

POLICY WATCH – December 2016

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Happy Holidays! As we celebrate the holidays, say farewell to 2016 and look ahead to 2017, a quote from Rainer Maria Rilke comes to mind: “And now let us welcome the new year, full of things that have never been.” While 2017 is fraught with uncertainty, we can count on big changes in Presidential policy and the Republican-led Congress.

All the federal changes will require that we are more engaged and mobilized at the local level. The more we can support education, protect people of color, create jobs and address the twin problems of the lack of housing and need to improve our transportation infrastructure, the stronger and more prosperous we will be as a region.

Wishing you health, prosperity and fortitude in the new year!

Best,

A handwritten signature in purple ink that reads "Cynthia Murray".

Cynthia

3 things strategic plans and New Year's resolutions have in common

In [3 things strategic plans and New Year's resolutions have in common](#), by Joseph Flahiff (CIO | JAN 7, 2016 [Link](#)), Flahiff links making New's Year's Resolutions and doing Strategic Planning.



He says, “Here are three ways in which your New Year’s resolutions and strategic plans are similar and why/how you need to change them.

1. You won't keep them

The reason that people laugh at jokes about New Year’s resolutions is that we can all relate. The same is true of your strategic plans.

2. You need to make them

The best thing about strategic plans doing them. “HUH?” You say. “But Joseph you just said we never keep them so why do them?” It is simple and Dwight D. Eisenhower said it best when he said something like,

“Plans are useless, but planning is indispensable.”

The real value is in taking the time to think through where you are going with your business or with your life and more importantly why.

3. You are doing them wrong

The problem is we spend too much time getting into too much detail about the plan. We seem to think that knowing more about the details of WHAT and HOW will help us execute. So, businesses and people spend hundreds of person hours, detailing their strategic plans and personal New Year’s resolutions so they know what they will DO and HOW they will go about it. The problem is we all know that our lives and our businesses are more complex than that it is truly impossible to make plans 2 or 3 years out.”

Flahiff says, “It is better to set direction and focus on why than to set long term goals and make long range plans. By taking the time to define the direction you want to head, you will spend less time on the details of a destination that you will likely never meet. As Yoda said, ‘Difficult to see, always in motion the future is.’”

The best way to proceed, especially in uncertain times, is to think about direction and outcomes from that direction. Flahiff says think about the:

“Good things that will happen if you go in this direction?

Bad things you will avoid if you head in this direction?

Benefits of heading in that direction

Drawbacks of keeping on the track you were on or of alternative paths.

Build up enough reasons and consequences and your direction will be cemented in your heart and mind.

This then becomes the core of your communication to the rest of the organization.”

But if you must make New Year’s Resolutions, here’s a few that leaders are being urged to consider:

From [70 New Year’s Resolutions For Leaders](#), by Eric Jacobson, December 10, 2016 [Link](#)

Jacobson suggests 70 resolutions, here’s a sampling:

1. Focus on outcomes, not minutiae
2. Build trust with your colleagues before a crisis comes
3. Assess your company’s strengths and weaknesses at all times
4. Conduct annual risk reviews
5. Talk more about values than rules
6. Reward how a performance is achieved and not only the performance
7. Constantly challenge your team to do better
8. Celebrate your employees’ successes, not your own
9. Err on the side of taking action
10. Communicate clearly and often
11. Eliminate the cause of a mistake
12. View every problem as an opportunity to grow

13. Follow through when you promise to do something
14. Allow prudent autonomy
15. Admit your mistakes
16. Hire to complement, not to duplicate
17. Volunteer within your community and allow your employees to volunteer
18. Explain each person's relevance
19. Discipline in private
20. Support mentoring – both informal and formal mentoring
21. Ask questions to clarify
22. Don't delay tough conversations
23. Have an open door policy
24. Dig deep within your organization for ideas on how to improve processes, policies and procedures
25. Don't be a bottleneck

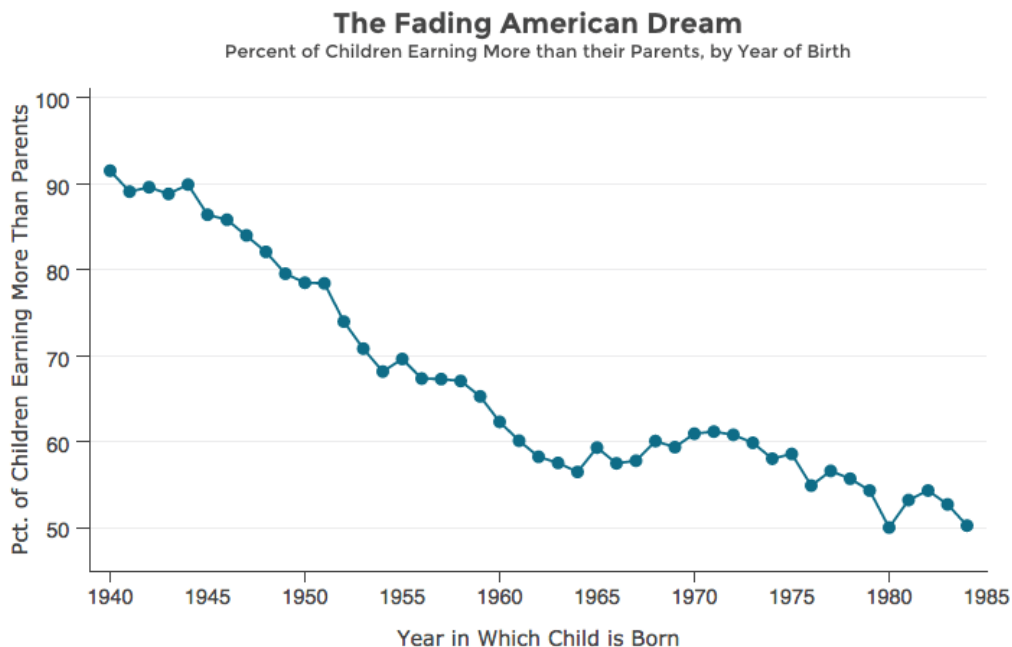
How to Jump Start the American Dream

Tanvi Misra, author of [How to Jump Start the American Dream](#) (CityLab, Dec 12, 2016 [Link](#)) writes, "The odds that kids will do better than their parents have plummeted. One possible fix: Learn from the neighborhoods in which income mobility is still thriving." That is good news for the North Bay because our neighborhoods are still thriving.

Misra recounts a recent study that showed that generations after those born in the 1940s and 1950s have seen a decline in their earning power from that of their parents. She says, "It is a core tenet of the American Dream: the idea that if you work hard, America awards you the freedom and opportunity to live a more prosperous life than the one you were born into."

The study found, "Of kids born in the 1940s, 90 percent did better than their parents. But this scenario has become increasingly rare in recent decades. "Absolute income mobility," as economists call it, fell to a mere 50 percent for kids born in the 1980s, regardless of where their parents were on the income spectrum. In other words, the odds that the average Millennial will climb to a higher rung on the economic ladder than their parents are 50-50."

The graph below, available on the website of The Equality of Opportunity Project research project, shows that decline:



The study discovered, “There are two explanations for this worrisome trend. The first and most familiar one is the post-war boom that fueled the classic American Dream simply ran out of gas; since then, as a whole, economic growth is happening at a slower rate, so the proverbial pie is smaller. But the other explanation is that this pie is just getting sliced more unequally than it was before.”

It also found, “The rise in inequality and the decline in absolute mobility are closely linked. Growth is an important driver of absolute mobility, but high levels of absolute mobility require broad-based growth across the income distribution. With the current distribution of income, higher GDP growth rates alone are insufficient to restore absolute mobility to the levels experienced by children in the 1940s and 1950s. If one wants to revive the “American Dream” of high rates of absolute mobility, then one must have an interest in growth that is spread more broadly across the income distribution.”

The study revealed that “the foundations of the American dream are still in place around the country. The fading of the American Dream is not immutable. There are cities throughout America—such as Salt Lake City and Minneapolis—where children's chances of moving up out of poverty remain high. Cities with high levels of upward mobility tend to have five characteristics: lower levels of residential segregation, a larger middle class, stronger families, greater social capital, and higher quality public schools.”

Looking at that list from the North Bay region perspective, we can see that we should be able to increase upward mobility and reduce income inequality as we have many of the five factors found to improve the chance of achieving the American Dream.

Misra says, “Kids born to rich parents have many advantages, which set the curve in their favor from the start. One of them is access to good neighborhoods, which as Chetty’s previous research has shown, determines economic outcomes to a large extent. So, to reduce overall inequality, look at cities where even poor kids have access to those better neighborhoods, with decent education options, safe, healthy environments, and a diverse social network. Ultimately, that’s what’s going to help put an end to this economic caste system, and allow all Americans—rich and poor—to have a better chance to fulfill their potential.” Let’s maximize those factors so all North Bay children can reach the American Dream.

Automation Can Actually Create More Jobs



In [Automation Can Actually Create More Jobs](#), Christopher Mims, Wall Street Journal, December 11, 2016 ([Link](#)), we learn that the job creation boost that has occurred in past technological ages is starting to kick in to this technological age. Mims says, “Since the 1970s, when automated teller machines arrived, the number of bank tellers in America has more than doubled. James Bessen, an economist who teaches at Boston University School of Law, points to that seeming paradox amid new concerns that automation is “stealing” human jobs. To the contrary, he says, jobs and automation often grow hand in hand.

Mims cautions, “Sometimes, of course, machines really do replace humans, as in agriculture and manufacturing, says Massachusetts

Institute of Technology labor economist David Autor in a succinct and illuminating TED talk, which could have served as the headline for this column. Across an entire economy, however, Dr. Autor says that’s never happened.”

Citing how job loss became a presidential campaign issue, Mims notes examples of jobs being automated and the selection of Andy Puzder as the Secretary of Labor, who has ordered self-serve kiosks for his fast food restaurants. Mims says, “Such developments are worrying. But a long trail of empirical evidence shows that the increased productivity brought about by automation and invention ultimately leads to more wealth, cheaper goods, increased consumer spending power and ultimately, more jobs. In the case of bank tellers, the spread of ATMs meant bank branches could be smaller, and therefore, cheaper. Banks opened more branches, and in total employed more tellers, Mr. Bessen says.”

Claiming that “society, on the whole, has come out ahead,” Mims says, “It’s true that technology alters the quality, as well as the quantity, of jobs. Ian Stewart, chief U.K. economist at Deloitte LLP in the U.K., co-wrote a paper last year that used census data as far back as the late 1700s to examine the changing nature of jobs in the U.K., cradle of the industrial revolution. The authors found big increases in both low-paying and high-paying jobs. There are more barbers and barkeepers. But there also are more accountants and nurses, reflecting the rising complexity of the modern economy. Paradoxically, says Mr. Stewart, many of the fields most transformed by technology have produced the biggest increases in employment, from medicine to management consulting. ‘What we saw was that machines and people were highly complementary,’ he says.”

Mims says, “Such bifurcated labor markets have ill effects. Disappearing factory jobs have largely been replaced by jobs in the service sector, where highly skilled workers, like doctors and computer programmers, are paid more, while many others see to the comfort and health of the affluent. In the middle, wages have stagnated, helping spawn our current age of populism.” But while jobs in manufacturing flourished in the 1960s and 1970s, that era of low skilled jobs is behind us.

Mims is more optimistic than many about how many jobs will be displaced by technology, rendering many people permanently unemployable. He says, “For all the recent advances in artificial intelligence, such techniques are largely applied to narrow areas, such as recognizing images and processing speech. Humans can do all these things and more, which allows us to transition to new kinds of work. Some of my fellow optimists worry about the people being left behind. “The exact same thing is happening that has always happened—we’re evolving, and the jobs are changing,” says Rob Nail, CEO of Singularity University in Silicon Valley. “The one major difference, however is that the time of change is compressing because the pace of technology is moving exponentially.”

One thing that could help workers gain new skills is more training. Mims says, “Other countries devote more resources than the U.S. to cushioning and retraining displaced workers. As a share of gross domestic product, Denmark spends 25 times as much, says Dr. Autor. He offers another historical example. Near the end of the 19th century, America’s agricultural states faced the prospect of mass unemployment as farms automated. In response, they created the “high school movement,” which required everyone to stay in school until age 16. It was hugely expensive, both because of the new schools and teachers, but also because these young people could no longer work on the farm. But it better prepared workers for 20th century factory jobs and fueled the explosion in college attendance after World War II.”

And in closing, “As a country, ‘We’re very wealthy,’ says Dr. Autor. ‘If anyone can do anything about this transition, it’s us.’” I agree! It is time to invest in raising the skill levels of the American workforce from the education system to current workers. Putting money into training people for higher skill jobs is far better than what is proposed in Universal Basic Income, where unemployed people get paid a monthly stipend to survive.

Job creation, education and training are where the U.S. needs to focus to close the gap on income inequality and increase upward mobility.

What Artificial Intelligence Can and Can't Do Right Now

Looking at what we can expect from increased automation, Andrew Ng writes in [What Artificial Intelligence Can and Can't Do Right Now](#), Harvard Business Review, November 9, 2016, ([Link](#)) that “Many executives ask me what artificial intelligence can do. They want to know how it will disrupt their industry and how they can use it to reinvent their own companies. But lately the media has sometimes painted an unrealistic picture of the powers of AI. (Perhaps soon it will take over the world!) AI is already transforming web search, advertising, e-commerce, finance, logistics, media, and more. As the founding lead of the Google Brain team, former director of the Stanford Artificial Intelligence Laboratory, and now overall lead of Baidu’s AI team of some 1,200 people, I’ve been privileged to nurture many of the world’s leading AI groups and have built many AI products that are used by hundreds of millions of people. Having seen AI’s impact, I can say: AI will transform many industries. But it’s not magic. To understand the implications for your business, let’s cut through the hype and see what AI really is doing today.” That statement reinforces the optimism of our previous article.

Ng says, “Surprisingly, despite AI’s breadth of impact, the types of it being deployed are still extremely limited. Almost all of AI’s recent progress is through one type, in which some input data (A) is used to quickly generate some simple response (B). For example:

What Machine Learning Can Do

A simple way to think about supervised learning.

INPUT A	RESPONSE B	APPLICATION
Picture	Are there human faces? (0 or 1)	Photo tagging
Loan application	Will they repay the loan? (0 or 1)	Loan approvals
Ad plus user information	Will user click on ad? (0 or 1)	Targeted online ads
Audio clip	Transcript of audio clip	Speech recognition
English sentence	French sentence	Language translation
Sensors from hard disk, plane engine, etc.	Is it about to fail?	Preventive maintenance
Car camera and other sensors	Position of other cars	Self-driving cars

SOURCE ANDREW NG

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Being able to input A and output B will transform many industries. The technical term for building this A→B software is supervised learning. A→B is far from the sentient robots that science fiction has promised us. Human intelligence also does much more than A→B. These A→B systems have been improving rapidly, and the best ones today are built with a technology called deep learning or deep neural networks, which were loosely inspired by the brain. But these systems still fall far short of science fiction. Many researchers are exploring other forms of AI, some of which have proved useful in limited contexts; there may well be a breakthrough that makes higher levels of intelligence possible, but there is still no clear path yet to this goal.”

Says Ng, “Today’s supervised learning software has an Achilles’ heel: It requires a huge amount of data. You need to show the system a lot of examples of both A and B. For instance, building a photo tagger requires anywhere from tens to hundreds of thousands of pictures (A) as well as labels or tags telling you if there are people in them (B). Building a speech recognition system requires tens of thousands of hours of audio (A) together with the transcripts (B).

“So what can A→B do? Here’s one rule of thumb that speaks to its disruptiveness:”

“If a typical person can do a mental task with less than one second of thought, we can probably automate it using AI either now or in the near future.”

Ng explains, “A lot of valuable work currently done by humans — examining security video to detect suspicious behaviors, deciding if a car is about to hit a pedestrian, finding and eliminating abusive online posts — can be done in less than one second. These tasks are ripe for automation. However, they often fit into a larger context or business process; figuring out these linkages to the rest of your business is also important.”

“After understanding what AI can and can’t do, the next step for executives is incorporating it into their strategies,” says Ng. “That means understanding where value is created and what’s hard to copy. The AI community is remarkably open, with most top researchers publishing and sharing ideas and even open-source code. In this world of open source, the scarce resources are therefore:”

“Data. Among leading AI teams, many can likely replicate others’ software in, at most, 1–2 years. But it is exceedingly difficult to get access to someone else’s data. Thus data, rather than software, is the defensible barrier for many businesses.”

“Talent. Simply downloading and “applying” open-source software to your data won’t work. AI needs to be customized to your business context and data. This is why there is currently a war for the scarce AI talent that can do this work.”

Ng concludes, “Much has been written about AI’s potential to reflect both the best and the worst of humanity. For example, we have seen AI providing conversation and comfort to the lonely; we have also seen AI engaging in racial discrimination. Yet the biggest harm that AI is likely to do to individuals in the short term is job displacement, as the amount of work we can automate with AI is vastly bigger than before. As leaders, it is incumbent on all of us to make sure we are building a world in which every individual has an opportunity to thrive. Understanding what AI can do and how it fits into your strategy is the beginning, not the end, of that process.” We need to get ahead of the jobs and job functions that will be displaced and devise a strategic direction for advancing the workers along with the technology.

Members in the News

Sonoma Raceway Hosts the 6th Annual John’s March Against Stomach Cancer, Jan. 21

Sonoma Raceway will open its 12-turn road course to walkers and runners alike as it hosts the West Coast’s only major fundraising event for gastric cancer on Saturday, Jan. 21.

Redwood Credit Union Recognized for Community Efforts

Credit union association awards RCU honorable mention for Community Credit Union of the Year

Sonoma State University's Wine Business Institute Launch Rodney Strong Pathways Program

Rodney Strong Vineyards and the Wine Business Institute (WBI) at Sonoma State University (SSU) announced today the launch of the Rodney Strong Pathways Program to bring a broad range of talented students to SSU, and provide them with a better educational experience to foster their academic career and life success.

College of Marin Celebrates a Record Number of Scholarship Awards

Student scholarship reception highlights tremendous impact of financial support

Sonoma Raceway Had More than 300 Children Attend "Race to the Holidays" Christmas Party

More than 300 Sonoma Valley children enjoyed a day of holiday cheer at Sonoma Raceway on Saturday at the 12th annual "Race to the Holidays" Children's Christmas Party.

Redwood Credit Union Opens New Branch in Mill Valley

RCU offers convenient new Mill Valley location for Marin community

Redwood Credit Union, Senator Mark McGuire, and the Press Democrat sponsor holiday celebration for community affected by Clayton Fire

Redwood Credit Union (RCU), in partnership with the Press Democrat and Senator Mike McGuire, helped the Lower Lake community celebrate the holidays with a pasta feed and holiday event on Sunday, December 4th. The event was sponsored by RCU's Lake County Fire Victims Fund (part of Redwood Credit Union Community Fund, Inc.), which raised nearly \$265,000 dollars, thanks to the generous contributions of more than 700 donors, to assist victims of the Clayton Fire which devastated much of the Lower Lake community in August of this year.

Redwood Credit Union CEO Receives Advocate of the Year Award

Brett Martinez recognized for leadership by California Credit Union League

College of Marin Offers Food Safety Training and Certification

In a step to further its career education, College of Marin has added a specialty class, Food Safety for Managers, created for the region's food service establishments. California State Health Code requires that one person in each food service operation maintain a Food Safety Manager Certification.

Buck Institute Announces New CEO and \$10 Million in Gifts to Fuel Growth

Eric Verdin Named Permanent President and CEO

Midstate Construction Completes a Medical Office Building in Santa Rosa

Owner Lytton Rancheria of California and general contractor Midstate Construction Corporation recently completed construction of a Medical Office Building in Santa Rosa, CA.

PG&E names Geisha Williams as CEO and president

PG&E Corp. said Monday that Geisha Williams was promoted to president and CEO of the San Francisco-based utility, effective March 1.

Read more online at www.northbayleadership.org/news



Who We Are

Over twenty years ago, business leaders founded the North Bay Leadership Council on a simple premise: We can accomplish more by working together. Today, the Council includes 47 leading employers in the North Bay. Our members represent a wide variety of businesses, non-profits and educational institutions, with a workforce in excess of 25,000. As business and civic leaders, our goal is to promote sound public policy, innovation and sustainability to make our region a better place to live and work. For more information: Call

707.283.0028 / E-mail info@northbayleadership.org
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