four years now. Tell me a little bit about what your mission is and what led you to co-found the company.

Vivek Sharma, InStride CEO & Co-Founder:

Ramona, InStride is a strategic workforce education company. Our mission is to help leading employers provide life-changing, career boosting quality education to their employees in partnership with the leading global universities and colleges. The inspiration, what InStride comes from, my co-founding teams, Arizona State University TPG Rise Fund, and my experiences. Before InStride, I was a Senior Vice President of Digital Guest Experience at the Walt Disney company, and also an adjunct professor of data science at the University of Southern California. So I had this unique vantage point of being able to look at universities as an executive and corporations as a professor.

Vivek Sharma, InStride CEO & Co-Founder:

I always believed that it's hard to find two ecosystems that have more to contribute to each other than US higher education universities and US corporate sector. Yet, when we looked around, we found something different. We found that Corporate America spends \$28 billion every year on workforce education, yet we could not find any CEO or CHRO who was happy with the impact. Around that time our co-founder, Arizona State University, had started a program with Starbucks on Starbucks College Achievement Plan, which achieved extraordinary industry-leading impact. They were looking to scale it up in partnership with like-minded individuals. So TPG Rise Fund, which is a social impact fund, part of the TPG Private Equity firm, Arizona State University, and I partnered to launch InStride. Today we serve over 40 large organizations, and we have helped avoid more than \$400 million of student debt. That's who we are.

Ramona Schindelheim, WorkingNation editor-in-chief:

I love this effort that some companies are making, there's a bunch of other ones that we could name like Walmart and Target that are trying to make sure there's education benefits for the worker. Obviously this is good for the worker. You bring up the cost of education and they don't have this massive debt. But it's also good for the company, correct?

Vivek Sharma, InStride CEO & Co-Founder:

That is exactly right. Right from the beginning, one of the foundational principles for InStride was how do we use world class workforce education to simultaneously achieve the learning and education objectives of the employee as well as the business objective of the corporation as articulated by the priorities of the CEO. Because Ramona, as you know, an initiative in a large organization has stickiness and legs if it achieves the business objective.

Vivek Sharma, InStride CEO & Co-Founder:

So let me give you a couple of examples on how we do that through clients. In many hospital chains, the first thing you find when you ask the CEOs is the problem of nurses retention. As a country, we are short of 400,000 nurses and that number will go higher and higher every year. Every time a nurse leaves a hospital system ... Forget just the knowledge loss ... The cost of back filling her is somewhere between \$40,000 to \$60,000. So we are working with leading hospital chains to figure out how do we create career paths and serve learning aspiration for nurses. How do we ensure that as, over COVID, telehealth has become more mainstream that we provide basic digital competencies to the rank and file in hospital systems.

Vivek Sharma, InStride CEO & Co-Founder:

Another example, retail. One of the biggest problem CEOs in retail are facing is if you're just a 10,000 person retail shop, you even in a good year, spend somewhere around \$22 million on recruiting and retention. That does not capture the loss of cost customer engagement, the customer NPS, as you have significant attrition on the front line. So if we can invest in the education of our employees, just like Starbucks did, then it is extraordinarily beneficial both to the employee as well as to the corporation. At Starbucks what we have found is they have over 19,000 partners who have gone through the program. Close to 7,000, who have graduated a four-year degree from Arizona State University, which is one of the leading universities in the world, ranked number one in innovation by US World News Report for seven years in a row.

Vivek Sharma, InStride CEO & Co-Founder:

What they found was as a result of that, not only they had 75% reduction in attrition, they also were finding that partners who were going through the program were getting promoted three times faster. They also found that 20% of everybody who joins Starbucks cites workforce education as the number one reason they chose to join the corporation.

Vivek Sharma, InStride CEO & Co-Founder:

Another example I'll give you is in industrials. The general perception about industrials, Ramona, among the millennials in particular is it's dirty, dark and dangerous, the 3Ds. But the reality is there is more technology in a car than in your computer. With battery powered cars, the technology integration needs for auto manufacturers and tier one OEMs continues to increase. So one of the things that CEOs are looking for is how do we invest in education of our employees that our organization per se is more technologically savvy and therefore relevant in the marketplace.

Vivek Sharma, InStride CEO & Co-Founder:

So to sum it up, the goal is to work back from the goals of the CEO, the strategic priorities, and build a workforce education program that helps the employees boost their career aspirations while also drive business goals.

Ramona Schindelheim, WorkingNation editor-in-chief:

Is this necessity of upskilling the workforce to keep up with the technology? I love that comparison that there's more technology in the car than in your laptop. That is so true. You cannot get a car repaired without having a diagnostic done through technology. So is that the crisis that you're talking about, that need for upskilling to keep up with technology?

Vivek Sharma, InStride CEO & Co-Founder:

Upskilling is one of the many crises and aspirations that CEOs have from workforce education, but it is not the only one. The top four or five I will talk about are certainly upskilling, recruiting and retention, diversity, equity and inclusion ... Our most diverse employees are also our most disadvantaged employees from initial education needs ... Corporate citizenship and branding. As you know, millennials are about one-third of us workforce right now. Millennials will be 75% of us workforce population by 2025. When they join a corporation, three out of four say they will take a pay cut if their organization is more environmentally and socially conscious. Workforce education ranks one of the top aspirations of millennials.

Vivek Sharma, InStride CEO & Co-Founder:

CEOs also have aspirations to drive revenue and profitability out of it. One of my clients is a hospital chain and their ability to have hospitals is a function of having the right employees. The more right competent employees you have, the more the hospital systems, hospital chains, and therefore more the revenue. So as you said, upskilling is an important need, but it's not the only one. Within upskilling, it's not just the so-called frontline workers. Even in technology, there are close to 18 million software developers in the world right now, Ramona. But today, if you're a software developer, you need to know software and you also know data science. So large IT service organizations, large technology companies, have needs to upskill their highly talented software developers into data science capabilities.

Vivek Sharma, InStride CEO & Co-Founder:

So upskilling is not something that is a function of what your education level is. It is also industry agnostic. It's a crisis that has reached a CEO because with the right talent in your employee base, you will not be relevant in the marketplace of your industry. That is getting everybody's attention.

Ramona Schindelheim, WorkingNation editor-in-chief:

The thing about data science that you mentioned is it's in big companies, there's a lot more data mining, but it's also in small companies, I think, because that's how you determine your inventory. That's how you determine, should I go here or should I go here to buy something? What's selling better? I think it's an important skill that most people don't realize that they need, and some of them don't even realize that they have.

Vivek Sharma, InStride CEO & Co-Founder:

I think you said it well. That's why we hear this phrase, data is the new oil. Your ability to capture, analyze, and with complete respect for the privacy of your customer and in alignment with regulations

like GDPR, how do you serve your customer in a better way. Your ability to do that as an organization is a significant value driver across all industries, so completely agree with you.

Ramona Schindelheim, WorkingNation editor-in-chief:

In terms of the crisis that we're facing, one of the things I'm taking from this conversation is that having more diversity and inclusivity and starting at the lower level, entry level, but also that retention. How do you build within your company? How do you help them grow within your company? That's also a diversity issue because I know that there's a lot of pooling of underrepresented people at the bottom of the chain, and they're not being helped through to the top in leadership roles. So is that part of the crisis, and does this workforce development, this workforce education, help address that issue?

Vivek Sharma, InStride CEO & Co-Founder:

That's a great question. Diversity is a challenge big enough at the front line. It's a bigger challenge in middle management because what happens is, for all the reasons that we all know, gender diversity, racial diversity, it gets even more and more acute as you look at "higher" levels of the organization.

Vivek Sharma, InStride CEO & Co-Founder:

Now, there are some success stories in the recent past. If you look at the recent trend of gender representation in S&P 500 boards. Over the last couple of years we as a country have made tremendous progress. We, for the first time last year had every S&P 500 board having at least one female. The average right now is three, as per reports available.

Vivek Sharma, InStride CEO & Co-Founder:

But at the senior level, while we can solve the problem through recruiting, at the middle management level, at the scale we are talking about, Ramona, that can only be done if we invest in workforce education and retention of our diverse employees, with an intention, with a KPI to improve diversity at all levels. We cannot solve the problem at the frontline only or at the senior levels. We have to solve it at all levels, which means we have to have a sustained and focused effort at diversity improvement, and workforce education tends to be one of the big levers to do that.

Ramona Schindelheim, WorkingNation editor-in-chief:

Employee education is not new. We've all heard about those old corporate training videos that used to be played for the employees to learn something. What makes what's going on now with InStride and other more current modern education programs, what's making that different, and what kind of impact is that?

Vivek Sharma, InStride CEO & Co-Founder:

I'm glad you asked that. Let me build on what's currently available that is not working for CEOs. Typically, workforce education is available in four modalities, each of which has a challenge of its own. The first modality is tuition reimbursement. Your employer reimburses you for tuition. You basically go and educate yourself. You basically front the cost, which is not easy if you're a frontline employee. In many cases, it is not strategically linked to the objectives of the organization. Often the awareness and the adoption of these programs is so abysmal that less than one to two percent of employees take it.

Vivek Sharma, InStride CEO & Co-Founder:

Then there is something called the corporate learning libraries, where the corporation does a deal with certain organization that has a [inaudible 00:14:13] of content. It is available on a per usage basis to all the employees. Once again, the challenge is the strategic linkage between what you're learning, what the organization needs, and therefore the growth of your career within organization is a little loose.

Vivek Sharma, InStride CEO & Co-Founder:

The third one tends to be corporate universities. You must have heard about GE University, Hamburger University, Disney University. They were investments that large organization made in the past, but they quickly learned that the nimbleness, the content freshness that comes from a leading university is not possible for an organization. It's a high capital investment that many have chosen not to do. It's not a modality that is popular anymore.

Vivek Sharma, InStride CEO & Co-Founder:

The last one, which compared to the three I've talked about is a little better but needs next level execution, is what I call a direct university corporation partnership, where a leading university does a direct partnership with corporation. The challenges there are most corporations have employees all over the country, all over the world. Employees tend to have a preference for an education brand that is close to their home so you need a network of universities. Also, one university may not have all the competencies that a corporation is looking for. But most importantly, Ramona, a university and a corporation have very different cultures, very different clock speeds, very different KPIs.

Vivek Sharma, InStride CEO & Co-Founder:

So where InStride builds on that as a next level execution idea is threefold. One is we start with a network of very high quality universities so that the network of universities maps to the network of your employee base. That's number one.

Vivek Sharma, InStride CEO & Co-Founder:

Number two, we increase the convenience that the employee has in terms of finding the program, knowing more about the program, knowing all the question that need to be asked and the digital capability that's needed for the learner experience. So we have a high quality platform that helps both the learner as well as the corporation to improve the conversion from awareness all the way to enrollment.

Vivek Sharma, InStride CEO & Co-Founder:

The last one, as I said upfront is, we also do the hard work of, in a very consultative way, translating the CEO priorities into the program so that it's very clear, both to the organization who's investing in the program as well as the employee who is going to invest her time and the employer's money on this program, that there is a direct linkage between the education as well as her career prospects, ideally within the organization or in the future as well.

Vivek Sharma, InStride CEO & Co-Founder:

So this is something that is happening across sectors. We have clients in financial services, in healthcare, in technology, in retail, in automotive and assembly, but most visionary CEOs are realizing that workforce education can be a strategic tool that can help them with their business goals.

Ramona Schindelheim, WorkingNation editor-in-chief:

Couple of things out of that, that strike me too, is the individualization of the program. So it's at the heart, what the employee feels engaged in, and what they want to do. Is the trend that you're seeing that these employers are offering courses in a wide variety of areas, not just the one they're concentrated on? So if it's healthcare, it's not just healthcare?

Vivek Sharma, InStride CEO & Co-Founder:

We see different flavors to that, Ramona. But the most frequent approach that our partners take is we are not here to judge what the learning aspiration of the learner is. She knows what she wants. She knows the pace at which she can do it. Let her have access to all the different universities, all the programs, make the decision. Some employees have high school completion needs, some have an associate degree need, some want to complete a certificate or a certification, some want to do a four-year degree, some want to do a graduate degree. Our job in partnership with the employer is to meet the learner where she is, make it convenient and frictionless and financially supported for her to make a decision on what she wants to learn.

Ramona Schindelheim, WorkingNation editor-in-chief:

So obviously you're tackling this head on at InStride. But what is keeping you, Vivek Sharma, awake at night still?

Vivek Sharma, InStride CEO & Co-Founder:

Well, I really believe in the mission of InStride. I have a passionate team of close to 150 fellow InStriders and my co-founding partners, Arizona State University and TPG Rise Fund, who are equally passionate about the mission. Yes, we have helped tens of thousands of employees avoid \$410 million of student debt. But the problem in our country is much bigger than that. We currently have \$2 trillion of student debt. It is almost becoming a generational problems. In five to 10 years, you will have people whose student debt payment is being deducted from their social security check. Imagine the generational impact of that.

Vivek Sharma, InStride CEO & Co-Founder:

So what keeps me up at night is how do we take this mission to more employers, more employees? How do we bring it within the discourse of public policy? One of the things that I am so passionate about is how can we get workforce education to where healthcare is today?

Vivek Sharma, InStride CEO & Co-Founder:

If I can take you back 80 years into history. In the '40s, when many American men went to serve the country in the war, World War II, there was a scarcity of qualified labor. There was a concern within the administration that it would raise inflation through wages. So what President Roosevelt did was he signed Executive Order 9250 that froze wages, and therefore employers were not able to compete with each other on compensation, and that started the concept of benefits. One of the benefits that came out of that was providing healthcare insurance to returning war vets. Believe it or not, before then a job did not come with healthcare insurance. But some visionary CEOs took the lead, others followed, public policy, followed, public opinion changed, and today it is illegal in our country to recruit someone and not offer healthcare insurance. My view is workforce education will eventually go the same route.

Vivek Sharma, InStride CEO & Co-Founder:

We have leaders like Kevin Johnson at Starbucks, Marc Harrison at Intermountain Healthcare, Brian Garish at Banfield Pet Hospitals, and I can name so many more who have taken the lead and said, "Workforce education is a strategic goal for our organization. We are going to invest in our employees." Their leadership will motivate other leaders. I believe, just like healthcare, we will be in a state in five to 10, hopefully sooner, years when everybody would be doing it. So your question was what keeps me up at night? What keeps me up at night is how do we get to that faster?

Ramona Schindelheim, WorkingNation editor-in-chief:

I think one of the ways is to read your new book, C-Spark, CEO-led Workforce Education for the AGE of AND. Vivek, I think it's really fascinating. It lays out a lot of really great things. So I encourage everybody out there listening to pick up a copy.

Vivek Sharma, InStride CEO & Co-Founder:

Thank you, Ramona.

Ramona Schindelheim, WorkingNation editor-in-chief:

My guest today has been the Vivek Sharma, CEO and Co-Founder of the workforce education company, InStride. I'm Ramona Schindelheim, Editor-in-Chief of WorkingNation. Thank you so much for listening.