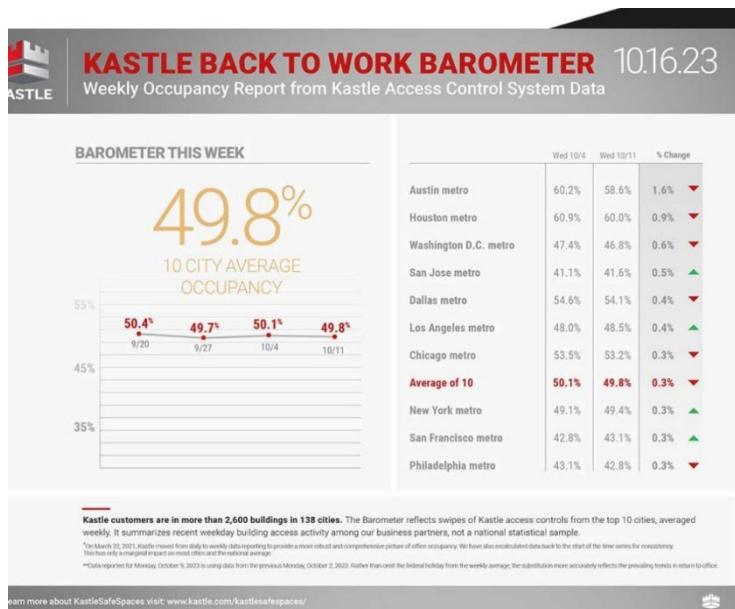


J. Michael Locke Musings

#242: Musing October 21, 2023

The push by many companies to get employees back into office appears to have stalled at around 50% usage. Employees have to come to love the flexibility and improved lifestyle that comes with hybrid/remote working and with 4% unemployment, the employee has options. Leaders need to adjust to the new norm. The company that dominates the “card swipe security” business publishes a barometer on the percent of employees who used their card to go into office. Here it is:

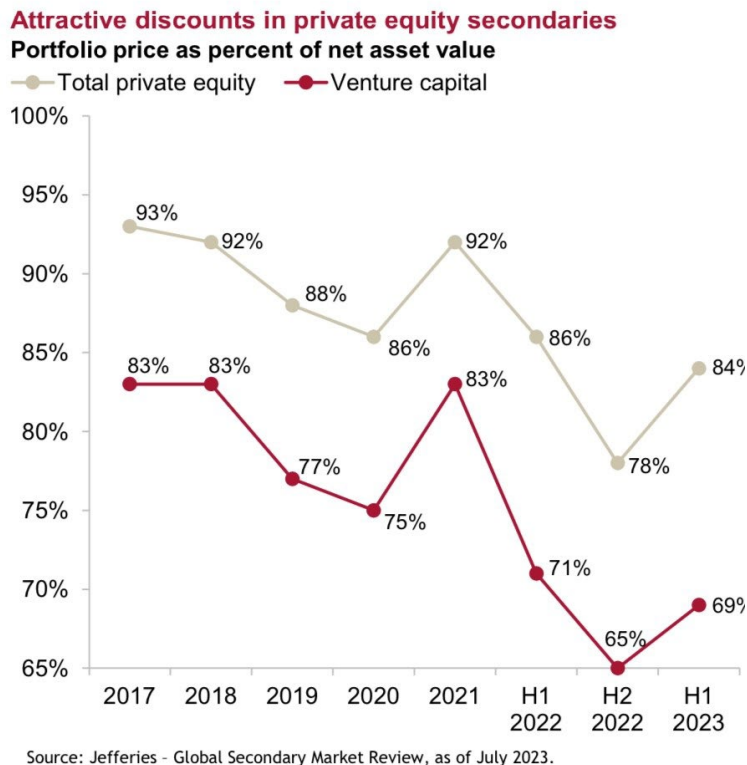


One loser in this fundamental shift in how people work are commercial office landlords. The collapse of the commercial real estate market will take a while to play out as most companies still have their space and are paying rent. As leases expire, look for drastic downsizing if not total cancellation. Commercial office buildings values are starting to plummet and lenders will start foreclosing. There has to be an opportunity in this dislocation somewhere. Too bad WeWork was so poorly run because it would be a winner if it had grown slowly and thoughtfully.

If you needed more of a deterrent to going into the city, Manhattan is going to charge you \$23 to drive south of 60th street.

The growth in the alternative asset class is now creating liquidity issues. Over the past couple decades, a growing amount of portfolio allocation has gone to private equity, venture capital and hedge funds. In most cases, the money is “locked up” for a certain amount of time and the investor accepts the

illiquidity in exchange for higher returns. The stalling out of the M&A market is making that illiquidity painful right now. Many individuals were counting on some amount of liquidity from their private equity type investments and now are facing a cash crunch. One move is to sell the private equity limited partner interest to someone else. This secondary market is very vibrant right now but it comes at a discount to value. Savvy investors with liquidity are buying in this secondary market. The following chart from CIBC shows the discounts:



Confidential | 1:

Some consumer food businesses are warning of the risk from Ozempic. As the diet drug gains in popularity, the logic is consumption will decrease. BusinessWeek called it a *“universal demand suppressant....As sales of appetite-suppressing drugs such as Ozempic and Mounjaro skyrocket, Corporate America is grappling with the question: How does a less-hungry, less-impulse-prone consumer affect my business model?”*

Disney is really struggling. Cord cutting has led to ESPN’s demise and streaming is a money loser. Good quote from Bloomberg on the return of Bob Iger to run it. *“Like Apple’s Steve Jobs and Starbucks’ Howard Schultz, Iger was a star CEO whose identity had become indistinguishable from the company he helped build. But his second tour is looking less like a Jobsian triumphant return than a Schultzian descent into financial mediocrity and employee acrimony.”*

Here is a depressing one — the rise of AI girlfriends. It used to be a growing interest in girls pulled the male teen away from the video games in the basement but some are just turning to tech for romance. You can design an avatar and talk to it. The generative AI will customize the conversation to

you. [ai-girlfriends-ruining-generation-of-men](#)

Sometimes good leadership is just about the basics. For instance, be kind. *“Research suggests that kindness yields positive outcomes for businesses. If you’re an emerging leader, being kind to your employees can help you retain top talent, establish a thriving culture, increase employee engagement, and enhance productivity. When people receive a compliment or words of recognition, it helps them feel more fulfilled, boosts their self-esteem, improves their self-evaluations, and triggers positive emotions. The result: happier, more engaged employees.”* HBR article: [why-kindness-at-work-pays-off](#) This doesn’t mean you don’t give negative feedback if warranted it, but it can be done without demotivating. Tell the employee they need to do better and that you are there to help them improve. It is like good parenting where you don’t want the child to do something out of fear of “getting in trouble” but more because they “don’t want to let you down.”

Being kind is not the same as being nice and avoiding conflict. You owe it to your team to give critical feedback. Employees should never be surprised by your decisions. Management is a daily activity and feedback should be voluminous like the coach walking the sideline. The annual performance review is just a corporate tool and not the real performance management.

I am out of sync with society I guess. I thought the Barbie movie was awful and don’t care whether Taylor Swift is at a football game.

I don’t have anything insightful to write about what is happening in Israel. The barbaric assault by Hamas is breathtaking and I struggle to comprehend the anti-Israel opinions expressed by some in the US. Let’s pray this doesn’t become a worldwide conflict with Iran, Russia and US militarily engaged.

On a personal note, lost my mom this week. She had a great 87 year life and was in declining health so her passing was a blessing. She was a great woman. Here is her obituary: [judith-locke-obituary](#)

Some quick reflections on my mom’s passing:

- Dementia is an ugly disease. Very difficult when your “health span” is shorter than your “life span”
- It is a real blessing when all siblings are on the same page when dealing with an elderly parent. IMO, the “local” child who does a disproportionate amount of the caregiving has superior voting rights. I hear too many stories of “remote” child not doing a lot of the work weighing in opposing the local child which is not fair.
- Get the legal stuff in order now before any health issues.
- Our healthcare system is too oriented to extending life. We had to fight to not engage in significant healthcare protocols to extend a low quality life.
- It is a disorienting feeling to not have a living parent.

RIP mom

jml