Lessons Earned **Podcast**
Strada Education Network

S. 2, E. 5: Paul Freedman, President, Guild Education's Learning Marketplace

TRANSCRIPT

Ben Wildavsky, Strada Education Network
[00:00:01] From Strada Education Network, this is *Lessons Earned*. I'm Ben Wildavsky.

[00:00:09] In this podcast, we sit down with education leaders, policy thinkers, and workforce experts who are trying to improve education and career outcomes for students of all ages. We're recording this season remotely during the COVID-19 pandemic, and we want to know how this crisis is affecting students and educators, and how it will shape our workforce in the years to come.

[00:00:29] Today, the president of Guild's Learning Marketplace, Paul Freedman.

Audio clip
Paul Freedman
The best technologies and services that are focused on future education and future work will be a little bit hybrid. Use the power of technology to help curate choices that used to be near infinite in complexity, but then to use human intuition to do things that, you know, at this point in time technology can't do.

Ben Wildavsky
[00:00:52] Welcome to *Lessons Earned: Putting education to work.*

Ben Wildavsky
[00:01:02] A couple of months ago, the edtech company Guild acquired a startup incubator called Entangled. In the education world, this was a bit of a blockbuster deal, sort of like the ed tech equivalent of Facebook buying Instagram or WhatsApp. Guild is a high-profile startup that helps workers make the best use of the education benefits provided by their employers. It was founded in 2015 by two Stanford grads, and it's now valued at over a billion dollars. Entangled supports education startups through a combination of practical assistance and more traditional VC funding. It was founded by Paul Freedman in 2014. Paul has known Guild's CEO, Rachel Carlson, for some time now and at some point over the past year or so, they realized they were circling the same idea.

[00:01:48] They had a hunch that a recession was looming and that there would be a whole bunch of unemployed people who needed to upskill and eventually get new jobs. What neither of them could have predicted was that this recession would be the result of

a global pandemic and that it would be deeper and wider than either of them anticipated, which makes this acquisition all the more relevant right now. Paul and Rachel have just launched a tool called Next Chapter, which uses A.I. to achieve something Paul calls "ethical outplacement." Andrew Hanson and I sit down with Paul to talk about this blockbuster deal and what role he thinks technology will play in helping us get out of this recession. As I mentioned, we're recording remotely during the pandemic so you may hear that in today's audio.

Ben Wildavsky
[00:02:33] First and foremost, congratulations on the acquisition.

Paul Freedman
Thank you very much. Thank you very much. It's a very exciting process.

[00:02:41] It was made more exciting by completing the acquisition in a shelter-in-place environment, which was a thing I did once that I'll never want to do again.

Ben Wildavsky
[00:02:48] All right. Well, good, good. Well, I want to get into your work with Guild in a minute. But first, I want to spend a little bit of time on you. And of course, throughout your career, you know, you've really had one foot in education and one foot in tech. And I wanted to ask you, what drew you to a career in education and why has technology been the vehicle for that work?

Paul Freedman
[00:03:10] What drew me to a career in education is I really didn't know anything else and maybe wasn't curious enough to find anything different. I grew up in a higher education background. Both my parents worked in higher education. My father was a physics professor. My mom worked in research administration. That was my background and that was the environment that I knew. And I was always passionate about what higher education, I think, is all about, which is providing an educational pathway where people can do more of themselves, see more of themselves than they would have expected going in and maybe society would have expected of them going in.

And so I've always been passionate about things that expand access, lower costs, increase efficacy of education. I didn't want to actually live the education experience that my parents did, although they would've preferred if I would've gone down that route. And, you know, to this day, my mom still asked me if I'm going to finish school, which to her means getting a Ph.D. So I didn't want that experience, but I still wanted to contribute to what I thought the underlying value of the mission was. And the best way I could contribute was sort of to be on the other side of the fence and develop technologies, solutions that enabled education institutions to do better and to, you know, to expand their access and lower the costs.

Ben Wildavsky

[00:04:27] It seems to me like having a foot in both of these worlds is giving you a somewhat unique perspective. You know, the tech sector is very much centered around this ethos of disruption. And I've heard you say that higher education actually needs to be enabled, not disrupted. But it seems to me that you've been a bit of a disruptor yourself. You know, your previous company, Altius, had this very innovative partnership with online community college credits being transferred and it was shut down by accreditors. So I just want to push you on that disruption versus enabling distinction.

Paul Freedman

[00:05:00] Yeah. I believe in tough love for higher education. I truly believe in what institutions of higher education are trying to accomplish. And I actually truly believe in a lot of the foundation principles under which they were built. You know, things like academic freedom. You know, I understand why they are where they are. That doesn't mean I don't think that the sector needs to change or that I don't think that institutions of higher education need to change.

[00:05:27] The reality is, college, as a four-year cloistered luxury good will continue to be in existence for an ever-decreasing percentage of the U.S. population. You know, college as a much more dynamic experience that is more focused on serving the needs of working adult learners who are going to school, particularly for a job outcome almost all the time, that's where the market needs to go.

[00:05:57] And so while I love the traditions of higher education, I could be very tough on pushing institutions in the directions that they need to go to serve the learner of the future, which is the working adult.

Andrew Hanson, Strada Education Network

[00:06:11] So, Paul, tell us a little bit more about this deal with Guild. I understand that you and Rachel Carlson, the CEO of Guild, have actually had each other on speed dial for a while now.

Paul Freedman

[00:06:20] That is figuratively true and not literally true because there is no such thing as speed dial anymore with cell phones...

[00:06:29] But yes, Rachel and I were very close and would reach out to each other in kind of moments of need, moments of advice. You know, the CEO gig can be tremendously lonely. And sometimes, you know, the folks who understand what you're going through the most are other CEOs. It's often easier to give perspective and advice on a business from outside the business than inside the business. Fresh eyes are always useful on those kinds of problems. And so very often, you know, she would call me for advice or a perspective and I would do the same for her.

Andrew Hanson

[00:07:04] And from a big-picture perspective, why was now the right time to make this deal happen for both of your organizations?

Paul Freedman
[00:07:12] It was either now or never, I think is the answer. I think when we sat down to figure out whether this was a good opportunity for a strategic partnership, it was either we figure it out now or we just are friends and kind of watch each other in the industry. And we were also starting to embark on increasingly similar initiatives. I wouldn't call them competitors because Guild and Entangled never thought of ourselves as competitors, except for sometimes we tried to recruit the same people, but we were. In particular, we were both focused on using employee transitions from work as a moment of opportunity for upskilling and reskilling.

Andrew Hanson
[00:07:48] That's really interesting. You know, obviously, I don't think any of us could have seen a global pandemic coming. But the idea that a recession is actually something that you were preparing for is really interesting. Did the onset of COVID-19 affect this acquisition at all?

Paul Freedman
[00:08:04] It meant that we had to go faster. So we were both, you know, with this product that is a modern take on outplacement outskilling that we've launched is called Next Chapter. It is, in our opinion, what the market is looking for, to take the opportunity when people have been displaced from work, to provide them with the kind of skill or the kind of resources they need to make sure that they have economic stability. As I mentioned, Guild and Entangled were both working on similar constructs to solve that problem. We started the acquisition conversation prior to COVID being out of control and the resulting shelter-in-place environment. But in the middle of the acquisition, it became very clear that the recession that we were anticipating was going to come a lot faster than anybody anticipated it.

Ben Wildavsky
[00:08:52] Well, you know, we'd love to talk a little more about the nitty gritty of Next Chapter. And one thing I noticed was when you've talked about it, you've talked about how you're striving to go beyond traditional outplacement to something called "ethical job placement." Can you tell us about what that is?

Paul Freedman
[00:09:10] Yeah, so outplacement as an industry, I'll just be blunt: It exists to solve one problem from an employer, which is, you know, helped me not get sued. And as a result, you have the quality of the experience reflects that need. Most employees who are offered for outplacement don't engage with the service. It's focused on things like resumé prep when we know from data—I think even Strada data—that people are increasingly not getting jobs from resumes. You know, it's an outdated service that solves a bigger need for the employer than for the employee.

As we've seen from past recessions, if you're getting laid off, there's not likely a reason related to the type of work that you're doing. You know, given the transition to a knowledge economy, the places that the jobs that go away don't come back. It happened in the 2008-2009 recession, we know, around manufacturing. We expect the same thing to happen around certain retail positions. And so just preparing somebody to get a job like they were having before is just sort of passing the buck. And we don't think it is as ethical as it could be. So I think our definition of ethical onboarding is one that also wraps in an investment, made by the employer who is laying you off, in the education of the employees as well, and providing a pathway where with additional training and upskilling, someone can get a position that's more resilient and less likely to be disrupted, less likely to be impacted the next time there's an economic event.

Ben Wildavsky
[00:10:45] Yeah, of course. Well, look, we're going to come back to the changing economy because that's obviously a really important sort of big-picture question. But I just want to stay on the way that Next Chapter works. In a lot of ways, it sort of feels like the brainchild of Paul Freedman, you know, this one foot in education, one foot in tech, and you're using algorithms as well as real people to help people find better jobs. And I wonder if you can just sort of walk us through how those two interact.

Paul Freedman
[00:11:15] We spent time with people who are facing this situation. And what we recognized is the dominant human experience is anxiety. Not surprising, when you've lost your job, the first thing you're worried about is how to pay for food and how to pay for rent. You know, for people who care about education, who care about economic mobility, you'd want somebody to think immediately about, you know, upskilling or reskilling. That's just not the reality.

And so starting with the human problem, we realized that what the product would have to do is, first present details and information that allows people to realize that they're going to be that there is economic stability and that there are jobs that they could get right away if they needed them—temp jobs, you know, parallel jobs, and then try to nudge them on a path of economic mobility, but not overwhelm somebody who's dealing with a family crisis or a real, you know, serious issue in their lives, with long-form surveys that take them 45 minutes to complete or a overwhelming amount of choice, which, when you're already anxious, can actually be, can create a paradox of choice and make it harder to make determinations.

And so we didn't see anything in the market that did that, and that led to Next Chapter. What we do is we try to use data and algorithms to curate choice, to provide people with options but not overwhelm them with options. Turns out that if you know somebody's zip code, if you know what company they worked for, you know what job they had, and you know what their education level is, you know, just those kind of four data points, you actually know a lot about them and can curate a set of jobs that they'd be likely to get based on the competencies of the roles they currently have. That being said, you know,

you have to recognize how emotional the experience is about enrolling in a program or finding a new job.

[00:13:09] And the expectation that something that emotional, that important, can happen entirely through chat bots and algorithms is not in line with our expectation of how people relate to technology. And so with, like, all things Guild, we integrate the technology with a human experience.

Ben Wildavsky
[00:13:26] Sure. I wonder if you could just do something to help us understand this at a sort of individual level. You know, so you've talked about the data for a particular person in a particular zip code and you know what's happening in the economy and what their skill sets are. But can you try and give us a real example of one individual with a particular work experience and set of skills and how that might change and how you would help that person?

Paul Freedman
[00:13:51] Yeah. So, you know, I take somebody laid off from a job as a concierge or a customer service oriented job and in hospitality, which is, you know, it was certainly a large area of job loss given where COVID has impacted the economy, we would have already uploaded information about their role that we would get from the employer, you know, the competencies associated with their role. We would have been pulling data really based on their zip code. And so what we would need from the user at that point is just a small checklist of preference questions. You know, what kind, where they want to be, are they willing to care for others, whether they can lift heavy things. You know, a small number of questions that help us curate the choice even further and then that user would be given access to jobs that are in their local job market that are pretty similar to the roles they've had before, so things that would translate to concierge in hospitality, and they would also be guided to a set of careers which would take retraining or additional training, but we think that they were a good fit for.

Competencies can be cross-cutting, so in hospitality, you call it customer service and in the medical industry, you call it bedside manner. And so somebody coming from, who is a concierge their whole life, who really likes to give people, you know, human attention, with a little bit of training, there's a lot of jobs that are hiring now in almost every zip code in the country, in the allied health medical spaces. There would have to be some preference; they'd have to want to work in that industry, but if they could, the product could guide them to that, to those kinds of choices.

Andrew Hanson
[00:15:27] Really interesting, Paul. So I understand you've actually already started rolling out Next Chapter, right? So I'm curious, what's the response been so far?

Paul Freedman

[00:15:37] You know, so far, so good. We are, you know, very early in the journey around Next Chapter. And so ultimately, like everything with Guild, we want to kind of be judged by the outcomes of the program. And for us, the outcomes for Next Chapter are the whole journey, that whole experience, but ultimately then getting a job and hopefully a job that was better and higher paying than than you had coming in. One of the unique aspects of Next Chapter is that we also bring in both sides of that marketplace. So we have folks that are coming from employers that are having to, unfortunately, downsize or restructure the business. But we also have partnered with a number of companies that are hiring through this recession and are expanding certain aspects or certain parts of their business. And so Next Chapter looks to connect one side of the marketplace with the others.

And it's one of the very interesting things that we've seen during this recession, which I think results from the fact that we are in a knowledge economy and the way that our labor market is structured, is just different than it was before, so you have that two-sided problem. You know, it's not just that jobs are just going away. There are certain jobs that are being really hard hit. But at the same time, other jobs are actually increasing. You know, things like in the supply chain, as a remote customer service. You have this creating a really interesting, two-sided problem. We don't think that the problem goes away at all. We think that the COVID-driven recession is making that really heavy impact now, but it is an aspect of a knowledge economy that automation will be pushing for the next decade.

Ben Wildavsky
[00:17:27] Well, that really makes me wonder, you know, thinking beyond Next Chapter, what role do you think technology and A.I. are going to play in helping address some of these job market issues in the future and making things more efficient.

Paul Freedman
[00:17:41] Yeah, well, first take a step back and think about what problems computers and A.I. are really good at solving and when they aren't. So A.I. is really good at big, big data problems. Humans are really good at small cell pattern matching and sort of fuzzy matching.

[00:17:59] We believe that both in conjunction together through the hybrid experiences, at least for now, is going to be the best answer for really a range of problems, including in the job market. So if you think of the Next Chapter context, we couldn't possibly train a success coach to look at the hugely large, finite number of potential competencies that somebody could have based on their job roles, map it to all of the competencies that exist in the job market, and be able to come up with a set of recommendations. That's just overwhelming.That's data that overwhelms human capacity for decision making. That's where the computing power of A.I. is really interesting and will, as it always does, find patterns that the humans would never know.

As we start to track changes in the job market, as people go from one job to another, we're going to find that people coming from certain jobs do really well in other jobs, and you would have never thought it coming in. And that's the kind of pattern matching that comes out of A.I. I think you're going to find that certain companies, certain large employers, are great gateway employers, almost like colleges themselves, for certain types of industry. I'm making it up, but it could turn out that, you know, experience at Wal-Mart, regardless of what you did, prepares you to be great in sort of supply chain roles because it gives you the sense and the understanding of what supply chain is. We're going to find stuff like that.

That being said, the A.I. is never going to be able to do that last mile, small cell kind of human intuition. And at least for now, our point of view is that the best technologies and services that are focused on the future of education and future work will be a little bit hybrid. Use the power of technology to help find matches and data that humans would never match to help curate choices that used to be near infinite in complexity, but then allow for a human being to sit on top of that, to deal with the emotions of the experience and to use human intuition to do things that, you know, at this point in time, technology can't do.

Ben Wildavsky
[00:19:55] So, Paul, what do you think is at stake if we fail to help people navigate this big shift from a product economy to a knowledge economy?

Paul Freedman
[00:20:05] Yeah, it's a tax on human productivity across the board. It's the hugest potential loss of potential productivity that I could possibly imagine. It's a huge wasted opportunity.

[00:20:17] And, you know, I think further, if we are not able—you know, increasingly our labor market is being driven, it is being stretched like a rubber band. Right? We have jobs of high economic mobility, and those jobs have been resilient through the last couple of recessions, much more resilient than other jobs. The pay levels for those jobs are increasing, and you have the income at the top of our economy sort of pulling in one direction. And then you have, you know, wage stagnation for jobs that are at the bottom end of the economy. And I think at some point in time, if those things continue to stretch, our society doesn't, you know, the Band-Aid breaks. I mean, the rubber band breaks. You know, the rubber band can only get stretched so far before it breaks. And so I think there's two potential problems. One is we're just wasting a lot of resource, human resource, economic resource.

[00:21:12] We're just not moving with the kind of efficiency that we could be if we don't get this right.

[00:21:16] The other is if we just sort of put our head in the sand, like I think we have for the last decade or so, and pretend that the problem doesn't exist or not deal with it, at

some point, the divide between the haves and the have-nots get so, so wide that I don't think society works anymore.

Ben Wildavsky
[00:21:33] Yeah. Yeah. Well, listen, thank you so much for taking some time with us this morning. It's really been a really thought-provoking and great conversation and I really appreciate your time.

Paul Freedman
[00:21:43] Thanks for having me on. It's been a lot of fun.

Ben Wildavsky
[00:21:52] That was our conversation with Paul Freedman. Thanks for joining us on *Lessons Earned.*

Voiceover
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