



S24E9: Transcript Peter Hinssen – The Never Normal

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Tavia Gilbert:

You're listening to the ISF Podcast: for your organisation's better cybersecurity. Your host, ISF CEO Steve Durbin, is an expert in leadership, business culture transformation, and cyber strategies for today's top enterprises. I'm producer Tavia Gilbert.

This week, we have a rare repeat guest on the podcast. Listeners may remember our conversation with innovator and thought leader Peter Hinssen a few years ago. He's back to speak with Steve today about the post-pandemic future of work. Peter offers practical tips for leaders who are trying to prevent workforce burnout. He also discusses with Steve how boards can approach adopting new technologies like AI.

Steve Durbin:

Peter. Hi, welcome back, and thanks for joining me in the studio today.

Peter Hinssen:

Pleasure, Steve.

Steve Durbin:

So you and I last did this, I think, in 2019. It was in Dublin. Just before COVID.

Peter Hinssen:

Just before COVID.

Steve Durbin:

That's right. Yeah. The world's a slightly different place now. But you know, just to start, tell us, what have you been up to over the last three, four years?

Peter Hinssen:

Well, COVID was actually really busy. I did so many webinars. And in a strange way, I enjoyed that, because although it's nice to be with you know, a room filled with people, it was very convenient to actually be able to work so close from home. I'm glad I did work at home, because it was at that moment that I had the chance, I bought an old church to house one of my passions – my Apple collection. And then I really was glad that I had that as a location to do my webinars and my recordings, because if I would have done that from home, I think my family would have gone absolutely nuts.

Steve Durbin:

I mean, that's a positive spin that you've put on COVID there. And I'm interested, have you seen anything that businesses have kept that's been really positive, that perhaps they wouldn't have been able to do if we hadn't had that whole COVID situation?

Peter Hinssen:

Well, I think what was really interesting about COVID is that I think when it was going on, a lot of people thought, this is the big one. And let's hope that post pandemic, you know, if we ever get out, we're gonna go back to the way it was. And I think that has been abandoned. And of course, we all know what happened. Post pandemic, we've gotten into the war in Ukraine, and then we've got into the economy that went just absolutely nuts. And then, inflation, and it just seems to be constantly more and more and more change that has happened.

And I think fundamentally, I think companies have started to realize that they need to understand that, that we're not going to go back to peace and quiet. We're going to have an acceleration, maybe, of change. That's what I started calling the never normal. One of the good things I think that we've gotten back from COVID or that we've retained from COVID is that I think the acceleration of the future of work has really happened. I think we're now seeing companies that clearly see that the way we did HR, employment, and work pre-pandemic, we can't just hope that that is going to come back. And I think that is a fundamental change that I think was really something that the pandemic helped us with.

Steve Durbin:

And how do you think business leaders in particular have coped with this shift, with this constant change, this acceleration, as you put it? Are they doing well, or are there areas for improvement?

Peter Hinssen:

I think it's um, work in progress. And I think many companies have now started to realize that that never normal is probably the canvas that they have to work with in the next couple of years, maybe decades – that it's not going to go back to the way it was, that there is going to be that constant volatility, that we need to adapt faster, that we need to rethink and you know, be more open minded. We have to listen more attentively to all the changes that are happening and then respond faster than ever before.

So the awareness is there. I think the way to then cement that into procedures, into governance, into mechanisms, that hasn't happened. You still see companies struggling with that. I give one example: annual budgets. Annual budgets is a great example of something that we're starting to realize, it doesn't really work anymore, because things might happen. Things might evolve and change so quickly. So we're going to need a different mechanism to deal with that.

So, we've gotten to that awareness that some of the old ideas just don't function, but we haven't figured out what the replacement is. And I see companies trying and experimenting, trying to build more of that agility and flexibility also in their planning processes and in their budgeting approaches. But you know, that stronghold, that idea, that framework of an annual budget that we've held on to for such a long time is very difficult to actually give up. But I think it's exciting, because I think in this never normal, we're going to see new mechanisms and new ideas and new concepts and new governance ideas that are going to you know, come to fruition. But at this moment, we're still very much in that transition.

Steve Durbin:

And what does that actually mean, do you think, for the people in the organisation? Because one of the things that I notice is that a lot of organisations, yes, okay, they got through COVID, then they wanted to draw breath. Big sigh of relief. But what we're talking about is this constant evolution, this constant change. And the challenge, I think, for a lot of organisations is how do you manage that? How do you still make sure that the people in the business are best equipped to deal with that? Because it's a very different way of working, and for some, it's hugely stressful.

Peter Hinssen:

It is. And I think that probably explains why there is so much depression and burnout that are happening inside organisations, because a lot of that constant pressure is not just something that top executives or board members feel; it's what everybody feels.

Steve Durbin:

Right.

Peter Hinssen:

And I think it seems to be accelerating. I have this theory that we're seeing S-curves being mainstreamed faster, that things happen just more and more quickly. And we all feel that. AI is a great example. I mean, let's be honest. I mean, just about a year that everybody started to really feel the power of generative AI. And I can get excited about this as a technologist, but as an individual, you think, oh, my God, what is it going to mean to my skills, my job, my role?

And I think a really important part of leaders today is to help navigate your people, your workforce through that never normal. Not to hide that, because I think that doesn't make sense, but to give that sense of comfort and reassurance, that yeah, there is going to be things happening, but let's figure out together how to maximize that. And I think that is where leaders play a crucial role today. That sense of urgency is vital, but you shouldn't bring that into an organisation to scare people. They're frightened enough. How do you build that sense of urgency without frightening your workforce? And I think that's where leadership really plays an absolutely vital role.

Steve Durbin:

So let me ask that question. How do you do it?

Peter Hinssen:

Well, I think first of all, acknowledging the fact that it's there. Second of all, showing that it's not new is good, old is bad, how you're going to put that together, how to build that mindset in the organisation where you're going to try and figure it out together. I wrote a book called *The Phoenix and the Unicorn*. And I was getting a little tired of the unicorn stories. Every conference you went to it was Uber this, Airbnb that, but most companies are never going to be Airbnb. And I wanted to find phoenixes, and these are companies that can reinvent themselves, that actually go through difficult times but become a stronger version of themselves.

And I really believe after a decade of unicorn applause, we're now going to have a decade of potential phoenixes out there. And I think a big part as a leader in such a

phoenix transformation is to actually give your workforce, your people that sense of we're going to do this together.

Steve Durbin:

Right.

Peter Hinssen:

I had the chance to be very close to the transformation of Walmart over the last couple of years. Walmart is 1.6 million employees, it's the largest employer in the world. And to see a company like Walmart not just come in and say, digital is going to change everything, e-commerce is a game changer, and most people are going to be replaced by robots. No, they double down and invest in their people. They figure out how to use the talent and use the people that they have to actually become a big part of helping that transformation actually work.

But it's not easy. I mean, a big part of the stores in US of Walmart are being turned into e-commerce infrastructure. A lot of the people who are customer-facing today might work in e-commerce or last-mile delivery. But you can clearly see there the difference between, say, an Amazon and a Walmart. Walmart really does that by doubling down on their people and acknowledging that never normal, but really figuring out how to use the power of their values and their workforce to be very relevant in that never normal.

Steve Durbin:

It's a really interesting example, that, isn't it? Because that's private sector doing what private sector probably does really well. What about government? What about the public sector?

Peter Hinssen:

Yeah, in essence, I think Walmart is a very peculiar example, because it's publicly traded. You can see the stock price every single day. But it's still controlled by the Walton family. And one of the things that I've seen is that it helps if you can put a long term perspective on things, and that's what the family ownership of Walmart actually does. There's so many companies that are just, you know, quarterly focused, you know, this fiscal year, and it's very difficult to actually do a transformation of that style.

It happens. I mean, take Microsoft. That's a great example of a company that's done that. Publicly traded, very, very visible, and they've been able to really transform into a phoenix. But going back to Walmart, I think that might be inspiration for public sector, because in public sector, you, by the very nature, are thinking long term. You can play

that long game. But unfortunately, you don't see that enough. And I think it's that sense of urgency, which is probably not there yet. The fact that of course, we have a political system where you have that, you know, four or five year cycle where everything changes again, doesn't really help there. But in essence, I think in a public sector, you have all the opportunities to be able to really nurture that reinvention for the long game.

Tavia Gilbert:

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Steve Durbin:

You've touched on technology, you've talked about artificial intelligence. Do you think we're becoming too dependent upon technology?

Peter Hinssen:

I personally don't, but I'm a technologist at heart, so I still get excited about everything that happens. You do get to the point where – even myself, I realize what we have built is, we're standing on the shoulders of giants. So we keep building on top of. And if some of the underlying mechanisms break down, well, then we see how difficult it is. I mean, during the pandemic, I'm sure you had the same, but in our house, if the internet went down during the pandemic, well, then all hell broke loose. So you become extremely dependent on technology. It has to work. There is a zero tolerance for digital failure. On the other hand, I do believe that we're actually getting to the point where we can really show the potential, where we can really use these tools to become more productive.

And that's where I get so excited about something like AI, for example. I mean, over the years, digital has, in many ways, been a disappointment in terms of productivity. We have more tools than ever before, but are we really that much more productive? That's questionable. I mean, most of us still use Microsoft Word like we did with our old mechanical typewriter. The only difference is we don't have white-out anymore. But I think we're now getting to the point where the combination of man plus machine, where we really see this as productivity enhancers, I think we might see an enormous change for the first time maybe in 30, 40 years of digital technologies. I think getting to digital becoming normal was step one; that's your base camp. I think we now have the

potential to really leverage what is out there. So, I still get that excitement. But I do realize more and more, if it doesn't work, it's a challenge.

I take ChatGPT as an example. When it came out, you know, 30th of November last year, I think first people like you and me started using it, then massively, students started to use it. And I've seen statistics that 60 to 70% of the papers and dissertations and theses in the academic year 22/23 were written using generative AI. I think that's an underestimate. I think it's closer to 90+ percent. But then again, you saw that in the beginning, ChatGPT was overwhelmed by the enthusiasm. People started using it so much that sometimes the servers went down. And one of my friends is a teacher. And she said, I literally had one of my students that came in and said, I cannot turn in my homework, because ChatGPT was down. There you see how dependent we become on technology.

Steve Durbin:

But from the security standpoint, of course, that introduces a whole range of different issues. I mean, certainly talking to some of our members, when ChatGPT, as you say, was exploding, what I noticed was they were falling into two camps. There was the camp that said, okay, let's just experiment with it. Let's use it. And there was the other camp that said, no, it's not at a point where we can allow it, if you'd like, to run wild across the organisation, because we haven't got the policies, the processes, the procedures in place to actually monitor it. So we're going to step back for a while, watch, wait, and see.

And now interestingly, some of those are beginning to feel that perhaps they're behind the game. And for me, that's just a reflection on the speed at which technology is now changing. So if you've got any advice for people who perhaps see some of these things evolving, and think, oh, maybe I'll just sit back for a moment and wait – should they dive in? What should they do?

Peter Hinssen:

I mean, the typical S-curve that we see when something is strange and starts to grow and then flips, becomes normal, the steepness of that S-curve is just getting incredible. And generative AI is a great example of that. I think we're at a point in time where the experimentation we have to do to understand this is more important than ever before. We have to spend time to sense and try and experiment. And the idea of let's wait it out, and then we'll see? I don't think that applies anymore to this never normal.

GenAI is a great example. I think the opportunities is vast, because for a long time, what we've done in companies is focused on the data side of things and the structured data. But how much of the information in a company is structured? 20%? 30%? 60, 70, maybe 80, or 90% is unstructured. It's the emails, it's the documents. It's the PowerPoints that are on SharePoint or on shared drives everywhere. And I think we're now seeing that we've pretty much figured out the whole governance around data, but we're gonna have to figure out that whole governance around these content flows. And we've largely ignored that for quite a while.

But I think now, I mean, what are you using to train large language? How are you going to combine your own intellectual property with these large language? But how are you going to make sure that none of it gets out? We're going to have to deal with that governance of content, unstructured flows, and that's a whole new kettle of fish that we have to understand. New technologies, new mechanisms, new ways of dealing with that. And I think it's going to open up a huge opportunity in terms of thinking about risk and thinking about security in that context. So I don't think you can ignore this. This is the biggest thing that I have ever seen in 30 years in IT. And if you're not on top of this, you're gonna be behind.

Steve Durbin:

So you've talked there about the need for a change to the governance inside the organisation. We're seeing around the world the evolution of regulation. So across the EU, for instance, we have the EU's AI Act, but different countries, different regions are taking different stances. If I look at the UK, for instance, it's probably slightly more relaxed in terms of some of the regulation that they want to bring in there versus what's happening say, in the EU. What is your take on the need for regulation, first of all, and then consistency?

Peter Hinssen:

I think it's going to be one of the big themes of the next decade, because I think what has happened is that in Europe, GDPR was seen as a huge success by the regulators. If you ask the companies, I'm not so sure. If you ask the consumers, I think you get a different view. The whole idea of protecting privacy was absolutely brilliant and necessary. But then again, many companies spent a lot of money implementing GDPR, and from a consumer point of view, you feel you're clicking on more consent forms than ever before, and you get more spam than ever before. So I think there's a disconnect there between the noble intentions of this regulation and then the execution, reality.

I think we have to be very careful we're not going to do the same in a world of AI, where, let's be honest, Europe has been working on their AI regulation for quite some time. They actually postponed it, because they realized that GenAI was happening so quickly. And it was so pervasive that you know, it was, they were going to look foolish if they brought out something that was already bypassed the moment it came out. And we get to a very strange situation where on the one hand, you can clearly see that you need to regulate this, because it's now the wild west out there, but the technology is moving so quickly and is advancing so rapidly that it's ... I pity the regulators who have to figure out how to deal with that.

I think as a company, as an organisation, you're going to deal with that compliance, but I don't think you should wait. I think you should start thinking about how you're going to organize this yourself without waiting for that final regulatory environment to come out. And it's going to be something that has real economic consequences. I got an email recently from one of the larger consulting firms that I've been working with for a very long time. I've been doing work with them for the last decade. And they sent me an email recently saying, could you please sign off that none of the information you've ever received from us, no PDF, PowerPoint, email has ever been used to train a larger language model? And I'm an individual. I could say, yes, I can. But if you're a company, if you're a large pharmaceutical company or a large retailer, and every single one of your employees has to be compliant that none of the information that you've ever received from one of these vendors has been used to ... how are we going to organize that?

So I think it would be really foolish to wait until the final set of regulation is out there. I think we have to start now. Because I don't think you can avoid using this. This is a tool that is so powerful to help us with productivity, we can't postpone it. But waiting for regulation to finalize and crystallize, I think then you're absolutely going to be too late. So you have to act now.

Steve Durbin:

And I think one of the challenges with that acting now from a chief executive perspective, from a board member perspective, is that there is just so much regulation and increased focus on compliance that you have to contend with. Do you have the headspace, the knowledge, the understanding to be able to deal with some of these things? I mean, certainly some of the board members that I talked to would say to me, rightly or wrongly, that they don't have time for it. They don't understand it.

Peter Hinssen:

Yeah.

Steve Durbin:

And they do understand that they're liable for GDPR. They understand that they're going to be liable for NIS2 too, for instance, if they're in the critical infrastructure space. And so AI is something that they feel that they can perhaps push off a little bit, because they don't have the capability or the time. What sort of advice have you got for them?

Peter Hinssen:

So, I joined the board of a bank three years ago. So, start of COVID. It is honestly one of the most difficult things I've ever done in my entire life, because with my entrepreneurial background and startup background, joining a world of compliance and risk and audit was ... I've had to study a lot, but I really enjoy it. And they made a deliberate choice in the bank to hire people with my background, because they felt that the world of digital and data is moving so quickly, they needed to address that also on the board level.

I mean, the bank is doing really well. Our mobile app is in the top three worldwide, so we're really on the money there. But what happened is, we actually even changed the governance inside the board. When I joined the board there were three committees: comp & ben, an audit committee, and a risk committee. And we'd spend a lot of time to really manage risk and do the audit function in the way that we've always done it.

But there was a belief, also at the board level, that on the one hand, there is more regulation coming that is outside the classic financial risk mechanisms. Also, that we needed to spend more time on innovation. We now actually have a fourth committee. I'm not saying you need more committees, but we actually have a new committee, which I foolishly suggested to call it the disruption committee. But that was a bad idea. We call it the innovation committee. And we do two things. First of all, we look at all the rules, compliance, that are often nonfinancial risk related. Things like cyber, business continuity, and there's a tsunami of regulation that is coming our way.

But we also look at innovations that we cannot afford to miss. We look at things where we have to double down. We have that mechanism in the board now where we're looking at the radar of things that are really important for us to understand. And we have to figure out not just what is relevant for us as a bank and an insurance company, but also where we have to double down to make sure that we can execute that in the fastest possible way. And I think honestly, more and more boards are going to need to figure out how to build the skills and the mechanisms and the place to discuss these things that are not just compliance with the tsunami, but also the innovations that you cannot

afford to miss. And I think, honestly, that's going to change the dialogue in the board quite a bit.

Steve Durbin:

Some interesting thoughts there, Peter. Always a pleasure to talk to you. Always a pleasure to hear some of these different ideas, and certainly some of the really solid examples that you've been giving our listeners. So thank you very much indeed, for taking the time today.

Peter Hinssen:

A pleasure, Steve. Really nice to be here, and good luck with the rest of the forum.

Tavia Gilbert:

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