The Knowledge Project Keypoints — Founders & Building Companies

The Knowledge Project Keypoints

Episodes in this pack: 19

The 12 Years that Changed Steve Jobs

Guest: Geoffrey Cain
Date: 2026-09-01 · Duration: 1:02:53
URL: https://www.youtube.com/watch?v=eU4WlADVgM8

KEYPOINTS

• Jobs wasn't simply fired in 1985; he lost a boardroom fight after a botched coup against John Sculley.
The Macintosh was a cultural hit but sold poorly. By 1985 inventory and debt were piling up and Apple had its first layoffs. Jobs ran only the Mac division, yet he stormed into other teams' meetings calling them idiots and was told 'you're not even my boss'. He planned to send Sculley to China for a speaking gig and then ask the board to make him CEO, but he told his rival Jean-Louis Gassée in a parking lot, and Gassée warned Sculley that night.

• The product fight underneath was open versus closed, and in the 1980s the market wanted open.
Jobs wanted an end-to-end machine with hardware, software, mouse and keyboard all controlled by one company, much like the iPhone later. Business buyers wanted machines they could customize with cards and slots, which is why the expandable Macintosh II, which Wozniak championed, kept Apple afloat. Cain says Jobs assumed buyers would beat down his door even for a closed box.

• NeXT began with top-shelf spending that set the company's cost base before it had a product.
Apple sued Jobs when he took five talented employees, accusing him of taking ideas from a planned supercomputer-style '3M machine' for scientists and intelligence agencies. The 30-year-old Jobs, now rich with 'champagne taste', put $7 million of his own money into NeXT. When a single logo cost $100,000, that became the startup's normal unit of spending.

• Contrary to the movies, Jobs hired people who would argue with him and ran decisions as 'intellectual combat'.
He'd ask candidates whether they were the best in their field, and if they hesitated he ended the interview and told them to send him whoever was. At hotel retreats, software, hardware, marketing and sales each had to stand up and fight for their ideas, and he pushed harder if they didn't fight enough. People weren't cowering. They told him plainly what would fail.

• The reality distortion field fooled Jobs himself, and that made it dangerous.
Executives sent him emails spelling out the funding and sales NeXT needed by specific dates to survive. He replied that they'd sell 25,000 computers that year, with no distribution network, because 'I tried it today and it's a great computer'. Cain believes Jobs never saw himself as lying. He was building 'a monument to his own genius' and to revenge on Apple.

• NeXT's hardware failed but its software held the future: object-oriented NeXTSTEP later underpinned the iPhone.
Having seen object-oriented programming at Xerox PARC, NeXT built software from reusable objects such as buttons and images instead of fragile line-by-line code where a single bug crashed everything. Customers like Wall Street trading desks, healthcare, satellite imaging, the CIA and the NSA bought the cube for the software. But because it was tied to expensive hardware, there was no installed base and no outside developers.

• By 1993 Jobs had alienated almost everyone and was a weekend away from closing NeXT.
The cube sold a few dozen units a month. Canon had put in $100 million and Ross Perot $20 million, and an IBM deal had inflated NeXT's valuation into what Cain calls a smoke-and-mirrors bubble. All five co-founders had left, developers had quit, Canon wasn't answering his emails, and Fortune raised the 'snake oil salesman' label. He was burning about $50 million a year, much of it his own money, while personally funding Pixar too.

• The turnaround came when Jobs stepped back: NeXT posted its first profit in 1994, once he was largely gone.
NeXT was about $400 million in debt after nine years of losses. A new CFO, Dominic Trumpot from Belgium, and his team told Jobs what had to change, and NeXT became an enterprise software company. Jobs, who had no interest in enterprise, put on an Armani suit and red tie and said NeXT's future would look like IBM. At Pixar he had agreed to stay out of creative decisions, leaving those to Ed Catmull and John Lasseter.

• Jobs went back to Apple reluctantly, and he insisted on being invited rather than seizing control.
He first agreed only to be a part-time adviser with no title, ready to retreat to Pixar. In frustration he sold almost all his Apple shares. Larry Ellison pushed for a hostile takeover, but the older Jobs reasoned that it would cost him the goodwill he needed. He installed his NeXT chiefs, Jon Rubinstein for hardware and Avie Tevanian for software, first.

• His core lessons were to trust his people and bend his vision, including making peace with Bill Gates.
In 1996 Jobs described the 'inverted pyramid': with great talent, the CEO sits at the bottom and has to keep people who could get another job in a minute. Back as CEO, he did a deal with his arch-rival Microsoft for Office on the Mac and a $150 million investment, which Cain says kept Apple from running out of money. He'd learned that total control requires scale, and scale requires concessions.

EXAMPLES

• Paul Rand's $100,000, one-shot logo
Jobs wanted the country's best designer. Rand's terms were $100,000, one design, no revisions, paid whether or not NeXT used it. Design schools still study the logo, but Cain uses it as a warning about setting a startup's spending norms too high.

• The perfect cube and its $500,000 sanding line
Jobs demanded exact 90° angles. That meant a specialist mold shop and a $500,000 sanding line in 1986, adding millions in ongoing costs. Shane compares it to John Mackey's advice: 'meet the market where it is'. The market for a $10,000 cube in 1986 was tiny.

• Walking away from federal contracts at the signing table
Perot's sales force had lined up potentially hundreds of millions in government, military and intelligence orders, and agents with no business cards visited calling themselves 'Sally' and 'Bob'. With the contracts on the table, Jobs refused because selling to the feds 'isn't who I am'. Perot quit in anger.

• The cold-call voicemail that saved Apple
Apple, months from bankruptcy and plagued by exploding laptop batteries and the spinning beach ball, was set to buy

Gassée's Be OS. Garrett Rice, a NeXT middle manager, cold-called an Apple executive, who passed him to CTO Ellen Hancock. She called back. A senior Apple software designer later told Cain that 'all of them' of Apple's products descend from NeXT.

• Andy Grove's blunt answer

In the summer of 1997, still unsure, Jobs called Intel's Andy Grove about Apple's CEO search. Grove told him he didn't give a damn about Apple, and Jobs realized he did. He became interim CEO in October 1997, gave himself the title 'iCEO', and killed about 70% of projects.

OTHER RELEVANT

• Hire for pushback, then actually listen

Recruiting people who argue is only half of it. At NeXT Jobs got accurate warnings and ignored them. Watch whether you dismiss feedback because it clashes with your vision.

• Diversify your identity

Cain credits Laurene Powell, the birth of their son Reed, and reconciling with his daughter Lisa with giving Jobs a life outside work, so one failure no longer crushed him.

• Limits of growth

Jobs learned empathy for others, even arranging top medical care for employees, but never fully learned honesty with himself. He consulted a psychic and tried a vegan regimen for his cancer against advice. Growth in one area doesn't guarantee it in every area.

The Business Lessons That Made Him Billions

Guest: Brad Jacobs
Date: 2026-08-04 · Duration: 1:39:17
URL: https://www.youtube.com/watch?v=pduZ-bfcKAQ

KEYPOINTS

• Get the main trend right and you can mess up a lot else; get it wrong and you're swimming upstream.
Jacobs credits his mentor Lou Glickstein with this rule and deliberately spends time on context: where a situation came from, its present conditions, the ways it could go and the catalyst for each. Today that trend is AI—he endorses Ray Kurzweil's singularity thesis that humans will merge with their tools, and hopes machines eventually gain empathy and theory of mind.

• Rational thinking is trainable, and he treats psychology as business capital.
He fell into his only depression in the mid-2000s after stepping down as CEO of United Rentals—he'd been a CEO since 23. That led to two years of therapy three hours a week and study with Albert Ellis (REBT) and Aaron 'Tim' Beck. He now catalogues his automatic thoughts, biases and cognitive distortions and applies CBT, DBT and positive-psychology tools to stay calm amid billion-dollar market-cap swings.

• Borrow therapists' technique: non-judgmental concentration, then 'join then lead.'
Therapists create safety before asking hard questions, give 100% attention and validate before disputing. In his 'electric meetings' all devices are off, one person speaks at a time, and everyone concentrates on them. With angry customers he first pictures how the failure hurt their supply chain or job, shows he has heard both the words and the feeling, then gives an action plan.

• Business improvisation comes from jazz: there is no wrong note, only a new key.
Classically trained, he studied with Milford Graves and Bill Dixon at Bennington and still identifies as a musician first. Rigid multi-year plans fail because markets change; opportunities you never planned for appear, and rejecting them as 'not our thing' is a costly mistake. Math supplies the other half: reducing complexity to a simple formula and seeing relationships.

• A messy org chart is a money-making opportunity.
Org charts should be 'pretty'—simple, geometric, light at the non-revenue top and heavy where people touch customers. If you find something messed up and easy to un-mess, 'boo-ya, there's your money.' Shane adds that bad ideas hide in complexity but not simplicity; Jacobs agrees that clear KPIs, metrics and pay tied to goals leave nowhere to hide.

• Take a 'Zen Buddhist' approach to debt: not too much, not too little.
Zero debt is suboptimal because leverage shrinks share count and boosts per-share returns. But with geopolitical risk in the Middle East, Ukraine and Taiwan, heavy leverage is dangerous—companies go bankrupt only from debt they can't repay, as COVID showed. QXO targets one to two turns of EBITDA; he'll briefly go to four times for a deal, then delever via asset sales and free cash flow.

• Doing what everyone does yields average returns by definition.
His companies beat their indexes not by 100–200 basis points but sometimes several-fold, returning 32x and in one case 150x invested equity—five times in a row, which he says rules out luck. He admires contrarian holders like Orbis who buy heavily when a stock is temporarily dislocated.

• M&A is the most reliable risk-adjusted value creator—if you pick the industry first.
His teams did ~500 acquisitions after reviewing thousands. The checklist: big, fragmented, scale advantages, tech-backward, culturally compatible. He chose building-products distribution: ~$800B across North America and Western Europe, ~20,000 distributors, only six or seven tech-forward, so 6% share means a $50B company. The two biggest value levers are the spread between his cost of capital and acquisition multiples, and how much he improves what he buys.

• Buying is easy; integration is the job—standardise everything from day one.
Anyone can wire money. He integrates from signing: one ERP to close books promptly, uniform dashboards to benchmark every location, one HR system, one CRM, one internal social network—one company and culture. He criticises private-equity roll-ups that bolt together $5–20M EBITDA firms for a bigger multiple but leave a mess. Keep great talent; exit weak players 'gracefully and generously.'

• Pay people heavily, but only when shareholders win.
He wants employees openly motivated by money. Equity vests on total shareholder return versus the S&P 500: nothing below roughly the 55th percentile, partial at 65th–75th, double at 85th–95th. He borrowed old Goldman's practice of paying partly on how many colleagues say you helped them. Asked to choose between recognition and money: 'I'm going with the money.'

• FP&A is the omnipresent scorekeeper of capital and time.
A manager manages only two things: return on capital and return on time. FP&A attaches probabilities to initiatives (90% in the bag versus a 10–20% long shot), budgets daily, and flags who sandbags and who habitually over-promises by 3–5%. It reports to the CFO with a dotted line to him so he knows instantly if guidance is at risk.

EXAMPLES

• Con-way: bought for ~$3B, now worth ~$15B after ~$5B taken out.
In 2015 he pivoted asset-light XPO into an asset-heavy LTL carrier with tens of thousands of trucks because its org chart had three HR and three IT groups. The market punished the pivot; banker Eli Gross warned he'd be 'in the doghouse' until he delivered. Roughly half was equity. He sold truckload for $550M, moved Menlo into GXO and brokerage into RXO—a 15–20 bagger.

• Overruling Uncle Howard: a billion-dollar credit line.
After building oil broker Amerex to nearly $5B of volume in four years following the Iranian revolution, his Depression-era uncle urged him to keep most savings safe. Jacobs set aside $100–200K, deposited the rest with Banque Paribas, got a $1B credit line and ran complex counter-trade, barter and processing deals he saw as execution risk, not market risk.

• Two parental moments that built his confidence.

At 13 his father said at a stoplight, ‘Bradley, it’s good you have a great personality because you’re not getting anywhere with those looks’—crushing, yet telling him leadership was his edge. On her deathbed his mother sat up and said ‘I’m really happy each of you turned out so well’—possibly his happiest moment, just as he started XPO.

• The silent five-minute circle after 12-hour reviews.

After quarterly reviews running 7am to 7pm, 15–20 people stand silently while each looks at every colleague, thinking why they respect them and wishing them success. Shorter meetings end with ‘whose star went up, and why?’

• Board meetings without scripts.

As chair of XPO, GXO and RXO he calls rehearsed PowerPoint boards ‘a Kabuki dance.’ Directors have open access to anyone, see raw customer and employee surveys, and question 10–20 managers per meeting without notice. He lets the directors shape the agenda since he’ll never be smarter than all of them.

OTHER RELEVANT

• Ask acquisition targets’ top 15 people what they’d change.

In one-on-ones: if it were your money, would you buy this? What would you change, and what would we be crazy to change? Where are we underinvesting or wasting money? Kat Cole used the same questions turning around Cinnabon.

• Give feedback as an Oreo, and make praise specific.

Reviews list three wins and three shortfalls. Start with sincere, concrete praise rooted in why you hired the person, then improvement, then end positively—how a meeting ends shapes how people leave.

• Reframe a nuisance as a friend.

He has had tinnitus since his teens and calls it ‘my friend’ that keeps him in tune—a small example of choosing a constructive interpretation.

• Bring the band back together.

QXO’s founding team all came from his XO companies; shared dark and glory days mean they finish each other’s sentences.

FarmVille Creator: The Hidden Path to Successful Products

Guest: Mark Pincus
Date: 2026-06-02 · Duration: 1:09:29
URL: https://www.youtube.com/watch?v=iGx8RDvMvsg

KEYPOINTS

• Great consumer products tap an unmet, often unexpressed human instinct — and the test is whether they earn a spot on your home screen.

Mark Pincus says magic often lands where we're most cynical. His rough rule: if a product makes the front page of his iPhone, it has billion-dollar 'stick' value (now maybe two billion). That page is still half empty, which tells him how few digital products feel compelled-to-use daily.

• Look for 'heat' — true signal you don't need statistics to recognise.

Heat is like finding your person: when it's real, everything says so. When you're hunting through click-through rates asking 'is this the signal?', it isn't. Seeing heat in your own product, he says, feels like Christmas morning.

• Your instincts are usually right; your ideas are usually wrong.

With Tribe.net he had 'three winning instincts and one losing idea.' The instincts — a peer-to-peer 'cocktail party' seen in Napster, Web 2.0's 'anything that can be free will be free', social networking via Friendster — were right. The idea, Craigslist meets Friendster, got trust 'so wrong it's unbelievable' for mainstream users, even if Burning Man types loved it.

• Fix the hole in a 'sinking speedboat' instead of pouring in more users.

Tribe had amazing virality and growth but terrible retention, like many viral apps. When Zuckerberg and Sean Parker visited a year in, Pincus saw they'd got trust right — but ego and a startup taboo against copying kept him from adopting the insight, so he doubled down on a losing strategy.

• Proven–Better–New: copy what's proven, improve one thing users unanimously want, and treat everything new as likely to fail.

Most products lose for the wrong reasons — they try to reinvent every component. Slack took proven HipChat channels. Zynga Poker copied tables, dealer, cards and sounds; 'better' was no download, possible because no real money meant no security requirement. Better is usually mundane: free, half price, fewer clicks. 'New' — friends' photos around the table — gets many variants because 'all new fails until it finally doesn't.'

• Earn the right to change something by becoming a 'PhD' in what's already proven.

When a new PM proudly showed a redesigned poker profile, Pincus asked for his PhD in profiles: the best mobile and game profiles ever made and why. He wanted a war room full of them and pixel-level care. Deconstruction is a lifelong craft: be a student of your own experience whenever a new product launches.

• Founders pass through 'the abyss' between successes, and structure helps you climb out.

After a company ends, freedom feels great for weeks, then dread sets in that you'll never find work you care about; Pincus spent years there. His dad called it 'in between successes.' Side projects — one was a poker game — plus his yearly Book of Life gave enough structure for something to catch. He's either all-in 'maniac' or a dabbler with 'a terrible work ethic until I don't.'

• Know your goal or suffer a death by a thousand compromises.

Founders compromise for the next engineer, CTO or impressive board member until they wake up in a company they don't want to work at. If the place no longer fits the founder, the founder has failed. That's why he made raising Zynga's first round deliberately hard: everyone had to be aligned on the road trip.

• Build 'failure machines' at the top of the funnel instead of falling into the MVP trap.

Teams waste months reaching a 'viable' product that is probably wrong. With AI you can vibe-code a minimum idea and test it. 'Meh' — a five to seven — is the worst answer; a clear no is better. His mantra: build it wrong and fast, see if it proves right, then build it right.

• Founder mode means betting on your instinct and keeping control, even at half the valuation.

Founders were 'expert witnesses' — closest to the answer, furthest from the decision. He runs companies as a 'democratic dictatorship': hear everyone, then one vote. His biggest regret is not using his voting control to override his board in fall 2012.

EXAMPLES

• The Supercell deal that didn't happen.

With Zynga at a $2 stock and being sued, after the failed ~$200M OMGPOP (Draw Something) acquisition, he had a handshake to buy Supercell — Hay Day and a rising Clash of Clans — for $400M cash. The board refused; the company's lawyer warned overriding them could make him personally liable. Supercell made $500M profit the next year: his 'Instagram moment.'

• Words with Friends turnaround via click tests.

Returning as CEO, the game was projected to fall from $120M to $79M; ratings had slid from the high 4s to the mid 3s. A team of mostly 20-something men had spent six months on 'fast play' for an audience of middle-aged women seeking a zen moment — only 1% clicked. Daily testing of hundreds of ideas found weekly achievements; the game did $180M revenue and $100M contribution.

• Kicked out of Bain and scolded by John Malone.

At TCI he told Malone to buy AOL (worth $110M) instead of paying $400M for a third of Prodigy, and to short another company — 'I don't need some wet-behind-the-ears MBA.' At Bain in 1991 he presented a flashing X over Mitt Romney's market-share-vs-margin chart, proving it broke in snacks; he was one of two summer associates ever asked not to return.

• The Book of Life began with quitting smoking on 19 October 1994.

At 28, feeling washed up, he sat in a synagogue writing why his life sucked and fixed on the one thing he could control. Each smoke-free day proved he could change; he has written a yearly plan since, asking what his future self will thank him for.

• Zynga's Facebook dependence.

Facebook constantly moved the app rail, then handed Zynga terms on a Friday with a Monday deadline or apps would come down. Zynga was about 20% of Facebook's page views and 10% of revenue, listed as a risk factor at its IPO. Pincus says only Spotify and Zynga truly survived that ecosystem. Zynga was cash-flow positive from a $350K start; at peak about 20% of Facebook users played FarmVille.

• Pitching Steve Jobs.

Jobs snapped at Scott Forstall over 'fake demoware' until Pincus said the chat users were real — 'type something if you dare.' He then pitched in-app purchase, which the App Store lacked; Zynga was among the first Western companies to monetise via virtual goods.

OTHER RELEVANT

• Make everyone 'CEO' of something.

At support.com, stuck at 35 people, he had each person write on a sticky note what they were CEO of, something others agreed mattered. More responsibility than people think they deserve creates healthy adrenaline; Zynga's wall read 'Be a CEO, own outcomes.'

• Honour a moral contract with builders, and fire the weak to protect them.

Engineers 'take the hill' and then get screwed when sales doesn't sell it or the CEO changes course. Leaders owe equal effort to unlock value from that work. Promotions others can't see as deserved erode meritocracy.

• Kill politics: no one-on-ones, and redirect complaints.

Borrowed via Bing Gordon from Bezos: consistency makes the style feel impersonal. If someone complains about a colleague, call that person over and walk away. He also used Bezos-style tech assistants — smart misfits who shadow every meeting — to pass on 'vampire blood'; one, Ian Cinnamon, went on to build a multi-billion-dollar satellite-launch company.

A Conversation with Robinhood co-founder and CEO Vlad Tenev

Guest: Vlad Tenev
Date: 2026-03-03 · Duration: 1:49:39
URL: https://www.youtube.com/watch?v=0jbbinhLAlw

KEYPOINTS

• The GameStop restriction was a one-day risk decision that a viral good-vs-evil story turned into 'collusion.'
Vlad Tenev says an automated overnight collateral file arrived with huge, shifting numbers in a situation with no precedent. Robinhood put GameStop and other names on 'position closing only' for about a day. In normal times it would have been an innocuous risk call, but the narrative of retail investors taking down hedge funds — and a company literally named Robinhood — made the false story irresistible.

• A juicy falsehood is more powerful than a boring truth, and facts rarely dislodge a story once it has mind share.
Robinhood had no meaningful business with hedge funds, yet the collusion story stuck. Another rumour — that the White House called Sequoia to pressure Robinhood — had thousands of Reddit reposts and Sequoia had to refute it. Shane adds that people can hold such stories for 20 years.

• 2022 was harder than GameStop because every tailwind reversed slowly at once.
Stimulus ended, inflation rose and rates jumped to the highest in over 30 years. With roughly 7% expected stock returns versus about 5% in cash, first-time investors shifted to cash. Robinhood fell from a ~$32B IPO valuation in 2021 to trading around $6, down 80%+, called a 'broken IPO,' with advice to go private.

• Refusing to be an ostrich: build for the environment you're actually in.
While some mortgage firms waited for rates to fall, Robinhood asked what would help customers thrive with high rates. It revived Gold around top yield on uninvested cash, then launched Robinhood Retirement (1.5M+ accounts, 3% match for Gold members). The company now has 11 business lines each generating over $100M a year.

• COVID made Robinhood 'bulk up' with fat, so 2022 became a forced lean-out.
It went from ~700 people and ~$200M revenue at end-2019 to thousands of people and close to $1B a year later — growth built on inputs that weren't sustainable ('you only have one COVID'). Remote hires had never met. In hindsight he'd have enshrined values earlier.

• Practice reversing decisions on small things so big reversals feel less scary.
Undoing a decision means admitting you were wrong, so leaders often half-undo it and get no result. Tenev killed COVID-era 'wellness days', when whole teams took the same day off, pointing staff to generous PTO. People feared revolt; there was one day of complaints and then silence.

• Pay for impact, not org size, so you don't reward empire building.
Values are high performance, safety always, lean and disciplined, and 'one Robinhood.' The job is pitched as doing in one year what another company expects in ten. If a hire clearly isn't working, even at three weeks, they part quickly; six months is too long once you know, though slow starters with rare strengths can get time.

• Hire early-career people so the company doesn't age out of its customers.
Robinhood recruited heavily near Stanford. Tenev argues brokerages become generational — Schwab for boomers, E*Trade for Gen X — as staff age. Interns ship production work; he notes he himself 'started as an intern' straight out of school.

• AI adoption only works if you track the right metrics in the highest-leverage teams.
Robinhood focused first on customer service (AI deflection rate) and engineering (share of commits from AI, checked against total commits per engineer). Teams now budget compute alongside headcount. He sees creative and marketing — with tools like ElevenLabs, Midjourney, Runway — as the next frontier, with 100–1,000× more personalised output.

• Math-trained AI can be verified, which lets it generate its own training data.
Tenev chairs Harmonic, whose agent-network model Aristotle got gold-medal performance at the International Mathematical Olympiad (5 of 6 problems) and helped solve an open Erd 2 &ö lem. Formalising proofs as code allows machine checking, so proven lemmas feed back into training — closer to chess AI than a chat model. He expects specialised models, since domain users generate domain data.

EXAMPLES

• Free GameStop shares helped start the frenzy.
In 2020 GameStop was among the free stocks given to new sign-ups, so many dormant users suddenly held valuable shares. On the night, his phone was unusable — 'like a Kardashian turning off do-not-disturb.' Zuckerberg, Musk and Benioff called; he later called Daniel Ek during Spotify's Joe Rogan controversy to pay it forward.

• Three phases of AI customer support.
Phase 1: help-centre chatbot (roughly 90% of companies). Phase 2: read-only access to account data. Phase 3: taking actions such as refunding a Gold fee, which needs deep backend integration — where Robinhood is. Earlier work making data queryable for analytics made it far easier.

• 1,800% inflation in Bulgaria.
His father left for the University of Delaware in 1991 amid 100%+ inflation; Tenev remembers egg and milk queues and nightly blackouts. In 1996–97 Bulgaria had the world's highest inflation; the lev went from about 2 to 2,000 per dollar, his savings account went to essentially zero, and his grandfather stored value in a closet of copper cookware. Bananas at 20 cents in the US astonished him.

• The Gold credit card: 3% on everything.
A simple default card beats points-optimising. Over half a million holders arrived largely through word of mouth. Incumbents can't easily copy it because tens of thousands of servicing staff and marketing dwarf card economics; Robinhood funds the gap because cash back lands in brokerage, lifting engagement across products.

• IPO Access went from begging to being courted.

Since 2021 Robinhood has done roughly 50 IPOs through retail allocation; early on bankers talked companies out of it. Now top issuers ask Robinhood about retail strategy. He was at an NYSE 'Make IPOs Great Again' roundtable.

OTHER RELEVANT

• Open private markets to retail through regulated portfolios first.

Most leading AI and space companies are private, shutting out ordinary investors. In the US, tokenising single companies clashes with securities law, so Robinhood Ventures uses '40 Act fund structures; abroad it tokenised hundreds of equities plus an OpenAI/SpaceX giveaway. He prefers transparent two-sided price discovery over stale NAVs.

• Make the story simple enough for 20 million people.

Product events force distillation. His tendency is jargon. Start from first principles — what is a prediction market and why does it matter — then plug each product into that foundation. The CEO must personally own the narrative.

• Run leadership meetings on green/yellow/red goals.

Green isn't discussed; red gets scrutiny, with a gavel for levity so people talk openly about what's failing. He keeps one-on-ones on demand. Success, for him, is creating far more value for the world than for himself — ownership for everyone.

Lessons from Building Panera, CAVA, and Au Bon Pain | Ron Shaich

Guest: Ron Shaich
Date: 2025-11-11 · Duration: 1:42:44
URL: https://www.youtube.com/watch?v=h1fIVmf7uaw

KEYPOINTS

• Everything starts with three words, 'better competitive alternative', and without that edge you shouldn't be in the casino.

The world doesn't need another restaurant. Your target customer has to walk past every competitor to come to you. Walking through a Vegas casino at 11:30 p.m., Shaich thought the only way he'd be there is if he owned it and had the house's edge. Without one, 'this is an ugly business and I don't want to be in it'. Don't be everything for everybody; be something special for somebody.

• Empathy, climbing into customers' heads rather than selling to them, is the skill behind each transformation of his career.

He calls the financial results, including Panera's roughly 25% IRR over two decades and CAVA's IPO, byproducts. What excited him was the four or five big insights, about one every five years, that each set off a transformation. Each came from watching and listening, for example spending a year or two on the road in 1992–93 when one in three or four consumers 'held their noses' going into fast food.

• Fast casual came from a deeper trend: after commodification, people wanted to feel special.

After WWII, food, beer, coffee and soda were all local, then consolidated into oligopolies (Anheuser-Busch, Folgers, Coke and Pepsi). Every action draws a reaction: Samuel Adams, specialty coffee, Snapple. His researcher Dwight told him a beer label is a mirror of who people think they are, and that food could do the same. Real food, engaging spaces and caring service became fast casual, now a $350 billion category.

• Companies die when the 'delivery' people push out the 'discovery' people.

Discovery speaks the language of poetry ('imagine if only'); delivery speaks 'prove it to me, show me the spreadsheet'. Bringing in delivery after outside capital improves margins and discipline, but over years it starves discovery. After 15–20 years you have billion-dollar companies that are great at serving what customers wanted 10 years ago and terrible at finding what they'll want next. He saw his job as CEO as being chief discoverer and protecting discovery.

• 'Fail fast' works in software, not in 'fashion with fixed assets'.

A restaurant costs $1–2 million or more and is very hard to fix once built, and restaurants rarely turn around after sales start falling. So every concept starts with a 'concept essence' document, which he describes as the script for thousands of regional-theater shows running 18 hours a day: aesthetic, food attitude, the people, the guest experience. It's how you align 125,000 Panera employees. He spent about nine months on these before launching.

• Focus on means, not byproducts: value creation comes from a better alternative, and a better alternative comes from daily execution.

A type 1 diabetic friend can't control how long he lives. He can keep his blood sugar between 80 and 180 through diet, exercise and insulin, and long life follows. Leaders who chase the outcome rarely get there. When one company he advised had an E. coli scare and immediately cut labor, he told them they were destroying years of telling staff that great stores matter most. What you do matters more than what you say.

• Structure defines what a business is capable of.

Howard Schultz told Shaich for years that he wanted better food at Starbucks, but a central frozen-food system made it impossible, even after a $100 million bakery acquisition. Panera was an assembly business with no real culinary skill in its stores. When Shaich converted a Harvard Square Panera into Tatte, which has chefs in every store, sales more than doubled.

• Act III bets on categories with tailwinds and then builds the dominant player, because restaurants are winner-take-all.

He launched it with about $200 million of his own money and no outside LPs. It's now about $2 billion with roughly 55% returns. Categories include Mediterranean (the top diet in America, 'cravable wellness'), plant-forward eating (3% of Americans are vegetarian but 40% want to eat more plants), upscale chef-driven bakery cafes, and immersive entertainment. It invests as common stock alongside management, takes the right of first refusal on later rounds at a pre-agreed multiple, and has never turned one down.

• There is no balance; the biggest fallacy is that you can have everything.

'That commitment owns you. You don't own it.' The business comes with him in the shower and on vacation. He's been married twice and calls it a failure he isn't proud of, while unsure whether his commitment to work caused it. If you don't love the doing, he says, you'll never reach the outcome.

EXAMPLES

• The baguette that became a sandwich platform

At his Boston cookie store, 50,000 people walked by each day but nobody bought cookies before noon, so he added French baked goods from Au Bon Pain, which had opened 13 stores, closed 10, carried about $3 million of debt and was functionally bankrupt. Customers asked him to slice baguettes lengthwise and filled them with their own roast beef. The job they wanted done was a sandwich, which turned Au Bon Pain into a bakery cafe that went public in 1991.

• Selling everything to bet on Panera

On a Caribbean beach, a friend asked: 'What would you do if the company were named Panera?' Shaich went to his board and sold Au Bon Pain, its international unit and manufacturing, calling it the worst year and a half of his life, and grew Panera from a couple of hundred stores to about 2,000.

• A $150 million digital rebuild before the $7.8 billion sale

Back as CEO, he pushed digital ordering, loyalty, clean food and omnichannel while fighting off activist investors. By 2017 comparable-store sales were pushing double digits and JAB bought Panera for $7.8 billion. He later hired the activist, Noah

Elbogen, as CFO of Act III.

• A CEO who wished he still had 50 stores

CAVA bought Zoës Kitchen, a chain five times its size, going from about 50 to 300 restaurants, and had a brutal 2019. Shaich told CEO Brett Schulman they needed 'load-bearing people'. To prepare for the IPO, CAVA ran simulated earnings calls for 18 months, gave bankers only 9% of the share distribution, and no insider sold. Shaich puts CAVA's value at four to five times Sweetgreen's.

• His personal 'judgment day' in the seventh inning

Watching one parent die at peace and the other full of regret, he started yearly reviews of what he'll respect in 5–10 years (work, family, body, spirituality), turned into projects reviewed each quarter. On the edge of prediabetes, he started wearing a glucose monitor, which he still wears 15 years later, and worked with a trainer at 5:30 a.m. for 12 years. At 71 he exercises every day.

OTHER RELEVANT

• Test concepts in Fredericksburg, not Malibu

New York and LA aren't representative and cost three to four times more to operate in. If a concept does $2–3 million a unit in a town like Fredericksburg, Virginia, he says he can show you 1,000 locations.

• Call it amplification, not marketing

Clever tactics don't sustain a business. Build something that genuinely touches people, then make sure its target customers know it exists.

• Boards should ask questions, not run the company

His relationship with CAVA's CEO improved when he moved from directing to challenging Schulman's thinking and letting him handle the implications. On store visits, he says he's checking whether leadership's vision is reaching the store, not trying to catch staff doing something wrong.

Tracy Britt Cool: On Working for Warren Buffett and Building Great Businesses

Guest: Tracy Britt Cool
Date: 2025-10-14 · Duration: 1:43:51
URL: https://www.youtube.com/watch?v=kGnBwjOzuSQ

KEYPOINTS

• Buyout value is shifting from financial engineering to operating, so investors need operating experience.
The old model was to buy at 7–9x, make small improvements, and sell at 10–12x. US private equity has grown from about 20–25 firms in the 1980s to nearly 20,000 by 2020, so capital is a commodity and sellers capture more of the value up front. The returns now have to be created after the deal. That's why Cool, after about five years as Buffett's financial assistant at Berkshire, left the boardroom 'for the war room' to run Pampered Chef.

• Thinking long-term has three parts: the mindset, a structure that allows it, and a chosen horizon.
If your structure forces a sale in three to five years, every decision bends toward cutting costs and raising prices now rather than entering new markets or developing talent. Long-term also isn't all-or-nothing: 50 years is one end, and a middle horizon gives flexibility. You still have to manage the short term. At Pampered Chef, focusing on international expansion and new categories in year three caused a setback until they went back to the basics of selling.

• Companies fail to adapt because change is speeding up and leaders who grow up in one industry lack outside perspective.
COVID, tariffs, supply chains and now AI keep coming, with many false starts, while managers are busy with customers and product. Deep expertise in one field can blind leaders to patterns that played out in other industries. Kanbrick tries to help leaders 'see around curves' by pointing to those analogies.

• Turnarounds take longer than you expect, which is why short holding periods hurt them.
After advising Pampered Chef for a year, she expected the fix to take one or two years. It took three or four. Getting the team, culture, systems, marketing and product right all took longer. If she'd had to sell in three or four years, she says, she would have made shorter-term choices that created less value.

• Start with people, then purpose, then performance, and give people the same calendar discipline as budgets.
Most companies have a calendar for strategy, KPIs and budgets but none for talent. Her three people buckets are attract (hiring, employer value proposition, critical roles), develop (career paths) and engage (culture, incentives, communication). Mid-size firms often have only a junior HR generalist, so all of this falls on the CEO, and the CEO can't hold the culture together personally once the company grows.

• Most mid-size companies have 15–30 critical roles; identify them and assess who's in each one.
Which roles matter depends on the business: sales, product, finance. Sometimes a critical capability is missing entirely, as technology was at Pampered Chef. Her biggest interview warning sign is 'hand waving': drift and vagueness when you probe. Strong people explain their area crisply and have views beyond it. One question she likes is 'What are we not doing that we should be?'

• Kanbrick evaluates deals with five Ms: moat, market, management, more potential and margin of safety.
She reviews about 500 companies to invest in one or two a year. The moat should show in returns on capital and also be explainable qualitatively, because newspapers' numbers looked fine long after their moat began to erode. 'More potential' means value not yet tapped, like a new region or a dealer network. 'Margin of safety' means the deal works without everything going right, so COVID or tariffs don't force short-term decisions.

• Use EBIT and true capital to measure return on capital: about 20% is okay, 50% or more is great.
She prefers EBIT to EBITDA because depreciation and amortization are real costs in most industries. Capital includes PP&E, receivables and inventory, so a business with big inventory needs is worse than its earnings suggest. Low-capital businesses can be easier for competitors to enter. AI is making tech capital-heavy, which may itself become a barrier.

• AI will erode many moats but may strengthen some.
Lower friction helps new entrants. Businesses with hard-to-copy assets, such as credentialed or regulated work, or large sales and technician networks, can use AI to cut costs or quote faster and pass the savings on to customers. The open question is whether AI-driven savings in services become a race to the bottom where customers keep the gains.

• Most boards add little value; they should spend their time on the three to five big levers.
She has sat through board meetings that critiqued product packaging and decks that ran to slide 112. Her alternative is about 20 slides and mostly discussion of 'the three biggest issues we're struggling with', which requires trust, psychological safety and board members who understand the business. She calls quarterly reporting a net negative for companies, while still wanting management to review results often.

EXAMPLES

• Pampered Chef: from 10% digital to 75%
After a decade of decline under Berkshire, the direct-sales business still had a strong brand and channel, but employees didn't even have laptops and 90% of sales happened at in-person parties. A new technology leader treated tech as a revenue driver and equipped consultants to sell digitally, without going to Amazon or direct sales. Cool, who doesn't cook, pitched recruits on growth and meritocracy: 'enriching lives one meal and one memory at a time'.

• The farm stand where watermelons went from $8 to $2
The youngest of seven on a farm near Manhattan, Kansas, she ran her own farmers market stand from third or fourth grade. She experimented with hourly pay, commission and bonuses for the friends she hired, watched supply drive watermelon prices from $8 to $2 over a season, and grew weekly sales from $500 to $1,500.

• Rollout mistakes that shaped the Kanbrick system
At Pampered Chef they rolled KPIs out to all 500 employees at once with no problem-solving training, and introduced 360-degree feedback in year one before trust existed, which produced shallow, defensive feedback. Now they start KPIs with the

executive team, train people on problem-solving, and build communication and safety before 360s.

- **Saying 'when I call Sally' instead of 'if'**
  In a topgrading interview she writes down each past manager's name and asks what that person will say about the candidate's strengths and weaknesses 'when I call'. Candidates become noticeably more forthright, and she also checks references the candidate didn't provide.

OTHER RELEVANT

- **Build the scorecard before you hire**
  Following Geoff Smart's Who: write a time-bound mission (for example, 'double revenue in three years through industrial accounts'), three to five outcomes, and functional and cultural competencies. Argue it out with stakeholders, source proactively, and give each interviewer one area to assess.
- **Treat each hire as a $1 million decision**
  A $100,000-a-year hire you probably won't fire is roughly a million-dollar commitment, so apply capex-level rigor. Teach every leader how the income statement works, since finance is just a vocabulary.
- **Use leverage conservatively**
  Kanbrick uses about two to three times debt versus private equity's typical four to six, often with seller notes. Many founders who once nearly lost their business are too debt-averse.
- **Buffett tests worth keeping**
  Run the business as if it's your family's only asset and you can't sell it for 50 years. Lose money and he'll be understanding; lose reputation and he'll be ruthless. Apply the newspaper test. And: 'If you're not having fun four days out of five, it's probably not the right fit.'

The Man Who Said No to Rupert Murdoch: Barry Diller on Power, Media, and Getting Rich at 80

Guest: Barry Diller
Date: 2025-09-30 · Duration: 0:59:14
URL: https://www.youtube.com/watch?v=zyw1HVOqpCQ

KEYPOINTS

• An eight-year-old's moment at summer camp set up Diller's lifelong independence.
At eight, unhappy at camp, he waited for his mother to come as promised, and she didn't. His parents were 'perfectly nice' but clueless about children, having never been parented themselves. He kept a stark snapshot of that moment and the conclusion, 'I'm the only one to protect me.' He calls it necessity rather than craving, credits 'my biology' for saving him, and refuses to take pride in it.

• Lack of a sense of self, not confidence, propelled his early career.
Diller says he never felt he deserved a sense of self and still isn't sure he believes in himself. He envies natively confident people but suspects that with that buoyancy he'd have ended up 'a shoe clerk at Macy's.' Instead, the deficit made him want to please others and to 'count' in their eyes—and once that got him going, he kept going.

• Take the job nobody else wants, and use it to learn.
An unambitious 19-year-old who slept days and stayed up nights, he joined the William Morris mail room to learn the business, not to become an agent. While others networked to get promoted, he took the dungeon job in the paper file room and read the agency's 70-year history of the entertainment business for about three years. That reading 'literally from one day to the next lit a fire of ambition.'

• Skip specific career goals; get on the broad path and do the job in front of you.
Apart from defined crafts like medicine, he distrusts people entering entertainment saying 'I want to run a studio.' Treating roles as stepping stones means never being present in them. What works is landing a position you haven't mastered and just doing it: 'the sparks you set off naturally impress others' and drag you to the next step. He calls structured networking 'pro forma thinking'—'oh, you fools.'

• Content is instinctive, and predictive data about it is a comforting delusion.
Numbers tell you what happened, not what will. People want data because instinctive decisions mean living with insecurity, and data lets you say 'the numbers were wrong.' But that only works for so long: with creative work 'there's no hiding.' He sees streaming as tech overtaking Hollywood—for Amazon, content is the front of the store selling Prime, a business model divorced from audiences paying for something they love.

• Success teaches you nothing; failure teaches a lot—especially about cynicism.
Making things guarantees failures. His repeated lesson is to keep 'scrubbing my instincts clean.' Decisions made out of cynicism have consistently been poor. Experience pushes you toward sophistication and worldliness; he has to deliberately hold on to naivety so 'the corrosiveness of the day' doesn't infect his ability to tell good ideas from bad.

• He loves confrontation because truth comes out of the noise.
Diller says he's no good alone staring at a wall; he needs passionate people arguing. If you keep your ear open in even a noisy fight, you hear 'a better truth' than any other process yields. He's direct, blunt and starts out trusting, and has been burned often, but says he can't remember the betrayals and holds no vengeance. He once heard someone answer 'that's stupid' with 'that's what I want—the more stupid I hear, the more ideas': you have to get stupid before you get smart.

• Iteration—'one dumb step in front of the other, course correcting as you go'—is his only method.
In domains where nothing is known yet, like building a company, he progresses by bouncing off walls, getting pushed back half a step and eventually making fewer mistakes. Rare geniuses may skip the process, but most people are stopped by fear of looking like an amateur.

• Pay for created value in cash, not stock options; retention is 'hogwash.'
For developed enterprises he prefers sharing growth in cash each year: if people create value, they get a share of it then. He found 80–90% of employees sell options the moment they vest. People stay because they like the work and see opportunity, not because of handcuffs. If they want ownership, they can buy stock with their cash. If people can't build wealth in an enterprise, 'something's wrong with the enterprise.'

EXAMPLES

• Leaving Fox at 49: 'either you are or you're not.'
After 30 years as 'a very good corporatist'—running two movie companies, creating the fourth network and The Simpsons—he realised nothing was his. Any good employee acts like it's theirs, but 'that's a delusion.' The binary wouldn't leave his head; he couldn't accept that he wasn't, so he left with no plan.

• The clock starts when you know.
When two key marketing executives were found stealing, one colleague suggested burying it, and one thief threatened blackmail if it was reported. His lesson: until you know, you have no culpability; 'the second you know it, the clock is ticking' and every subsequent action is your responsibility.

• Buying MGM Resorts during COVID.
With Las Vegas shut, he reasoned 'if there's life, there's travel… there's going to be Las Vegas,' and IAC bought a large stake cheaply. The draw was infrastructure no one will recreate—about 480 restaurants, 125 performance venues and around 9 million square feet of convention space—and an experience that search or AI can't disintermediate after 20+ years of Google squeezing websites.

• Expedia and agentic travel.
Diller expects, probably within a year, conversational agents that know a lot about you and can complete a whole booking. Expedia, with $15–20B in sales and more data than anyone, wins only if it plans better than 'the next dope'—'if we screw that

up… we deserve to fail.'

- **The first person who believed in him.**
  As an agent's assistant, his boss's unspoken confidence gave him 'the imagery of confidence.' It never made him confident, but it spurred him on: 'I was the best little assistant the world had ever created.'

OTHER RELEVANT

- **Brands are the only defence against disintermediation.**
  With 60-some magazines like People and Better Homes and Gardens dependent on search traffic, Diller says only clearly differentiated brands that readers seek out directly will endure.
- **The fairness doctrine's loss hurt public information.**
  Broadcasters using public airwaves once had to present both sides fairly. Now most talkers reinforce their audience, and few trusted sources remain.
- **Tell your own story while you have agency.**
  At 83 he published his memoir rather than posthumously as friends suggested—terrifying in the first days, then freeing.
- **Success is remaining curious.**
  Diller's definition: curiosity is the only thing that drives him, and if he's curious, that is success.

Ryan Petersen: Building Flexport into a $3B Logistics Giant

Guest: Ryan Petersen
Date: 2025-08-05 · Duration: 1:39:41
URL: https://www.youtube.com/watch?v=zaNPnEZGhvA

KEYPOINTS

• In logistics, quality costs less.
Petersen calls it counterintuitive but central: almost all costs come from mistakes. File a customs entry with the wrong classification code and you can spend weeks with the agencies, or face licence and regulatory trouble. One error can undo a month of efficiency gains, so getting it right first time is the cheapest path. He traces the idea to W. Edwards Deming.

• Over-optimising for efficiency broke Flexport's service.
Flexport split shipments into tiny Amazon-style tasks, so an operator did one or two steps repeatedly and 50 people might touch one shipment. That suits fulfilment centres, not freight forwarding, where truckers no-show, APIs go silent and cargo gets lost. Net promoter score, long in the 70s, fell to about 17. The fix was a reorg back to Toyota-style ownership: one operator follows a shipment end to end.

• Stepping down because someone else would be a better CEO was a mistake.
Seeing himself as a 'freewheeling entrepreneur' rather than an operator, Petersen hired Amazon's Dave Clark, first as co-CEO, then as sole CEO for six months. With $1.6 billion in the bank, they leaned in while others cut, adding about 900 mostly US engineers in 12 months as freight and capital markets collapsed. He takes the blame for approving it. Paul Graham's reaction: 'That's like saying this other guy would be a better husband for your wife.'

• Micromanagement is just attention to detail with bad PR.
Advice from Tobi Lütke and Brian Chesky changed how he ran the company on his return. Don't treat senior hires as black boxes; audit, inspect, do skip-levels. He talks to 40–50 people a day across Slack, text and phone, then brings issues back to their managers. Chesky's line gave him confidence: he knows he'll be there in ten years, and he can't be sure anyone else will.

• Promote from within, and give outside hires a 90-day no-decisions rule.
He has made just one outside hire in two years and told him he couldn't make decisions for 90 days. On day 91, the hire said he'd have decided differently with only 80. Executives joining a company should bring extreme humility; teams have obsessed over these problems for a decade.

• Choose your bottleneck or it chooses you.
In a healthy B2B company, the constraint should be customer demand. Flexport's trade-advisory team became an unplanned bottleneck as tariffs required far more expertise. Amazon puts the bottleneck at the most capital-intensive machine and overbuilds it — though Petersen thinks it pushed the jam onto truck unloading.

• Judge policies by outcomes, not intentions — and the tariffs are backfiring.
He has met no customer onshoring because of the tariffs, but at least half a dozen moving production out. A US kids'-bike maker paid duties on components while finished bikes came in duty-free. Exporters assembling in the US pay duties on inputs, and a friend's German-made chip-fab machinery would have cost 30% more. When duties on China hit 145% on 9 April, volumes fell 60%; when cut to 30%, they surged 80% above pre-tariff levels.

• Retention sets your ceiling.
At Import Genius, steady signups met high churn — users ran a search and left. Your equilibrium size is new signups divided by churn rate. Spending to bend that curve mostly added cost. The loyal customers were freight forwarders building lead lists and hedge funds.

EXAMPLES

• Predicting the iPhone 3G and angering Steve Jobs.
Ocean shipping manifests are public record, so Petersen built Import Genius to search them. Spotting Apple importing an 'electric computer', he blogged that it might be the iPhone 3G. Revenue went from zero to about $50,000 a month within weeks. US Customs called to say Jobs was furious, then thanked him once he showed the law.

• 500 million masks in grounded passenger jets.
About half of air freight flies in passenger-plane bellies, which were grounded in COVID. Flexport chartered 87–88 passenger aircraft, filling overhead bins and seats, and flew 500 million masks and other PPE to US hospitals in March and April 2020. One Dreamliner round trip cost just $200,000. Flexport then signed a long-term deal for three Atlas 747s.

• Ron Conway's six-hour licence.
Flexport's customs licence was tied to Houston, and San Francisco hadn't issued business licences for years because of an IT problem. Customs wouldn't accept a letter. Ron Conway emailed Mayor Ed Lee and the licence appeared within six hours.

• Watching Picasso paint.
In Paul Graham's last YC batch, Petersen skipped practising his demo-day pitch and sat beside PG for 12 hours a day for three days watching him critique others. PG's 'secret': tighten the graph's aspect ratio so the curve looks steeper. One friend repeated PG's rewrite word for word, and PG called it the best pitch he'd ever heard.

• The aircraft-on-ground premium.
Peter Kaufman loves inventory because everyone hates it; in aviation parts, having what nobody else has commands huge premiums. Petersen describes a billionaire whose Gulfstream G650 was damaged in southern Chile, insisting he'd pay any price for speed.

OTHER RELEVANT

• Owning assets can turn you against customers.
With your own plane, the job becomes filling it — nudging cargo to the wrong airport or a three-day wait — so Flexport stays asset-light by intent.

- **Legal tariff levers most importers miss.**
  Track subcomponents (pay steel duty only on a couch's steel), use 'first sale' valuation, bonded warehouses, and duty drawback. Pre-tariffs, about $7 billion in drawback went unclaimed yearly, claimable five years back. Beware factories importing via shell companies: customs fraud is the DOJ white-collar division's number two priority.
- **Munger and Kaufman's worldly wisdom.**
  Learn the big ideas from each discipline. Munger: 'the key to success is dumb competition.' Kaufman's competitive exclusion principle says leave rivals no niche. Kinetic energy, $\frac{1}{2}mv^2$, explains why velocity beats mass.

The President of Shopify on AI, Scaling, & High Agency | Harley Finkelstein

Guest: Harley Finkelstein
Date: 2025-07-08 · Duration: 1:45:38
URL: https://www.youtube.com/watch?v=PUniIxDq5WA

KEYPOINTS

• Finkelstein's drive comes from a scarcity mindset he links to multigenerational trauma, with the anxiety that comes with it.

His grandparents survived the Holocaust, fled Debrecen during the 1956 Hungarian Revolution, and started an egg stand at Montreal's Jean-Talon Market that his uncle still runs about 75 years later. His father made the family feel secure, but at 17, weeks after Harley started at McGill in 2001, his father was arrested for white-collar crimes and served five or six years in federal prison. Harley threw the phone so hard it dented the wall. Today they're close, and he credits his father's 'transfer of confidence', along with the ambition and the anxiety.

• A parent's small, concrete belief can shape a child's sense of permission.

Every time Harley had a business idea, his father came home with business cards printed with Harley's name and the business name. Harley still keeps them lined up in his office. The message was 'you have permission to do this'. At 13 he started a DJ company and played about 500 bar mitzvahs.

• 'How you do anything is how you do everything': pick what to be world-class at and accept being average at the rest.

It's the family motto his daughters, 8 and 6, can recite. He wants to be world-class at storytelling, which he says has added the most value to Shopify, and as a father and husband, which is harder to measure. He's content to just enjoy tennis, skiing and DJing. Like choosing a Street Fighter character, you trade strengths. Being deliberate about who you spend time with (energy vampires versus catalysts) and where you live is part of prioritizing.

• At Shopify you 'requalify' for your job every year, and the bar is the global maximum, not the local one.

Stasis isn't acceptable. Last year's high-five is now just the expectation. Tobi Lütke praises only work that resets an industry standard. The test is whether you could give the keynote at your industry conference on how you do the job completely differently. Shane adds the NFL coach who scolded a rookie for celebrating a catch: 'I'm paying you to catch the ball.'

• Leaving the COO role for a narrower storytelling role restored his energy.

He was COO for about six years after the IPO because Tobi asked. He liked the big team and admits ego was involved, but it never felt natural and he stopped being his 'exothermic' self. Tobi noticed and told him storytelling was enough to be world-class at. Founder-led companies can match the best person on the planet to each job instead of filling slots with whoever has been there longest.

• Storytelling improves through reps, watching your own tape, and telling your own stories.

He started with small local podcasts and rewatched them to cut filler like 'um'. He avoided imitating Gary Vaynerchuk or Rogan and developed his own fast, excitable style. His model is Seth Godin, who 'can tell a story about Brussels sprouts'. Starting with your own experience means the story 'can't be wrong' and you tell it with conviction. He treats earnings calls as storytelling opportunities, going direct in the spirit of Lulu Cheng Meservey's 'go direct' approach.

• Build a narrow personal board of directors, one mentor per skill, and don't copy anyone wholesale.

Mentors are 'spiky': the career mentor who pushed him into law school to become a better entrepreneur is on his third marriage, so he isn't a relationship mentor. Harley and Lindsay picked older couples with strong marriages and quietly started double-dating them. Coaches have a finite toolbox, so move on once you've seen all of it. The biggest blocker is fear of looking foolish, and Harley says he has 'zero cringe' about asking.

• Out-caring the competition beats IQ or raw talent.

Between someone at 50% capacity who cares deeply and someone at 100% who doesn't, he'll take the first, because skill can be taught and deep ambition mostly can't. When people ask what to do with their life, he asks what they do for fun. He separates 'forced entrepreneurship' (his grandfather had no interest in eggs, and Montreal's Chabanel garment district had low barriers to entry) from passion-based entrepreneurship like James Perse obsessing over cotton.

• High agency means owning the problem, and 'it is what it is' and 'that's not my job' are its opposites.

He wants single-threaded owners who see a problem, fix it, and accept the win or the loss. Kids learn agency mostly by watching, which is why he brings his daughter to Shopify's 'Builder Sundays' and lets her watch his early, awkward podcast episodes.

• Using AI 'reflexively' gives small merchants what used to require headcount.

Tobi's memo asked staff to reach for AI reflexively and to test whether AI can do a job before hiring. Big companies' unfair advantage has been headcount. Mickey Drexler's 300-person Gap merchandising and photo teams can now be outdone by one person at a kitchen table. Harley expects companies to reach $100 million in GMV in three years instead of ten, and warns that people who quit after one hallucination will fall behind.

EXAMPLES

• The 'clean the bathrooms' lesson

When his young son said cleaning bathrooms was the housekeeper's job, Harley called her, gave her the day off with pay, and handed the kids her full list, with no iPads until it was done. They've never pushed back on chores since.

• Color-coded calendar audits

Everything goes in his calendar, including walks with his wife and eight minutes of meditation each morning. Meetings are bundled on Monday, Wednesday and Friday, with long maker blocks on Tuesday and Thursday, following Paul Graham. Purple marks social dinners, so a Sunday review flags a week that's too heavy. He audits his calendar quarterly with his team and Lindsay, and borrows Jesse Itzler's 'Big Ass Calendar' habit of entering the year's most important dates first.

• Precision philanthropy

Quiet Montreal donors ask a hospital why there's a line, cost out a second cancer-screening machine plus a radiologist, space and power upgrades (about $4.5 million), and fund exactly that. Six months later, the line is gone. From David Rubenstein he learned to give big when the project wouldn't start or finish without him and the impact is measurable within ten years.

• Claude projects for health and speaking

He uploads every blood test into a health project, and all his talk transcripts into a speaking project to check whether a draft 'sounds like me' or repeats a story he's already told.

• Analysts criticized him for not hyping AI

After the Q4 call, several of Shopify's 46–47 analysts criticized him for not talking more about AI. He noticed peers spent half their calls on it and compared that to an eagle 'leadership' poster: superficial, when what counts is AI built into the product.

OTHER RELEVANT

• Ask 'solve or listen?'

His reflex is to fix his wife's problems, and eight times out of ten she just wants to be heard, so now he asks first. He tries to do the same with his kids.

• Pick co-founders unlike you

He and Tobi wouldn't have been high-school friends (class president versus taking apart computers). His advice to students: team up with people from drama, AV, coding and art clubs.

• Don't fake hardship for your kids

Charlie Munger warned Shane that imposing an artificial lifestyle on kids breeds resentment. Harley tells his kids the real stories of his early struggles, and his kids asked to DJ after watching him enjoy it, without being pushed.

This Boring Business Made him a Billionaire

Guest: David Heacock
Date: 2025-02-18 · Duration: 1:56:08
URL: https://www.youtube.com/watch?v=5-aosSQveS4

KEYPOINTS

• If you want an outsized outcome, you're competing with people who are obsessed.
David Heacock, founder of Filterbuy, says it's fine not to be obsessed, but naive to expect big results without it. For 12 years Filterbuy has been the first thing he thinks about every morning, seven days a week. Vacations are for thinking about his next move. He has no hobbies: it's family and business. His line: 'Obsession wins; willpower breaks' — eventually everyone loses the battle with willpower.

• Decide fast on two-way doors and burn the boats on one-way doors.
Goldman Sachs taught him to decide quickly, own the decision and manage its risk. Using Bezos's framework, he moves faster than anyone on reversible calls and stays hyper-aware of irreversible ones. Going public with his mission of building the world's leading indoor-air-quality company was a deliberate one-way door, so he'd leave himself no alternative.

• The real limit on starting something is skills and curiosity, not money.
At Goldman he built a StubHub affiliate side hustle that made about $500,000 in 2008. He calls it 'quite scammy': a team in Vietnam spammed Craigslist for traffic. Next he drop-shipped office supplies, selling about $6.5 million in 2009, mostly on Amazon. About 60% of that came from air filters or ink cartridges, which seeded Filterbuy. There was no cheat code, only skills compounding over a long, consistent focus.

• Bootstrapping manufacturing means years of doing everything yourself.
With zero manufacturing experience, he built a plant in Talladega, Alabama. For three years he flew in from New York every Monday, kept a car parked in Atlanta, ran the plant by day and did programming and marketing at night. For three or four years it would have been cheaper to buy filters and repackage them. He did all the finance, development and marketing for about eight years. Only he understood the business well enough to build the systems.

• A crisis forced the expansion he'd been too scared to make.
For eight years Filterbuy operated only in Talladega. Then COVID hit: Amazon stopped third-party inbound shipments and FedEx capped his trailers. Rather than raise prices like competitors, he struck a capacity deal with FedEx contingent on opening a plant in Ogden, Utah. It opened in May 2020 and was shipping by July. Revenue went from about $70 million in 2019, unprofitable, to about $250 million in 2024, because a consumable product brings customers back.

• Hire people who've already solved your problem, not aspirationally.
He was 'burned so many times' hiring for energy and potential. His CFO came from US Foods with distribution-centre cost-accounting and zero-based budgeting experience — exactly what Filterbuy lacked. The best fits have recent, rhyming experience and feel stuck where they are. Many management candidates come from private-equity-owned firms and hate it.

• Values only matter if they're real and you coach with them.
After studying Traction and the Rockefeller Habits, he concluded the mission matters more than the operating system. He spent two to three months writing the mission and values. 'Bias to action' turns 'Joe didn't call me back' into a coaching moment: then call him. There's a monthly award for a different value. You must be willing to part with high performers who don't live them.

• Filterbuy is really a logistics business.
It makes a filter for about $2 and sells it for about $12 on average; the gap goes on getting it to customers. It is vertically integrated from raw material to doorstep. Rivals like 3M ship through multiple distribution steps. Around 70% of filtration is commercial, and Filterbuy sells commercial-grade filters to homes too. It stocks 300 standard sizes and employs 50–70 people making custom sizes that ship the same day. He argues most 'D2C' brands just use e-commerce while outsourcing manufacturing and fulfilment.

EXAMPLES

• The hot-glue laminator that saved the company.
Two and a half years in, a humid Alabama May stopped the cold glue drying, ruining about half of each day's raw material. He found a hot-glue laminator in stock in New Albany, Indiana, and spent close to his last $55,000 on it. He drove a rented truck overnight, trained all Friday, drove back and trained the team Saturday — nearly cutting off a finger.

• Sucking the oxygen out of search.
Because his delivered cost was the lowest, he could outbid everyone on intent searches like '20x25x1 air filter' across Google, Amazon and Bing. Now one in three or four furnace filters bought on Amazon is his. The 2025 marketing budget is about $42 million.

• His wife bought Filterbuy filters on Amazon.
It irritated him, then taught him to stop trying to pull Amazon customers direct: be wherever customers are. About 60% of product searches start on Amazon and 84% of retail sales happen in stores. Walmart now sells 10,000–20,000 units a week across 505 stores.

• Two costly distractions.
During COVID he bought about 50 trucks and 60 trailers, roughly $6–7 million of equipment, partly for accelerated depreciation. They were never once profitable and were liquidated at the end of 2023, a $3–4 million loss. A rushed Florida HVAC acquisition misrepresented its numbers and cost $4.5 million. The bigger cost was lost focus.

OTHER RELEVANT

• Four personal fundamentals.
Focus, persistence and patience, resilience, and accountability — including an executive coach and a trainer six days a week at 6:30 for three and a half years.

- **The filter as a Trojan horse.**
  Having sold to about 8 million homes, he plans a national, transparent-pricing HVAC service brand, built long-term, not as a private-equity flip.
- **Real freedom is confidence you could rebuild.**
  Unearned money breeds a scarcity mindset; skills make you undeniable. Despite a plane and constant travel, he's home for dinner at 6:30 most nights.

The Man Who Built Gap, J.Crew, and Old Navy Explains How He Spots Winners | Mickey Drexler

Guest: Mickey Drexler
Date: 2025-02-04 · Duration: 0:49:10
URL: https://www.youtube.com/watch?v=O6LojBechFk

KEYPOINTS

• Never give a customer a reason not to buy.
Mickey Drexler, who reshaped Gap, built Old Navy and remade J.Crew, walks into a shop with a photograph in his mind: it either paints a picture or it doesn't. One bad colour throws off a great painting. Most cars today have ugly wheels; a best-selling sweater with an ugly button gets noticed for the button. Small flaws give people a reason to walk away.

• A merchant looks through the windshield, not the rear-view mirror.
Most people decide what to make from last year's sales, so they chase what's over. To Drexler, being a merchant means sensing what will sell next, keeping it focused and on brand, and seeing around corners. Taste, style, fair value and vision are the key ingredients. He wants to be proud of the merchandise, not just sell the most of it.

• Find white space so you don't have to fight the competition.
At Ann Taylor he decided not to sell brands everyone else carried; branded goods end up discounted everywhere, and today you can Google any item and find it cheaper. He worked with manufacturers on an Ann Taylor Studio label. He'd watched Brooks Brothers decline as quality was stripped to hold prices, but it owned its name, so no rival could mark it down.

• Bad inventory is rotten fish — get the cash out.
Taking over Gap, he threw out all the old merchandise and renovated all 430-plus stores together, with no focus groups. The first year was brutal: the stock fell about 50%, and after a year and a half they were sketching a bankruptcy plan in Carmel. He kept relying on his gut and turned it around.

• Touch the territory yourself — no filter between you and reality.
Drexler read in the New York Times that Dayton Hudson's new Target would be 'a cheaper version of Gap.' The week it opened, he flew to the Mall of America without telling anyone. Within five minutes, thinking 'only the paranoid survive', he saw the threat; Old Navy grew from that response and he says it's now about an $11 billion business. Executives in ivory towers lose touch; he goes onto the selling floor and talks to people.

• Keep it simple — and name things what they are.
His first week at Gap he put up 'keep it simple' signs, because people spoke a jargon he couldn't follow. Recently a team called a boxer short a 'short pajama pant' and wanted to change their third-best seller. He polled people: everyone calls it a boxer short, and the name needs no explanation.

• Focus groups produce average; vision has to lead.
Drexler doesn't use them; outliers on both ends rarely do. A friend's 20-page article on how average everything has become rang true. For him the whole business is recognising patterns, then pre-empting them and pushing the team: two years ago 18 painted-dog totes sold out in a day, and he's still pushing personalisation.

• Gather ideas relentlessly and act on repeats.
When he hears something two or three times, he brings it to work. His Monday 'Weekend Update' includes pictures cut from magazines, such as four models in bright hooded sweatshirts. That led to a collaboration idea for a hooded hat, built on the million cashmere hats a year they're famous for. Being famous for something makes you dominant.

• The best judge of a boss is the person who works for them.
Big companies, he says, run on sucking up, because the boss reviews and promotes you. Safe CEO picks with fancy degrees avoid risk; he cares about work history over schools. He can't teach how to spot who's full of it; he'd quietly judge famous retail chiefs as 'not a merchant'.

EXAMPLES

• Discovering his father's real pay at 16.
Sent to bank the payroll at a garment company on West 37th Street, he ducked into a freight entrance and read the stubs. His father, who acted the big shot, was among the lowest-paid. Drexler thinks his ambition came from being his opposite.

• Escaping department-store politics for Ann Taylor.
After 12 years in department stores, starting with a department he ran alone on his second day at Bloomingdale's, he took over Ann Taylor in 1980 with no supervision. He left after four years because his bosses were bureaucrats. He learned early that you must keep competing, relentlessly; many friends who run companies don't.

• Fired by Gap, recruited by Steve Jobs.
Jobs swapped board seats with him. The night before a board meeting, Jobs called to warn he'd be fired. He then helped design the first Apple Store, telling Jobs to build a prototype in a warehouse and strip out clutter. In 18 years no other Gap director called him.

• Names found in the wild.
He spotted 'Old Navy' in neon on a Paris bar on the way to the airport; the board disliked it. He bought the 'Madewell since 1937' name from a friend's old logo, dropped men's, and rehired creative director Somsack to make it work.

• Clothes with no expiration date.
He wears a decades-old shoe style he had remade by the dozen, a 40-year-old scarf, vintage watches and the same blue slub T-shirt daily: a discreet uniform.

OTHER RELEVANT

• Rule-breaking beats safe compliance.

In a shipping room he ticketed coats from a rolling chair and his boss was furious. You can't get fired for following rules, but businesses need people who change them.

- **Product is about emotion.**
  He has 'a love affair' with his companies; retail theatre is just great product that looks like a painting.
- **Success is impact.**
  His best compliment is being called a mensch; former Gap field staff told him he'd made their lives better.

John Mackey: What I Got Right and Wrong Building Whole Foods

Guest: John Mackey
Date: 2024-10-29 · Duration: 2:09:13
URL: https://www.youtube.com/watch?v=49Xnp6QBNts

KEYPOINTS

• Meet the market where you find it, not where you'd like it to be.
John Mackey's first store, SaferWay, sold no meat, white sugar, alcohol or coffee. It lost about half its $45,000 of capital. When he relocated and reopened as Whole Foods Market, now selling meat, alcohol and coffee, it became the highest-volume natural food store in the US within six months. About 0.5% of Americans are vegan and 2% vegetarian. His model is a dance: keep pushing your ideals, but keep listening to customers, or your partner dances away. 'It's easy to be a critic; it's hard to be an entrepreneur.'

• Stakeholders are the people who show up when you're drowning.
Nine months after opening, in May 1981, a 100-year flood put eight feet of water in the store, despite a two-foot slab; Renee swam out. With no money for payroll, employees worked for free. Dozens of customers and neighbours helped clean up, and suppliers gave new inventory on credit. Years later he learned his banker, Mark Monroe, had personally guaranteed the $100,000 loan after the bank refused it. Mackey later called this 'conscious capitalism.'

• The customer is the number one stakeholder, and everything can be copied.
Retail has no patents or monopolies; rivals photographed his prices and copied his best ideas. That keeps you serving customers better. Happy team members lead to happy customers, then a prosperous business and happy investors. When the FTC called Whole Foods a monopoly with less than 1% of grocery, he found it absurd. Retail is detail: never run out of broccoli, never let it rot. Produce sets the tone, and people pick stores on perishables.

• There's an optimal growth rate — for Whole Foods, about 15–25%.
Above roughly 24–25% a year, which doubles sales every three years by the rule of 72, new people couldn't absorb the culture fast enough. Too little growth and ambitious people leave, because opportunities dry up and politics shifts from growing the pie to dividing it. Co-founder Mark Skiles, nicknaming him 'Wacky Mackey', wanted to coast on the 'gold mine' first store and left when new suburban stores grew slowly.

• The best capital is the capital you make yourself.
His father taught him to stay profitable, grow patiently and reinvest to keep control. Mackey calls VCs 'hitchhikers with credit cards': fine company as long as you drive them to an exit. When they wanted another round that would give them control and a professional CEO, Whole Foods went public in 1992 instead. He warns founders that 'ignore your burn rate' advice can lead to a cram-down and loss of control. His new company, Love.Life, has dual-class shares.

• Stick to your knitting in acquisitions.
Of 23 acquisitions, the one failure was Amrion, a mail-order supplement company bought to ride the dot-com boom. Its customers, mostly in their 60s and 70s, were slow to adopt the internet, and nobody on his team knew how to fix a dying catalogue. Store chains he could fix by sending his best people. For Mrs. Gooch's, the 'crown jewel' of the West Coast, he overrode his father's warning, paid a rich price and left it alone to run itself.

• Money, fame and power are the One Ring.
A lifelong Lord of the Rings fan, Mackey sees all three as corrupting because people chase them hoping for love, which they never deliver. He counts four coup attempts, each by people who thought they'd wear the ring better. Arriving at Jeff Bezos's boathouse, his car was searched, and he resolved never to be so rich he couldn't live a normal life. Facing death early kept him focused, like Picasso's 'favourite painting is the one I'm working on.'

• Say no early; bureaucracy and budgets grow by entropy.
Professional managers treat roles as stepping stones and build departments that are never sunset; across-the-board cuts then hurt morale. Failing projects always ask for more resources. Mackey says he got worse at saying no as Whole Foods succeeded and dropped the painful annual budget day. In his last decade he enjoyed the company less as problems crowded out the creative work.

EXAMPLES

• Finding the win-win-win with Amazon.
Activist Jana Partners refused to share its deck and told him: we'll take your board, fire you and sell to the highest bidder. Warren Buffett declined ('I own Dairy Queen'), and a leveraged buyout looked fragile. He had seen the stock fall 90% in 2008. Waking one morning with 'what about Amazon?', he called Bezos; a deal was signed six weeks after the first meeting at $13.7 billion. Prices dropped four times in two years, starting wages rose to $15, and investors got about a 30% premium.

• The Natural Foods Network.
The founders of early natural food supermarkets — Mrs. Gooch's, Bread & Circus, Alfalfa's, Unicorn Village — met three times a year, shared financials and saw themselves as a movement. Most were content with one big store; Mackey wanted to keep playing. Nearly all eventually sold to Whole Foods, giving it regional platforms.

• A Hail Mary letter.
After a bad blind date with Deborah, he stayed up all night writing and rewriting a letter and slid it under her door at 5am. She said anyone who wrote that well deserved a second date; they've been together over 34 years.

• Nutrient-density scores that angered everyone.
Whole Foods posted ANDI ratings by Joel Fuhrman; leafy greens topped them and animal foods scored low per calorie. Meat-department staff and paleo and carnivore shoppers revolted, and the team dropped it. Bulk whole foods went from over 20% of the first store's sales to under 1% today.

OTHER RELEVANT

- **Hire people who see your blind spots.**
  He sees people's potential but misses their weaknesses. CFO Glenda Flanagan spotted 'slimy' candidates, and he learned to trust her judgement over his own.
- **Business plans are tools, not masters.**
  If you're behind plan, don't do something stupid to catch up — change the plan.
- **Answer the call.**
  Follow your heart; there's no safety in playing safe because you're going to die. At Love.Life he says a positive attitude and purpose matter most for health, then diet.

How he Grew Outway from 0 to 8 figures in 5 years (Nobody Teaches This)

Guest: Rob Fraser
Date: 2024-10-15 · Duration: 1:34:48
URL: https://www.youtube.com/watch?v=Irbt1eM5Olk

KEYPOINTS

• Resilience comes from a personal mission, not from being taught it.
Fraser thinks you can only learn resilience by going through hard things for a goal that matters to you. When the goal is bigger than the pain, quitting isn't even an option. Without a mission, you don't push as hard. He believes success in sport and business both come from enduring over long periods; hacks may produce a quick win but not longevity.

• His drive came from always being the first kid cut.
An overweight child in a hockey family, he tried out for every team and was always the first person not to make it—close enough to taste it. His younger brother was a natural Triple-A hockey player. Fraser wanted acceptance and to make his parents proud. When he found cycling and realized he was good at it, he went all in, wanting to be great rather than good. He admits the drive has destructive tendencies, but every failure was a choice to push forward or be held back.

• Competitive sport is better business training than business school.
Over about 10 years and five national teams, Fraser won maybe once or twice in 10 races a year. He managed himself: negotiating sponsorships and booking worldwide logistics. At 16 he declined a World Championships spot in Italy because of school until his parents told him to go. Sport taught him that 'everything is earned, not owed,' that plans rarely survive, and how to perform under pressure.

• Preparation and positioning beat talent.
A downhill mountain biker from Pickering, Ontario, with no mountains, he competed with 'BC kids' by building 10–15 second replicas of course sections on the hill by his house. That trained precision and execution when it mattered. He studied courses in advance because under pressure, talent collapses without preparation. He once taped a broken wrist to his handlebars before one of the year's biggest races.

• Ask what happens if it goes right, not just if it goes wrong.
He started the company with a classmate because it would be fun—'the world's worst reason'—with $1,000 each, no shareholder agreement and no discussion of values. When the business hit multi-six-figure revenue in year one, Fraser became obsessed while his partner didn't share the ambition. After a messy split, Fraser bought him out in March 2019 for about $150,000, gathered through credit cards, a line of credit and loans co-signed by his girlfriend, until his future father-in-law offered a loan he repaid within a couple of years. He calls it his $150,000 MBA.

• Brand is essence, not name—which made a forced rebrand survivable.
The day millions in investment hit the account, a cease-and-desist demanded he stop using the company's name. Fighting could take about two years per country and up to $1 million, so he rebranded within six months. He thought of a brand as a person: name, appearance and essence. Changing the name doesn't change who you are. Because customers bought for the product, Outway kept its logo and look, brought customers along in a YouTube series, and has since sold more than ever under the new name.

• To get more, subtract.
Everyone suggested underwear, but that means different supply chains, gendered sizing and psychology. Fraser compares adding a business line to leaving the lead pack to join another race and ending up mid-pack in both. Socks are a $50 billion market Outway has barely scratched; every stumble came from chasing silver bullets outside its circle of excellence. Coach Jack Skeen asked whether shoes would be 'enough'—Nike was just shoes for years.

• Burnout comes from misaligned work, not long hours.
Fraser can work 80–100 hours on things he loves and feel energized. Eighty hours of legal fights drained him, and he let his health go—the second arrow. He now has a recovery protocol for high-stress periods, like an injured athlete. He rejects work-life balance for entrepreneurs, but counts health and relationships as part of the work.

EXAMPLES

• Socks as the 'yoga pant for the foot.'
Cyclists all wear identical kits, so socks were the place for individuality—his loud pink and blue socks let his parents spot him on the hill, and he became 'the sock guy.' As athleisure rose, socks stayed use-specific. Good ones are seamless, moisture-wicking, arch-supporting and strategically cushioned. Fun designs win the online click; comfort makes customers replace the whole sock drawer.

• The first sales: socks in a Tupperware.
Fraser sold to students and teachers at school by hand: 'we're not friends if you don't buy these.'

• The expensive marketing hire.
Chasing arbitrary growth as COVID's e-commerce boom reversed, he hired a U.S.-based remote marketing expert without filling the top of the funnel to compare candidates. The person misrepresented experience and was working other jobs, and the move caused internal conflict. In July 2023 Fraser 'wiped the table clean,' cut everything, and rebuilt.

• Half the revenue, twice the people.
At half today's size, Outway had twice the headcount because it hired to fill an org chart. Now he asks whether a problem needs a person, a process, or to stop being done.

• The cat sock he doesn't like.
One of the best-selling designs is a cat, which Fraser, allergic, dislikes. He had to stop letting personal taste decide what ships.

OTHER RELEVANT

- **The 100-person test for big swings.**
  Could you explain the swing so most of 100 people found it rational, and would you be happy with it in five years? Swings driven by hope or by trying to rush rarely work.
- **Journal: when did I not say what I was thinking?**
  After the Roadmap process, Fraser asks this daily to stop moderating himself out of fear of not being liked.
- **A founder's job: one good idea a quarter.**
  Looking 6–12 months ahead, reading public peers' reports and 'idea harvesting'—work that doesn't look like sitting at a computer.
- **Celebrate the good old days.**
  He raced across Europe too tunnel-visioned to enjoy it. Now he tries to remember he is in the good old days.

84-Year-Old Billionaire: How I Turned a Small Blueberry Business into a Global Empire | John Bragg

Guest: John Bragg
Date: 2024-10-01 · Duration: 1:25:16
URL: https://www.youtube.com/watch?v=iSGkxcEL_lM

KEYPOINTS

• Small-town values became business principles: keep your word and make deals fair on both sides.
Bragg's father grew up in a country store, where you needed repeat customers who couldn't go elsewhere: if you say you'll be there at seven, be there at seven or before. Three weeks into Dalhousie Law School, Bragg realized law 'was for lawyers.' But first-year law taught him the principle of a fair deal on both sides of the table—leaving both parties happy is the objective even when you can't always manage it.

• Become master of your own destiny, even when you don't know what you're doing.
Bragg started at 15 with four or five pickers and 4,000 pounds of wild blueberries; Oxford now handles about 150 million pounds. Picking earned more than the $3,800 teaching job he could have taken, so his path was clear. When big Maine crops in 1967–68 left growers unable to sell, he built his own freezing plant at 28 with Pennsylvania consultants and 'no idea what I was doing.' Year one brought the only complete crop failure in industry history: a plant built for 2 million pounds ran about 100,000. Bankers knew it was Mother Nature, and he got through.

• Find a product you can run, then run the hell out of it.
Mentor Paddy Crawford teased Bragg for spending $10 million on factories and nothing on marketing, but Oxford sells business to business, to jam and pie makers in Europe. Bragg passed on branded jam—a Cape Breton plan made no economic sense—because people who get successful at one thing then think they can do everything. Instead he extended the season: blueberries from August 1 running 24/7, then carrots (likely Canada's largest processor), then battered products through winter.

• In commodities, be the low-cost producer with top quality—they usually go together.
Quality often costs less: less product on the floor, less shrinkage. Wild blueberries have about double the antioxidants and better flavor than cultivated ones, but selling 300–400 million pounds means competing with cultivated berries, strawberries and raspberries, so Oxford aims to be low-cost even against cultivated. A culture of doing better every year means Bragg can always name five or six improvements for next season.

• Make farmers more efficient, even competitors—your survival depends on the ecosystem.
Oxford shares its research with growers who bring it fruit. Bragg wants about half of supply from its own farms and half from independents, avoiding vulnerability to bidding wars while not owning the whole industry ('not good politics'). His brother and mechanic Lloyd Weatherbe built the mechanical harvester after Bragg gave them a dedicated tractor and a January start; it remains the industry standard, offered to farmers.

• Be easy to deal with and pay top price; a private owner just lives longer to make it work.
As small-town cable operators balked at fiber's capital needs, Bragg's lawyer noticed six buyers bid on each town but Bragg always won: easy to deal with, true to his word, no overnegotiating. His brother said of buying a woodlot, 'if we live long enough, it'll be a good deal'—a 12-year payback instead of 10 means working two years for nothing. Oxford paid up to twice market for about 3,000 acres of carrot land because such land is 'only available once.' Bragg went almost fully levered for years, comfortable because cable cash flow was budgetable.

• Private ownership enables 20-year 'motherhood' decisions.
The $150 million plant on New Brunswick's Acadian Peninsula, where Oxford will have more acres in blueberries than the province has in potatoes, won't pay back in three years but is a unique long-term asset. Taking Amtelecom private cut about $3–4 million of overhead. Bragg declined to go public: it's costly, slow and makes you a target.

• Most real wealth came after 60—and the portfolio after 75.
Kicked out of YPO at 50, Bragg said he was just beginning: decades of land, factories and people hadn't shown up in profits. When borrowing cost 1–2% and good stocks paid around 5% dividends, he borrowed heavily to buy quality, including lots of Berkshire. The portfolio now holds over a couple of billion dollars in equity, aiming for 10–12% returns. The family test: 'Would Buffett do that?'—his son preferred more Berkshire to an acquisition.

EXAMPLES

• The one-page McCain onion ring deal.
Over 50 years ago Bragg asked Wallace McCain for off-season work and was handed an onion ring file. A one-page agreement for exclusive Canadian production under the McCain label still runs. He never once asked the McCains for a favor, saving it. The goal was rings identical to the competition's, not better—easier to sell.

• Two-week-old hockey games.
Early cable in Amherst meant taping Bangor channels at a tower near the U.S. border and sending them by bus; Boston Bruins games arrived two weeks late. An engineer upgrading Halifax from six to 12 channels insisted nobody would watch 12.

• 'We spent a lot on your education.'
Losing about $11,000 a month in cable, Bragg held a family meeting; his father said not to throw away an expensive education. They cut costs and kept going; 1983's Halifax Cable deal transformed the business.

• Bees are the biggest input cost.
Each blossom needs a bee visit; four to five hives an acre lift yields from roughly 1,000–1,500 to 8,000–9,000 pounds. Nova Scotia bars bee imports, so Oxford became the province's largest beekeeper.

• No name on the buildings.
Bragg kept the family name off Oxford and Eastlink for privacy and so grandchildren could have normal jobs—touring a cottage unrecognized as fellow buyers speculated about who was buying.

OTHER RELEVANT

- **No equity for managers—pay and satisfaction instead.**
  Bragg tells executives there's no equity and compares it to a coach who took half the pay for twice the satisfaction.
- **Watch cash and cost.**
  Bragg tracks EBITDA, free cash and debt service; in food it's all cost since weather decides revenue, while in cable capital mistakes are the risk. He avoided buying programming.
- **Keep the back door open.**
  From Frank Sobey: friends who made a first million then jumped into unknown businesses rarely self-corrected.
- **Success is homegrown leaders.**
  Bragg points to staff who worked in the factory through school and now run the company.

David Segal: Building David's Tea

Guest: David Segal
Date: 2024-04-16 · Duration: 1:30:06
URL: https://www.youtube.com/watch?v=AvzQCDkuIEw

KEYPOINTS

• Entrepreneurship is a personal journey disguised as a business pursuit.

David Segal, founder of DAVIDsTEA, says most of the job is managing your own psychology. On his interview show Big Shot, he talks with entrepreneurs over 70 who tell their 50–60-year careers as montages, where two minutes covers five to ten years. Living through those stretches feels much longer. His rule now is no action bias on a bad day, week or month. He makes major evaluations only when he's in a good place mentally, and only over long periods — roughly once a year.

• Measure progress annually; bring urgency only to small, reversible things.

For each decision he asks two questions: can I recover easily if I'm wrong, and what's the risk of waiting for more information? Big moves, like changing product direction or overhauling marketing, usually call for waiting. Pushing a supplier to ship faster when you're out of stock calls for pounding the table. The yearly test is simple: did the business grow this year versus last? Sometimes the honest answer is no. Early in his career that answer meant waving the white flag.

• Business happens at the transactional level.

Ask people why an airline is the worst and they won't name its CEO. They'll describe the agent at the counter. At 16, Segal sold running shoes at Athletes World on commission, earning about $12 an hour when minimum wage was around $5. No customer left without him talking to them, and he outsold everyone. A mentor's 'will versus skill' frame stuck with him: you can teach skill more easily than will.

• A militia becomes an army, and needs process without 'that's our policy.'

With five stores, you say 'turn left' and everyone turns. At scale, the same order turns into broken telephone. What you stand for should never change; how you do things should never stop changing. Processes should carry information to and from the front line. They shouldn't turn staff into robots: hearing 'I'm sorry, that's our policy' is often the beginning of the end. His version of staying in the weeds is 'trust but verify,' without ivory-tower decrees.

• 'Interesting' is a great word in a classroom and a terrible word in business.

After McGill, Segal built Fitting Room Central. It measured fitting-room conversion so buyers could tell whether an item failed on look or on fit — essentially today's traffic-and-conversion analytics, back in 2005. He landed meetings through handwritten letters to Les Wexner and got a pilot at Macy's on 34th and 7th. But it was a nice-to-have with a complex sale across marketing, IT and finance. After three years, with no income and living in a basement apartment, he quit. He calls DAVIDsTEA 'an eight-year overnight success.'

• DAVIDsTEA took a commodity and un-commoditised it.

Working for his father's cousin, the founder of Le Château, and reading a Buffett book, Segal walked into a Montreal tea house and saw a business with no sizes or colours. Tea doesn't spoil like a sandwich, margins are good, it fits small spaces and nobody was making it fun. It was youth plus experience: without his cousin he'd have 10–15 stores; without Segal, the cousin would have zero. Four stores in, the summer he married, it nearly didn't survive. By 2016 it had 200 stores, about $200 million in sales and about $30 million in EBITDA. Customers smelled, tasted and talked tea in the store.

• Selling triggered the deepest depression of his life.

At 35 he had financial independence and no plan for the day after. He'd been on the road six days a week, amid fighting among the original partners and the private equity group. He felt guilty: what right did he have to be depressed? Looking back, he'd get a nice office, because he went from 100+ people rushing up to him to nowhere to go. He'd also talk to people who had sold companies, and he wouldn't set an ego-driven timeline to avoid being a one-hit wonder.

• There's no shortcut for the work — in depression or business.

His advice is habits you do when you don't want to: the run, the 20-minute breathing session, the eating. They matter most on six hours of sleep, not ten. He recalls a camp survivor's point that those who lasted had hope but not expectations about when it would end. Be compassionate with yourself: start meditating at three to five minutes, and when your mind wanders, simply come back.

EXAMPLES

• The sour-cream-container skating rink.

As a boy, refused a backyard rink, he poured water on the lawn one tub at a time for hours until his father, then his brother, joined with hoses — and they had a rink.

• Mad Radish nearly sold for ten cents on the dollar.

His healthy fast-food chain had cracked weekday office lunches when the pandemic hit. They stuck with it, built a dinner menu and cooked chicken from scratch instead of sous-vide bags; he says it's now Canada's top healthy fast-food player. Peter May's line: 'Kid, you can't make chicken salad out of chicken' — sometimes you must.

• Real vanilla instead of flavouring.

At Firebelly, his newer company, he skips 'natural flavour', which he says is lab-made and mostly unlisted additives with a fleeting chewing-gum taste. So no peach tea — it can't be done without flavouring.

• Harley Finkelstein's afternoon green tea.

The Shopify president complained of too much coffee, jitters and poor sleep. Segal switched him to quality green tea in the afternoon, citing L-theanine's calmer energy.

• The phone lockbox at 9:30.

He locks his phone away nightly and keeps it out of the bedroom, calling the last hour before bed the least productive and most pessimistic of the day: 'You're just tired — go to bed.'

OTHER RELEVANT

- **Buffett's two superpowers.**
  Few decisions made with huge conviction, and complex ideas in simple terms. Segal minored in English literature at McGill to fix his weak writing.
- **A secular Sabbath.**
  Friday-to-Saturday sundown, he works on the business rather than in it, with a weekly date night.
- **Eight cylinders.**
  His father said he was an eight-cylinder engine running on two; success is using all eight, not building another $200 million company.

The Relentless Obsession of Brad Jacobs

Guest: Brad Jacobs
Date: 2024-03-19 · Duration: 1:35:48
URL: https://www.youtube.com/watch?v=U-FlqVzbj0s

KEYPOINTS

• A CEO's report card has one question: how much money did you make your shareholders?

Brad Jacobs has founded companies including United Rentals, XPO, GXO, RXO and now QXO. He says he has returned 32 times invested money in one company and over 150 times in another. That happened five times in a row, which he argues is a playbook, not luck. The goal is alpha — beating the tide that lifts all boats. Investors had a thousand other places to put their money and picked you, so you're a fiduciary with a 'solemn, sacred' duty to multiply it.

• Get the main trend right and you can mess up a lot else.

His late mentor Ludwig Jesselson taught that the right trend makes money despite mistakes, while the wrong one means swimming upstream. Jacobs deliberately maps the context, origin, current conditions and possible catalysts for each situation. Today the number-one trend is AI. He met Ray Kurzweil, which felt like meeting Einstein, and thinks Kurzweil is probably right that humans will merge with their technology.

• Be a musical business person: improvise.

Jacobs sees himself as a musician first. He studied with Milford Graves and Bill Dixon at Bennington, where there's no wrong note — just a new one. Rigid multi-year plans fail because markets, economies and people change. In 2015 XPO, built as an asset-light broker, pivoted to buy Con-way, an asset-heavy trucking company. Con-way had three HR and three IT organisations and a top-heavy, spaghetti org chart. 'If you can find something that's messed up and easy to unmess up — boo-yah, there's your money.' The market punished the pivot at first. The roughly $3 billion purchase (about $1.5 billion of equity) is now worth around $15 billion after about $5 billion of cash was taken out.

• M&A starts with picking the industry, and price is the biggest lever.

Over about 500 acquisitions, he looked at thousands more. For QXO he studied dozens of industries and chose building-products distribution: about $800 billion of distributors in North America and Western Europe, roughly 20,000 companies, and only six or seven serious about technology. Taking about 6% would make a $50 billion company. The biggest value lever is the spread between his cost of capital and the multiples he pays. The second is improving what he buys.

• Anybody can buy a company; the hard part is integration.

Integration starts at signing. On the day a deal closes, systems get standardised: one ERP so the books close promptly, identical dashboards so every location can be benchmarked, one HR system, one CRM and one internal social network. Private-equity roll-ups that bolt companies together for a higher multiple leave a mess for the next buyer. In diligence he interviews the top 15 or so people one-on-one: if it were your money, would you buy it? What would you change, and what would we be crazy to change?

• Non-judgmental concentration: join, then lead.

After stepping down from United Rentals in the mid-2000s, he fell into the only depression of his life. That led him to Albert Ellis and Aaron 'Tim' Beck, the co-founders of cognitive therapy, plus two years of therapy at three hours a week. Therapists taught him to create a safe space, give 100% attention, and validate before disputing. He uses this with employees, sellers and angry customers: feel what they feel, show you heard it, then present the action plan.

• Leverage: not too much, not too little.

Zero debt isn't optimal, since some leverage shrinks the share count. But companies only go bankrupt from too much debt, and geopolitical shocks or a COVID-style slowdown punish it. QXO targets one to two turns of EBITDA. With Con-way XPO briefly went above four times, then sold the truckload unit for $550 million and used free cash flow to pay down debt.

• Pay for performance relative to the market.

He wants raw capitalists. Senior equity shouldn't vest below about the 55th percentile of total shareholder return versus the S&P 500, and should double-vest at the 90th–95th. That way shareholders hope management makes a fortune. From Goldman's old partnership he borrowed paying people partly for how many colleagues say they helped them.

EXAMPLES

• Overruling Uncle Howard.

After building Amerex, an oil brokerage, to nearly $5 billion in volume in four years after the Iranian Revolution, Jacobs set aside only $100,000–200,000 and bet the rest. Paribas gave him a billion-dollar credit line, and he used up to $990 million on complex counter-trade deals. He saw only execution risk, not market risk.

• His father's insult at a stoplight.

At 13 his father told him, 'It's really good you have a good personality, because you're surely not going to get anywhere with those looks.' It crushed him, but it also told him he could lead.

• His mother's last words to her children.

On her deathbed she suddenly sat up and told her three children she was happy they'd all turned out so well — possibly the happiest moment of his life, just before founding XPO. The lesson for a CEO: authority figures' approval matters, so start reviews with sincere, specific praise.

• Whose star went up?

He ends tough meetings like an Oreo, on the good part. Around the room, each person names whose star rose and why. After 12-hour operating reviews, everyone stands in a silent circle for five minutes, silently thanking each colleague and wishing them success.

• Tinnitus as a friend.

He's had ringing ears since his teens and says he's lucky — embracing every sound is part of being a musician.

OTHER RELEVANT

- **Real board meetings, not kabuki.**
  Directors can contact anyone, see every survey, and question 10–20 unprepped managers; scripted PowerPoint boards waste time.
- **FP&A as scorekeeper.**
  Every initiative gets a probability; forecasts are discounted for managers who habitually sandbag or overpromise.
- **The band back together.**
  QXO's founding team is all from XPO — people who can finish each other's sentences.

The Man Who Proved Speed Kills Slow Companies | George Stalk Jr.

Guest: George Stalk Jr.
Date: 2023-05-02 · Duration: 1:32:13
URL: https://www.youtube.com/watch?v=lsidKYeuQFw

KEYPOINTS

• Business is a continuous fight, and winners play hardball without apologizing.
Stalk wrote Hardball out of frustration with business press that told MBA students and middle managers business could be played nicely. He calls 'co-opetition' close to collusion. His clients were either defending a lead or fighting to survive: Boeing vs. Airbus, Komatsu vs. Caterpillar, Toyota vs. Ford. Komatsu's internal slogan translates as 'Encircle Caterpillar', and Bezos says 'your margin is my opportunity'. One rule always works: know your costs better than competitors know theirs. Averages hide the truth, and a customer who looks unprofitable may be the high-volume account that produces your scale economies.

• Compete on time: give customers what they want, when and where they want it, faster than anyone else.
That's the one-line definition from Competing Against Time, which Stalk says is the one book Tim Cook has every Apple executive read. A company that delivers two to three times faster than rivals usually grows two to three times faster and is about twice as profitable, as Walmart did against Kmart and Toyota against most of the auto industry. Time isn't instead of cost, it's alongside cost and quality. Rework always costs time, so a fast operation has to be a high-quality one. As one Motorola CEO put it, 'We sell the organization on quality but we're actually taking time out.'

• In most processes, value is added only 0.5% to 5% of the time, and batching causes much of the waste.
Speed isn't walking faster, it's removing dead time. Roughly a third of the wasted time goes to sitting in a batch, a third to waiting in a scheduled batch, and a third to managing the batches. Before Stalk went to Tokyo for BCG around 1980, founder Bruce Henderson showed him a Ford study: a Japanese factory a third the size, with three times the product variety, was twice as productive, and product moved through it 10 times faster. People credited Japanese culture, but the advantage was overhead, about a tenth of Ford's, thanks to small batches, short setups and scheduling on the factory floor.

• Speeding a process up fourfold typically cuts costs about 20%, because overhead slows things down.
Overhead comes out because management is smarter, not because it's slashed. Toyota pushes scheduling down to the floor instead of keeping a big central department. Sometimes you deliberately add cost to buy time. Focus helps too: making a 10-product-line factory twice as fast is far easier than a 50-line one. That's why time-based turnarounds start by choosing what to focus on.

• Study anomalies instead of explaining them away. They often reveal a new business model.
Wausau Paper had an unusually high share with one Chicago merchant. The sales manager credited 'a great relationship'. The merchant said: 'If there's a truck at my dock tomorrow morning, we're friends.' Other cases: an office-products customer that insisted on service between midnight and 6 a.m. so production wasn't interrupted, and a European medical-device rival that kept a service rep on site. It looked costly, but uptime and new-business share were higher.

• Culture is the hardest thing to change, and you change it to lock in a strategy, not as the starting point.
Stalk has seen cases where he knew technically how to beat the market leader but the culture couldn't do it, so the CEO sold. Fixing Wausau took about 20% strategy and 80% implementation. A logistics manager measured on full trucks refused to send part-loads and had to be retired, and a new CEO and sales manager came in. At a hospital-bed factory, 80% of management turned over because they couldn't run smaller batches. Claims to be 'customer-first' need numbers: competitive comparisons are the fastest wake-up call.

• Family companies win over full cycles by being more risk-averse, not by having longer horizons.
BCG compared publicly traded family firms (Rogers, Nestlé) with public rivals over two business cycles. Family firms earned less in upturns but fell much less in downturns, so the area under their curve was larger. They 'keep their powder dry' for good and bad contingencies, and many keep wealth in the business rather than living on dividends. Putting non-family managers on a phantom-stock plan, Stalk warns, can make a family firm behave like a quarterly-driven public one. Families grow exponentially while businesses rarely do, so the business must grow about 50% faster than the family to keep each share whole.

• Time-based supply chains cut variance, and that lets you turn a supply crisis against competitors.
When a complex system is disrupted it oscillates (the bullwhip effect), and longer chains swing more. A two-week supply chain has about an eighth of the output variability of an eight-week one. You can't fix the crisis, but you can make your chain better than your rivals'. Order more often, ship partly full containers, pay to be first off the ship, and use non-stop trains. Ocean freight for a TV is about 5% of cost and air about 12%, while a stockout can cost 50% of margin. Stalk calls managing variance 'the next big wave', but a head of Grainger Canada told him: 'I know it's right. I can't do it.'

EXAMPLES

• The Wausau Paper turnaround
An underinvested family-trust mill was chronically losing money on small, slow machines. The fix was specialty papers in small volumes, delivered next day across the Midwest, so merchants could run on less capital. Rivals took 10 years to work it out, and Wausau created the highest shareholder value of any paper company for years.

• How Walmart really beat Kmart
Behind the greeters, Walmart was a logistics company: its own trucks, weekly deliveries, paying suppliers faster than Kmart in exchange for strict schedules, and store managers flying into Bentonville every two weeks. Kmart outsourced trucking, underinvested in IT and ran decisions through Troy, Michigan.

• Lingerie by air
With 90–95% gross margins, ocean shipping cost about 1.5% of sales and air about 4%. Accepting nearly triple the shipping cost to avoid stockouts moved the company from about 20% to 90% of goods by air, and it became more profitable.

• Dell vs. HP
Dell's shorter supply chain let it ship newer technology while HP was still pushing older parts through, which made HP's products look dated and forced price cuts.

• Recovering from a fire

When a plant making a brake valve for nearly all Toyotas burned down, Toyota was back up in about two weeks. When an airbag supplier's factory in Ohio burned, it never reopened, and its share of Ford's airbags fell from about 90% to about 30%.

OTHER RELEVANT

• The heavy-spender phenomenon

In every retail category, 20% of customers drive 80% of volume and want selection, expertise and painless returns. Neither Stalk (radio-controlled planes) nor Shane (skis) buys their hobby gear on Amazon, which suggests where Amazon is beatable.

• Returns are retail's ugly duckling

Zappos made returns a marketing tool: about nine of 10 boxes at one UPS counter Stalk visited were Zappos returns. Shane wants one-click cancellation for subscriptions.

• Agile is time-based competition for software

An 18-month release is a large batch. Shipping a minimum product and iterating is the equivalent of small batches.

Tobi Lütke: Empowering a World of Rebels | Knowledge Project Podcast

Guest: Tobi Lütke
Date: 2022-11-15 · Duration: 2:36:08
URL: https://www.youtube.com/watch?v=hUug8tEWtoY

KEYPOINTS

• In chaos, protect the North Star, not the plan. Roadmaps are overrated.

Shopify became a symbol of the pandemic shift to digital, then of the pullback. Lütke says no one in a company works on the stock, and if people start to, something is wrong. What matters is the company's purpose: making entrepreneurship simpler. When shelter-in-place closed stores, the move was obvious: get retailers' catalogs online and ship curbside pickup. His alternative to roadmaps is a clear view of what merchants need, an honest model of your capabilities, and teams ready to pick the best next task. When reality changed, Shopify sorted all its work into 'helpful' and 'not helpful' and stopped about 60% of it.

• A founder's most valuable power is subtraction, funded by 'legitimacy'.

Non-founder companies are like river stones: smooth, strong at measurable operations, and run through stakeholder management and plans that carry legitimacy. Founder companies are spiky volcanic rock. Lütke calls legitimacy one of the most underappreciated resources and credits an essay by Vitalik Buterin. A company's founding story deposits it into a kind of bank account, and only a founder still present can draw on it. 'If you say no to a thing, you say no to one thing. If you say yes, you say no to every other thing.' Adding is easy, removing takes courage. Satya Nadella pulled off subtraction at Microsoft, but it's 'ten or a hundred times harder' for a non-founder.

• Best practices are just average with lower risk. Not taking risks is the real career risk.

Companies revert to the industry mean, and industry quality is low. Doing what everyone else does is the only option with no risk, which is exactly why it's average. Innovation requires being different, which means sometimes underperforming. At Shopify a miss is 'the successful discovery of something that didn't work', and people get coached for not aiming high. He wouldn't be proud of a company that only maintains its products and buys all its innovation. Even HR should innovate. Shopify built a new compensation system from first principles.

• What gets called bureaucracy is often sediment layers of individually good decisions.

People rarely call processes that work 'bureaucracy', so the word flags places where first-principles thinking can streamline a lot. But some checks and balances only look bureaucratic. A person patches a hole in a wall, someone with more perspective knows the floor is being remodeled, and someone else knows the company is going 'digital by design' with no offices. Ideas should come from everywhere, while strategic decisions come from wherever the right perspective sits. He gives executives Parkinson's Law, an 80-page book on how organizations get silly.

• Compensation shouldn't depend on what the stock did the week grants were issued.

Stock options and RSUs piled up as tax optimizations and turned into complex instruments with wildly varying outcomes. Lütke asks why an employee's lifetime earnings should depend on whether Russia invaded Ukraine the week before a grant date. Shopify now gives each person one annual number, then lets them use sliders to choose the mix of cash and stock. A low share price buys more shares. He'd like to add options such as a charity bucket. The aim is to 'treat people like adults'.

• Business should be re-derived from programming principles.

He argues computing sits between language (abstraction) and math, a practical 'applied computational philosophy' that early universities stuck in basements. Engineers spend their formative years building systems that survive non-deterministic chaos like packet loss, so their systems design is '100 years ahead' of management books. A compensation team looking up comparables and percentiles is really processing data. Make it an executable, auditable function, change one file, and watch the company model rebuild. As Nash took lessons from poker for game theory, business should take lessons from engineering.

• Decisions are easy. Finding the inputs is hard. Rerun the function when the inputs change.

Most disagreements disappear once you state unstated assumptions. Judge a decision by its process, not its outcome ('resulting'). His test: was there 20 minutes I could have spent to get a missing input? Shopify built great offices. When the input 'can people go there?' flipped, and then where staff lived changed, it called 'digital by design' early, around May 2020, to remove ambiguity for staff and recruits. Second-order effects often outweigh first-order ones, he argues: anti-nuclear sentiment in Green movements kept coal in use and contributed to climate change.

• Your value isn't your title. Most people should choose range over specialization.

Anxiety often comes from tying self-worth to a role or a credential. At Shopify, roles are 'lures to great people', and hiring asks whether the company will be better with you. True specialists know who they are. For everyone else, the Pareto principle means you can get to eight out of ten in five fields, and learning speed compounds. He calls 'jack of all trades, master of none' 'one of the dumbest sentences I've ever heard'. A longtime colleague told him his high opinion of people leaves him constantly disappointed. Lütke would rather help people see their potential.

• Play infinite games, and pick finite games that serve them.

From James Carse's Finite and Infinite Games: a finite game like tennis has rules and a winner, and dies if conditions change, say gravity at 7G. An infinite game, like fitness or education, exists only to keep playing, so change is welcome. School turns education into a fractal of finite games of tests and grades and forgets the point. Lütke's infinite game is giving people superpowers through technology. The most successful people, he says, choose finite games that do 'dual duty' for their own infinite one.

EXAMPLES

• Fixing his sleep in three days

After two years of 14–16-hour days and sleeping pills, he used CBT-I, cognitive behavioral therapy for insomnia. He says there are only about 100 certified US practitioners, so he used books, an app and an Oura ring. Rules: the bed is only for sleep, read in a chair, go to bed only when sleepy, get up if you wake. By day three it worked. His body takes about 6.5 hours, not eight, and he calls Why We Sleep anxiety-inducing.

• The Shop Pay dial

Shop Pay lifts conversion so much that charging an extra 1% would be 'utterly worth it' to merchants. Lütke won't, because over 10 years it would invite competition and undercut the mission of giving small businesses big-company features.

- **Programmers vs. artillery tables**
  Rooms of people once did calculus by hand for artillery tables. Today one of them could learn to code in a week and write a function that frees every calculus expert, a gain productivity statistics wouldn't capture.
- **Fast Grants**
  Early in COVID, Lütke helped fund grants decided within days. Normal grant processes reward the most prepared, who often aren't the people doing the most important work.
- **Conformism quadrants**
  From Paul Graham's essay: passive conformists include many great specialists, aggressive independents are entrepreneurs, and aggressive conformists are bureaucracy's comic-book villains. Companies should choose deliberately where to place each.

OTHER RELEVANT

- **Optimism is warranted**
  People say they're fine but think everyone else isn't. He blames media hostility to tech and expects our era to be studied as 'the coming of age of our species'.
- **Travel was penance**
  Pre-pandemic travel was 'sacrificed at an altar of sincerity'. Bring back only deliberate time with important people.
- **Open-source AI accelerates**
  Stable Diffusion's open release let developer-experience people speed it from 15 seconds to about 3 per image on the same hardware.

Patrick Collison: Philosophies for Running Stripe, Hiring, Decision Making, and Reading

Guest: Patrick Collison
Date: 2022-09-13 · Duration: 1:46:27
URL: https://www.youtube.com/watch?v=8MuNDps3m6A

KEYPOINTS

• Hire for rigor, appetite and warmth—and prefer correctness over cohesion.

Many organizations prize smooth interactions and unruffled feathers, effectively choosing cohesion over correctness. Stripe looks for people who seek correctness, don't mind being wrong, and will entertain ideas that seem improbable. The second trait is hunger and willfulness. A startup's default outcome is near-term non-existence, so you need people who enjoy pushing against that, not merely tolerate it. Third is interpersonal warmth and a desire to make others better. You spend so much of your life at work that it's worth finding people you actively enjoy. Collison adds that his answer would have differed two or three years earlier.

• When an obvious idea doesn't exist, look for the hidden force—then check how big the problem really is.

By almost every sane analysis Stripe was a bad idea: a crowded market, regulation, no domain experience, two young non-citizens, and no viral distribution. What drove them was that it seemed impossible developer-friendly payments didn't exist. They spent months googling for it. Its absence first worried them, because consumer banking had such a hidden force: rules effectively mandating products and almost no new charters after the crisis. Payments had no such barrier. Large companies listed the same wished-for features as hobbyists, and only about 2% of global consumer spending happened online. The 'lake' was an ocean, so they dropped out.

• Scaling is easy to diagnose and hard to keep up with.

Problems are usually visible; failing to see them is subjective blindness, so the question is what your biases hide and what corrects for them. Solutions rarely need breakthroughs, since others have done it before. The hard part is that you don't control the clock. A startup is like a tower-defense game: you control only how fast you build defenses, and problems can arrive faster. Some days the pile is so unreasonable it feels like someone is secretly messing with you. Leaders also have to build management skill on a timeline set by the company's growth.

• Make faster decisions, sort them by type, and make fewer yourself.

Collison names four changes from five years earlier. First, value speed: twice as many decisions at half the precision is often better, because extra deliberation quickly hits diminishing returns. Second, categorize by reversibility and magnitude, and deliberate only on irreversible, high-impact calls so that process doesn't seep into the rest. Third, ask why you're deciding at all—needing the CEO often signals something broken. Fourth, when you disagree, find the difference in models. Teams now write down missions, key long-term metrics and customers, so disputes are about means, not hidden disagreements about ends.

• Split effort between exploiting and exploring, and let teams differ.

Roughly 70–80% of effort goes to optimizing what already works, or the company 'flies into the side of a hill.' About 20% goes to speculative bets, with the mix varying by team to avoid diseconomies of scale. Good bets are judged on their overall return profile. Atlas, which lets founders anywhere incorporate, had limited downside, low fixed cost to learn, large upside and useful spillover skills. Collison thinks bets are rare for sociological reasons more than cost. Optimizers and explorers must disagree structurally yet 'have dinner together'—organizational pace layering, after Stewart Brand.

• Organizations are biology, not portfolios of decisions.

An investment fund makes binary buy-or-sell calls. A company is fluid, so the real levers are incentive structures, mindsets, goal definitions and feedback loops from outcomes back to the work. The right unit of analysis is the cell and the organ. Stripe passed 500 people only about a year before, and claiming to have it figured out would be hubris. It studies other organizations, noting how tiny WhatsApp and Instagram teams operated at enormous scale.

• Admire cultures that are strong, perfectionist and long-lived.

A strong culture is one whose members can praise it for half an hour and then list what they dislike; most are 'milquetoast averaging.' The Economist and Apple keep authors and designers anonymous because the work speaks for itself. Sequoia has been a top-three VC firm for about four decades. Koch Industries grew from about $20 million to an estimated $100 billion in revenue over roughly five decades with no single breakthrough. Koch and Berkshire share an obsession with structuring doubt and accounting for bias.

• Read actively, ruthlessly and by following what admired people admired.

Collison starts about half the books he gets and finishes about a third of those, or one or two a week. Among books worth reading, he prioritizes the enjoyable ones, which still outnumber a lifetime. He opens mid-book to test whether he wants to be there, follows his brother John's rule of always reading the best book you know of, and switches freely. Used hardbacks left around the house create collisions. He annotates margins, lists key page numbers inside the back cover, and writes reviews for friends, such as one on Joel Mokyr's A Culture of Growth.

EXAMPLES

• Transition year and the Lisp conference.

Ireland's optional transition year let Collison program full-time. A trip to Stanford for the 2005 International Lisp Conference sold him on U.S. colleges. Irish school felt slow afterward, so he studied for British exams instead and started at MIT.

• From Shannon to Shenzhen.

One of the first special economic zones was near his birthplace in Shannon; Deng Xiaoping visited and was inspired. Collison credits Ireland's export-driven rise for Stripe's faith in globalization and openness.

• Brazilian cards abroad.

More than 90% of Brazilian credit cards don't work online outside Brazil. Collison sees making any two parties anywhere able to transact as a far-reaching goal, beyond microtransactions and rent payments.

- **Emailing Tyler Cowen.**
  His highest-leverage habit is telling people he admires their work. An unsolicited invite to a 2011 Bitcoin meetup started a friendship with Cowen. About half reply, and the cost when they don't is tiny.

OTHER RELEVANT

- **Atlas founders.**
  About 60% say their companies wouldn't exist without Atlas. Nick Bloom's trial in India found management training raised revenue by double digits.
- **San Francisco's housing shortfall.**
  Collison hopes the house he owns with John falls in value. He cites Enrico Moretti's estimate that inefficient land use cost large shares of U.S. growth, and notes San Francisco has a third of Greenwich Village's density.
- **Choose your peer group deliberately.**
  You become like those around you, so don't leave closest friends to happenstance.
- **No knock-down arguments.**
  Following Tyler Cowen, Collison relishes finding the limits of beliefs, even ones he holds strongly, like globalization.