The Knowledge Project Keypoints — Leadership, Teams & Culture

The Knowledge Project Keypoints

Episodes in this pack: 11

The Price of Excellence Most People Won’t Pay

Guest: Kaz Nejatian
Date: 2026-07-21 · Duration: 0:53:43
URL: https://www.youtube.com/watch?v=UH3-p_8LPFE

KEYPOINTS

• All successes are unique, but all failures rhyme: good people leave, innovation stalls, G&A swells, and the company starts fighting customers and partners.

Kaz Nejatian took over Opendoor months from bankruptcy and found that exact pattern. His diagnosis is that a lack of active management lets companies atrophy: when the founders are gone and no large shareholder cares, firms drift into avoiding looking bad and become 'hosts for professional leeches' who drain the company while making management look good.

• Change the defaults that are killing the company violently — with no change management — so the change feels jarring.

Opendoor had produced many 'seven-step plans over eight months' to return to the office, and none worked. At 9am on his first Monday Kaz told everyone the company was back in the office next Monday, and anyone not planning to come was thanked and let go. His view is that gradual plans let the old default win; aggression is the only way to reset a deeply held norm.

• Create strong repelling forces: the people you hire are the company you build, so make it easy for the wrong people to opt out.

In week one he rewrote the careers page from 'a happy place where we all care about each other, here are our ERGs' to 'This will be hard.' He sent the company a blueprint designed to make anyone who disliked how he'd run things quit, freeing room for committed people to opt in. Rebuilding meant essentially hiring 'an entirely new company,' which he admits was very painful.

• The most dangerous employees are competent but not mission-aligned, and they should be helped to move on fast.

On a 2×2 of competence vs. alignment, the competent-but-misaligned quadrant tilts the organisation toward itself through internal politics. They keep getting promoted because bosses don't see what they're doing. Kaz deliberately widened that rift early. Meanwhile he found roughly a dozen exceptional ICs who had kept Opendoor alive 'on their shoulders' and rebuilt the company around them.

• Truth over feelings: groups drift toward nice lies, and truth shrinks as rooms get bigger.

People are truthful relative to who's in the room, so large meetings carry less truth — one reason big companies are usually average and small teams work. A new CEO must find the 'speakers of truth' and get them alone. He calls the alternative 'suicidal empathy': assuming everyone is thin-skinned and offended by facts, which he says is killing good companies.

• Meetings are a bug: they exist because people couldn't get the information they needed beforehand.

Opendoor holds meetings mostly to broadcast, not to present for approval. It is considered impolite not to disagree, and impolite to stay in a meeting you have nothing to contribute to — people walk out mid-meeting. Meetings run louder and 'more ornery' than average, but Kaz frames disagreement as respect: all mistakes and all information belong to Opendoor, not to individuals.

• 'Say the thing': say it now, about the thing not the person, and repeat it until you've been heard.

Written at Shopify after sitting in meetings where everyone acted fine while 'the shape of the chart' said otherwise. People avoid being the one who 'farted in church.' The rule: 'this sucks,' never 'you suck'; others needn't agree, but must hear you. At Opendoor, failing to object to stupid things counts as rude.

• AI is less about replacing people than collapsing management layers and changing who wins.

Cheap communication flattens 'managers managing managers' chains. Opendoor built an 'AI exoskeleton' around every employee, making them 3–4× more efficient: the last time it bought as many homes as last quarter, opex was over twice as high. It also has more engineers than when he joined.

• Companies go upside down one degree at a time, and acronyms are a warning sign.

New pilots in clouds turn slightly, slightly, and emerge fully inverted. Acronyms create in-groups and out-groups so nobody can tell anyone else is inverted. Kaz also assigns Orwell's 'Politics and the English Language,' challenges anyone to find a sentence with 'leverage' that means anything, and insists people decide things, not teams — never 'Legal decided.' Similarly, execs running on dashboards are 'playing SimCity' with derivative facts (his Hayek-inspired 'map is not the territory').

• Strategy is overrated relative to product and execution; delaying decisions rarely reduces risk.

Google's strategy wasn't meaningfully different from 25 other search engines — execution was. The real test is whether you can find 1,000 people who love the product. A/B tests often become management's 'safety blanket'; he mocks Google testing ~400 shades of blue. Action creates information, and pain tolerance — holding your hand over the fire longest — separates winners.

EXAMPLES

• The mattress and the announcement doc.

His wife ordered a mattress to the office and told him not to return until he had a plan. When the board's bland announcement draft kept getting re-softened, he wrote in bold 'whoever wrote this doc doesn't work at Opendoor anymore' — not realising both PR consulting firms were in the doc. Both loudly resigned, saving him 30 days' notice and an expense line.

• Opendoor's largest vendor was a consulting firm, not the cloud provider.

Reviewing every payment for 12 months, the top external expense was millions to a large consultancy that had advised offshoring jobs, loading up G&A and cutting engineering — 'literally what you do if you have zero desire to create alpha.'

• Turning the power on in a house took three or four managers.

A Salesforce form, an email, a manager's permission, then a utility call. Kaz gave staff corporate cards and a Slack lookup: type the address, get the utility number, account number and card to use. He notes the old system was built by highly

credentialed people optimising for risk reduction.

- **From 11 people in the offer path to 6–7× more homes bought.**
  Before, entering your address to receiving an offer involved 11 people and many days. Removing each step raised demand; Opendoor was buying six to seven times more homes that week than the same week a year earlier.

- **Discovery, trust, then underwriting: why the market maker wins.**
  Craigslist/eBay solve discovery, PayPal trust, and Amazon underwrites both sides — the third player usually wins. Opendoor makes thin margins on homes and real money on the 'first derivative': mortgage, insurance, title and escrow, like Shopify selling software for $1 and earning from merchant services.

OTHER RELEVANT

- **Personal turnaround starts with an intervention and full ownership.**
  Like someone with an alcohol problem, the first step is admitting 'I am to blame,' then tracking accountability day by day as AA does. Kaz leans on family and prayer to own mistakes without staying paralysed by guilt toward his past self. Early fixes are 'shovel territory' — easy wins that compound before the microscope work.

- **Stay in contact with reality personally.**
  He talks to customers weekly, visits homes, queries the raw database and builds his own dashboards. He has turned on utilities and fixed work orders himself, citing Ray Kroc in the kitchen and Elon Musk sleeping at the factory as necessity, not theatre.

- **Most limits are self-imposed; stop optimising to not be disliked.**
  Fleeing Iran as a teen and not getting into 'clubs' taught him not to care about approval — he ignores what the Wall Street Journal writes. Playing rugby, a sport with no North American audience, taught joy in pain while winning as a team. His success test: his four kids being proud that his time away left a dent in the world.

Make Your Goals Bigger!

Guest: Mario Harik
Date: 2026-04-14 · Duration: 1:38:16
URL: https://www.youtube.com/watch?v=XCO7mqK7hs0

KEYPOINTS

• Running a company is the engineering design process applied to strategy, plus people skills an engineer has to learn.

Harik tells his kids that engineers 'build things and fix things'. At XPO that means identifying a goal, gathering data, defining requirements, building a solution and testing the outcome: strategy, then KPIs, then an action plan for each KPI. The catch is that engineers chase perfection and people don't work that way. What surprised him most was that every person's mind works differently, 'in its own beautiful way'.

• His main lesson from Brad Jacobs: set very big goals, because small goals produce small results.

Jacobs founded eight multibillion-dollar companies. Harik joined XPO as employee number three and worked under him for more than a decade. His version of the lesson is to take a project you think needs three years and ask how to do it in three months, at work and in life. He calls ultra-big goals 'the cure for complacency', because hitting a modest target invites a pat on the back and then coasting, while winning against big targets breeds more ambition.

• Hire for three things: very good at the job, serious about the work, and collegial.

Serious doesn't mean 90-hour weeks. It means taking the mission of the company and the role to heart every morning. Collegial includes kindness, humility and a thirst to learn, but not consensus. Harik worries when everyone in a meeting agrees, because it suggests the problem hasn't been looked at from ten angles and the team may settle for a local maximum. Disagree respectfully, focus on data rather than the person, then commit to one path.

• XPO is run on about 10 daily KPIs, tracking both their change and the rate at which that change is changing.

Each strategic lever has KPIs, and each KPI has an action plan with owners. Being up 5% year on year is a first derivative. FP&A also looks at the second derivative, whether the trend is speeding up or slowing (5% sliding to 3% then 1%), and probability-weights risks and opportunities for weekly, monthly and quarterly forecasts. Every P&L owner has an FP&A partner showing which levers they can pull.

• Service is the product: in less-than-truckload freight, better service earns market share and premium pricing.

XPO has about 40,000 employees, roughly 23,000 in North America, and 18,000 of those are drivers or dock workers. The average shipment is about 1,400 lb, consolidated across roughly 300 terminals. The two service measures are no damage and on-time delivery. Better service lets XPO sell higher-margin add-on services and gain profitable share.

• Data used for coaching gets buy-in; data used only to police people breeds resentment.

Every handheld scan shows a worker two dials: productivity ranked against peers on the dock, and potential damages, such as unstrapped pallets. Damage is traced back to the last person who handled a pallet, and that person gets targeted training. Harik says the response has been good because the information is used to help people improve, not just to enforce strict rules.

• Give feedback by starting with what makes someone great, and ground criticism in data rather than opinion.

Early in his career he handed people his own solution, which he says caused the team's thinking to 'atrophy' and capped results at his own expertise. Now he teaches people a process for analyzing the data, and often their designs beat what he would have come up with. 'You dropped the ball' makes people defensive. 'Here's what the data said we could reach, and where we landed' doesn't.

• Ego is thinking you're so good that you stop learning.

He started coding in BASIC on a Commodore 64, read his older brother's computer-engineering books as a young teen, and arrived at the American University of Beirut sure he was the best programmer alive. At MIT he met programmers '50 times better'. The humility that followed is what let him keep learning instead of getting stuck.

• A CEO has three value levers: the team, capital allocation and time allocation.

For capital, the question is the return on each dollar, not the size of the check: does $1 million deployed return $100,000 a year or $3 million? Options include internal projects, M&A where '1 + 1 > 2', paying down debt, or buying back shares while they're cheap. For time, he goes where action plans aren't working and focuses on inputs, not outputs.

EXAMPLES

• The nearly $1 billion Yellow terminal bet

When rival Yellow went bankrupt in 2023, its terminals, some with docks about a mile long and very hard to permit and build, came up for sale. XPO mapped Yellow's network onto its own, found 28 properties in capacity-constrained growth markets, and wrote a business plan for each (for example, growing from 5% share in a market toward its ~10% national share). Harik, then a new CEO, started with a smaller bid and spent nearly $1 billion with chairman Jacobs' input. FP&A now tracks each terminal against its plan.

• Break-room notes sent to the top 100 leaders

Harik visits terminals early in the morning and sits in break rooms with a notebook, collecting ideas on tires, truck parts, handhelds, pay and benefits. He emails them to the top 100 people as lessons 'from the people who matter most'. Drivers told him a service bonus wasn't enough without accountability for coworkers who mishandled freight, which led to tracking damage to individuals.

• Meetings built on ranked takeaways and questions

A week before monthly operating reviews, materials go out and attendees submit takeaways and questions, then rank everyone's from 1 to 10. Meetings open with the top takeaways. Rules: no devices, one speaker at a time, juniors speak first, and Harik speaks last so he doesn't bias the room. Each meeting ends with every attendee's takeaways and what they'll do differently.

• Brad Jacobs' A/C player test

Imagine someone saying 'don't try to talk me out of it, I'm leaving.' If you go home with a pit in your stomach, they're an A

player. If you think 'great, we can upgrade', they're a C player.

- **Interviews that go four clicks deep**

  Instead of asking a sales leader 'How did you grow revenue?', he asks how they structured the sales force, managed leads and pipeline, handled account plans, and what their daily face-to-face meeting targets were. He also reads a 50-page packet of other interviewers' notes and probes every red flag, because flagged concerns often turn out to be why people fail. He ends with the airport test: would he enjoy being stuck with this person?

OTHER RELEVANT

- **Think in a decision tree each morning**

  He spends 15–30 minutes in a calm spot, often his car, running worries and recent reading through chess-like branches, and ends up with three or four priorities. He says that thinking faster than your inner voice speaks is a trainable skill.

- **Treat repetition across sources as signal**

  Analysts send him hundreds of highlighted pages each weekend on XPO, competitors, customers and the industry. A theme that keeps showing up across independent sources counts as signal, while a one-off doesn't. He reads long documents himself, then asks several AI platforms for their takeaways and compares them to spot what he missed.

- **Run on 'clean fuel'**

  Unlike chip-on-the-shoulder drivers like Michael Jordan or Tom Brady, Harik and Jacobs measure winning by reaching their own potential, not crushing rivals. Steal good ideas from competitors, but grow the pie.

Former Pepsi CEO: The Hidden Cost of Rising to the Top | Indra Nooyi

Guest: Indra Nooyi
Date: 2025-06-24 · Duration: 1:35:29
URL: https://www.youtube.com/watch?v=E50ix2Y62y4

KEYPOINTS

• 'Zoom in before you zoom out': learn the business from the ground up before setting strategy.

At BCG, working on two assignments at once in unrelated industries, Nooyi visited factories, production lines and R&D labs before forming a view. As PepsiCo's CEO she hadn't run a P&L, so she asked people to 'teach me the business': how concentrate is made, how a Lay's or Doritos chip is produced. She calls it 'micro understanding', not micromanagement. Without it, decisions at the top aren't implementable or lose their intent on the way down.

• Money is made on the right side of the decimal point.

Corporate thinks in tens and hundreds of millions, but the front line sells a 25-cent bag of Doritos. A tenth of a penny saved on a delivery route or package, multiplied across every route, is the business. Leaders who only speak in millions lose credibility with the people doing the work.

• Set ambitious goals with a path, not just a mandate.

PepsiCo plants used 2.5 liters of water to make one liter of beverage. Instead of decreeing 1.3, she worked through where water was used, how to recycle it and how clean it needed to be. Then she set staged goals of 2.0, 1.8 and 1.7 on the way to about 1.2–1.4 in five years. That respect for the front line made people believe she knew what she was talking about.

• A strategy that can't be implemented isn't a strategy, and change happens by removing friction, not by force.

She defines strategy as a path to a better place that the organization can actually execute. Business schools preach against silos while universities are 'the most siloed places'. When she pushed 'Power of One' (getting Frito-Lay and beverages to work as one company), she asked what it meant, where friction would arise, and which incentives, processes and people had to change, then watched for signs it was derailing.

• Honest feedback needs toughness, kindness and clarity together.

People often leave appraisals thinking they're doing fine because the manager avoided conflict. She wrote letters covering what you did well, where you fell short, three or four things to show progress on, how she'd help, and where progress could take you. One executive asked to learn international markets made two three-day trips, so she listed the countries to visit and the level of detail to reach, and checked in mid-year.

• Track a deep bench of future leaders and let some leave so they can come back stronger.

PepsiCo tracked 300–400 'corporate assets' who might be CEO in 15 years. They had ideas that challenged her thinking, volunteered for hard assignments and took blame. If someone left for a tech company, she saw a future returnee with a PepsiCo pedigree. If someone's runway was limited, she told them honestly and helped them find a better role.

• Understand office politics, but never play them.

Where there are people there's politics. Know who dislikes whom and how meetings really work, then contribute within that. Meddling and gossiping turns you into 'a negative force'. Family duties helped her: she had no time for after-hours bar talk.

• Fight bureaucracy with hard metrics and internal targets that exceed what you promise the market.

PepsiCo monitored output per employee and spans and layers, required certain managers to have eight to ten direct reports, and trimmed layers when the organization 'accordioned' out. Internal targets were always a stretch, guidance to Wall Street was lower, and no bonuses were paid without hitting the stretch goal.

• In a crisis, find the root cause, then communicate honestly. The buck stops with the CEO.

In a recall, sit with R&D and manufacturing until you understand exactly what happened, hear the plan, then decide on messaging. When Nelson Peltz took a stake, she told employees in a town hall to ignore the TV coverage, while she, the CFO and the general counsel handled it. She treated his white paper as 'a free consulting report', adopted good ideas, and held the strategy wherever the underlying trends hadn't changed.

• Bias erodes confidence, and lost confidence erodes competence.

Eye-rolling, interruptions and calling a woman's idea 'theoretical' and the same idea from a man 'brilliant' make people doubt themselves. In talent reviews, men 'missed goals but have potential' while women 'hit all goals but something tells me…'. Her fix is to stop the conversation and challenge it on the spot. If 55% of top graduates are women and only 20% of your hires are, ask why.

EXAMPLES

• 'Leave the crown in the garage'

The night she was named PepsiCo's president, her mother sent her out for milk before hearing the news. Her mother's verdict: at home you're a wife, mother and daughter, and nobody can take your place. Nooyi says there's no 'balance', only juggling full-time roles and trying not to drop the most important balls.

• Firing the general counsel, ten seconds at a time

On her first day as CEO she told general counsel Larry Thompson, with a smile, 'You're fired', then rehired him as her own pick so he'd never feel like a holdover from her predecessor. She credits him with much of her early success.

• Satellite photos of a rival's plant

At BCG, unable to find the size of a competitor's plant hidden in woods, she filed a freedom-of-information request and got aerial photos from 3,000 and 5,000 feet showing its size and loading bays. Her lesson: 'Don't say the data isn't available. Say you didn't look hard enough.'

• Steve Jobs: show your passion

Jobs told her people need to know what you care about. She began telling designers she 'hated' weak work, and on one delayed launch named herself program manager with Friday reviews and no pre-meetings, compressing a three-year process into six months. Credit flows down, blame flows up.

• Store walks with Jim Sinegal and Greg Foran

Costco's founder walked a store opening with her, explaining unique pack sizes and the 'treasure hunt'. A product she suggested was on the shelf two weeks later. Walmart's Greg Foran pulled four Quaker multipacks off a shelf, with different counts and illogical prices, and asked why there were four, not two. It exposed a muddled pricing architecture.

OTHER RELEVANT

• Outgoing CEOs should leave

The departing CEO gives the board a dossier on candidates but stays out of the decision, and shouldn't remain on the board. She stayed as chair for at most two months. As a board member, ask: if a director had behaved like this when I was CEO, would I have liked it?

• Acquisitions fail in integration

The deal is 10% of the work. With Tropicana, Roger Enrico had her codify its 'good for you' operating rules and keep the rest of PepsiCo out. With Quaker, keeping CEO Bob Morrison for two years was a priority.

• Changing course isn't flip-flopping

PepsiCo spun off its bottlers under Enrico. When market growth slowed and the two sides fought over a shrinking pie, she bought them back in a multibillion-dollar deal. When the environment changes, 'you zag'.

Reed Hastings: How Netflix Built a Culture That Fires Good People

Guest: Reed Hastings
Date: 2025-06-10 · Duration: 1:09:39
URL: https://www.youtube.com/watch?v=pV7pvxapVRA

KEYPOINTS

• Treat loyalty as a stabiliser, not the goal.
Netflix's early struggle was balancing loyalty against performance. Hastings settled on the pro-sports-team bargain: you play for your position each season, but the team can be close and supportive. Loyalty means one bad day doesn't get you fired and a bad day from your boss doesn't make you quit. Ultimately the company valued growth and achievement over lifetime loyalty. He sees friendships and marriage as different: there, loyalty comes before performance.

• The keeper test flips the default from 'bad enough to fire' to 'worth fighting to keep'.
Ask: if this person told you they were quitting, how hard would you work to change their mind? If you wouldn't, give them a generous package and recruit someone you would fight for. The industrial norm is that 'you nearly have to commit a crime to get fired'; the sports-team norm is 'I think I can upgrade.' The nuanced version is an honest conversation first, so nobody is surprised.

• Generous severance is really a tool for managers.
The money goes to the departing employee, but managers are usually chosen for liking people and find it hard to let them go; a big package makes it easier for everyone. Departing employees sign a release, so Netflix has seen hardly any lawsuits. Hastings sees performance improvement plans as a false system of legal protection, since so few people on one turn around. Long-tenured people in a rough patch get context and are often moved to a new role.

• Manufacturing drives out variation; innovation needs more of it.
For about 200 years manufacturing drove GDP growth, and its logic of consistency and error elimination shaped everything, including factory-like classrooms. Process is the language of reducing variation, which is right for safety-critical work like airlines. In inventive businesses, where the main threat is someone inventing nearby, errors are part of the process and too much process kills innovation.

• Freedom and responsibility beats policy plus enforcement.
Most companies set per-city expense limits — $250 here, more in Tokyo, less in Omaha — and need a bureaucracy to enforce them. Netflix replaced all of it with 'travel as you would on your own nickel.' Occasional abuse costs far less than enforcement, and it treats people like adults. You still set context with principles and examples.

• Hiring is imperfect, so take chances and judge by performance.
Five or ten hours of interviews rarely reveal much. Hastings stays open-minded, expects a three-month honeymoon before cracks show, and coaches first. His highest-value step is a meal: how a candidate treats service staff shows their character. He reads persistence from track record — job moves every 18 months versus stints of 6, 3 and 7 years.

• Make reference checks real by finding people loyal to you, not the candidate.
Supplied references are anodyne. He combs LinkedIn for people at the candidate's previous employer, starts a conversation, and only then reveals he's calling as a reference. His recurring question: would you hire them again?

• Two religions: customer satisfaction and operating income; everything else is a tactic.
Customer satisfaction drives the top line, operating income the bottom. Echoing Bezos — firm on principles, flexible on tactics — he notes it's easy to grow one at the other's expense. The art of business is improving both faster than competitors.

• Big creative bets are judgement calls, and information grows by stage.
Ted Sarandos won House of Cards, a roughly $100 million bet, by bidding for two seasons, which HBO's precedent wouldn't match. With a partial script and some casting, no data can tell you how good it will be. Each stage — script, cast, dailies, edit, test screenings — improves the odds. Netflix expected Squid Game to be big in Korea; its global success surprised them after 20 years.

EXAMPLES

• Why the 2009 culture deck went public.
Hastings walked new employees through an internal deck monthly, but some were shocked by what they'd joined. Netflix decided to show it to all candidates, knowing it would leak, so it simply published it. It repelled people who wanted job security and attracted those who would trade security for growth.

• Powder Mountain's 'big-hearted champions who pick up the trash'.
Netflix's meritocracy looked like the Hunger Games from outside because its words weren't warm enough. At the ski area he bought after retiring in 2023, with 150 full-time staff, the values lead with 'big-hearted'. 'Champions' keeps the performance bar and the keeper test, and 'picking up the trash' means everything is my job. He counter-positions against the Epic and Icon passes, which he likens to the Costco of skiing, as the Whole Foods alternative: uncrowded slopes for a higher price.

• The Dave Chappelle storm.
In about 2019, trans employees and allies protested Chappelle specials as creating a hostile workplace. Netflix amended its culture memo: entertainment shows many things — guns, explosions — that aren't endorsed workplace behaviour. 'If you don't want to be in the entertainment business, that's fine.' A few people left; most accepted it.

• Offering to step aside at Pure Software.
He went through five heads of sales in five years while sales doubled annually. Feeling he was hurting the company, he twice asked the board to hire a sales-savvy CEO; both times they refused. He called it 'like confession.'

• The foot mouse that never was.
As a Stanford grad student he nearly dropped out to build a foot-controlled mouse. The prototypes got filthy within days, and legs cramped and lacked fine control.

OTHER RELEVANT

- **Work-life integration over balance.**
  Cook dinner with your kids at 5:30 and work at 8 — not phone at the table. He retired at 62 and has no big regrets; being world-class requires being 'maniacal and obsessive.'
- **AI tutors could end the factory classroom.**
  On the Khan Academy board, he expects a full K–12 education on a tablet within a decade, with teachers shifting toward social-emotional coaching. A Peace Corps math teacher in Swaziland, he backs charter schools and school choice.
- **Pick one hard societal problem.**
  Today's problems are the ones earlier generations couldn't solve. He admires Bill Gates's technocratic patience, like a decade-long effort on virus-resistant cassava now in field trials.

Frank Slootman on Focus, Performance, Bureaucracy, & Success | The Knowledge Project Podcast 173

Guest: Frank Slootman
Date: 2023-08-08 · Duration: 0:57:22
URL: https://www.youtube.com/watch?v=fv5Bozsj2xM

KEYPOINTS

• There's no playbook for a new company: observe like a five-year-old, then triage fast.
Slootman rejects 'playbook' as cookie-cutter thinking. Every company differs, and applying a formula 'will lead you astray.' He still asks the same first questions: are the right people on the bus, which functions work, which are 'barely breathing'? Obvious problems get handled in week one, others over 30, 60 and 90 days. By about 90 days the initial triage is done and the company is on solid enough footing to improve step by step.

• Give performance time, but never bad behavior—behavior is a choice, not a skill.
A new leader is watched for what they don't do as much as what they do. Tolerating egregious conduct tells everyone you're blind, hesitant or permissive, damaging your 'leadership brand.' Some bad behavior is hidden: a tip from a former colleague exposed a sales office with abuse and harassment that neither he nor his team had seen. Once found, he moves 'at lightning speed.' With some young employees he calls a reset—'come back tomorrow'—and some return over the weekend transformed, having drifted under bad managers.

• A company is a professional sports team, not a family.
You can't fire family, so you tolerate dysfunction. A business assembles the best players around a shared mission; colleagues may be friends but needn't be, because the relationship rests on contribution. Companies that call themselves families, he notes, still lay people off by the thousands. Leaders must fill the culture vacuum, or strong personalities create subcultures by city or division and the company becomes 'a bunch of fiefdoms.'

• Not choosing is the worst choice: focus and fully resource what matters.
Steve Jobs's 'insanely great' standard was a filter that naturally shrinks the list, because few things clear it. Over time organizations become a mile wide and an inch deep, 'swimming in glue.' Slootman keeps asking: if you could do only one thing, which, and what happens to the rest? Do things in sequence, not in parallel. When a project gets half the resources instead of a fiftieth, it moves. Larger companies can stay focused by giving general managers ownership of a vertical, product or channel.

• Fight bureaucracy: titles mean nothing; influence and merit decide.
Big companies become their own worst enemies through undue process and friction. Slootman tells staff hierarchy and title count for nothing; if you can persuade people, great, and if not, your title won't help. He wants a Peter Pan company that never fully grows up, keeping its audacity and chip on the shoulder. He hires 'maladjusted' people because ambition comes from a gap between where you are and where you want to be. He avoids the word 'pride,' which signals contentment with the status quo.

• Bonuses must be earned by the company, then allocated on a real bell curve.
Every quarter, non-sales staff know the exact metrics the company must hit to fund the bonus pool. Managers then distribute it without 'peanut-buttering': some people deserve 2x or 3x, some zero. The point isn't denying the weak but making sure the great aren't treated like those not in good standing. Quarterly money-and-performance talks feel hard at first, but managers start taking notes, and employees ask, 'What do I have to do?'—exactly the conversation you want. Recognition matters too, from equity awards for landing target customers to a personal note from the CEO.

• Sales problems are usually product problems.
Great salespeople can't sell a bad product, but mediocre ones can sell a great one. Silicon Valley often blames sales and hires another VP when the product is the issue, because no one wants their baby called ugly. Product must make average reps predictably productive, since brilliant ones are too scarce to scale. Snowflake was 'a two-year-old golden retriever'—order-of-magnitude faster in benchmarks—so trials sold it. He favors reps who have 'been in fights' over order-takers who rode a hot company's momentum.

• Consistency every quarter, and setting up the next one.
Slootman is a stickler for every line of business and region delivering every period. However far ahead of plan you are, a bad quarter means 'I can't build on you.' A good quarter beats the number and lays the foundation for the next—like running the billiards table, not making one shot. The whole company is the 'wood behind the arrowhead,' because sales feels the market's cold winds first.

EXAMPLES

• 'I'll show you luck.'
After Data Domain's 2009 exit, when it was bigger than its next 10 competitors combined, people called it lucky—which 'put on the afterburners' for Slootman.

• Seven or eight banks in a week.
Slootman joins customer calls himself because secondhand reports hide whether you face a real issue or a timid rep. 'If I can't sell it, I'm not expecting you to sell it.' Watching the CEO pitch shows reps they can do it too.

• Reference checks inside your own company.
Interviews are 'the sniff test.' He first asks employees who overlapped with a candidate at a previous company, then calls direct colleagues for stories. 'Probably okay is not the standard'—especially in Europe, where separating is slow and costly.

• The insurer's question.
He sees AI letting firms ask why bodily-injury claims run high in one state, whether it will recur and whether to stop underwriting there, as insurers are doing in California—an advisor in near real time.

• The California DMV.
His shorthand for a culture without leadership: slow, substandard and hellish to work in.

OTHER RELEVANT

- **Mistakes are teaching moments.**
  Saying ‘I really screwed this up’ politically neutralizes error; defending bad decisions is devastating. His biggest mistakes are hires, but he won’t stop until he gets it right.
- **Beware ‘passengers.’**
  Not good enough to keep, not bad enough to fire, they interview well and survive until mass layoffs. When there’s doubt, there’s no doubt.
- **Expect to transform.**
  Every CEO will need to; the questions are whether you’ll notice in time and execute. Keep your head up while others keep theirs down.
- **Success isn’t legacy.**
  He calls legacy self-absorbed. Success is employees saying a decade later it was the best thing they ever did.

Ravi Gupta (Sequoia) Opens Up About The Realities of Success | E164

Guest: Ravi Gupta
Date: 2023-04-18 · Duration: 1:42:57
URL: https://www.youtube.com/watch?v=gXJAnh-iSTc

KEYPOINTS

• Don't have a work personality and a home personality.

That was his father's advice as Gupta started his first job: living two lives 'will just tire you out'. When you meet a colleague who is tough at work but warm at home, you're surprised and then a little resentful: 'why don't I get that person?' It feels like an act, and it gets in the way of trust because people can't predict who they'll get. During COVID, seeing colleagues with their kids bouncing into the room warmed people to each other.

• Earned success is the key to happiness, and kids have to arrive at that themselves.

Raised by Indian immigrant parents for whom laziness was 'so offensive', Gupta borrows the idea of earned success from Arthur Brooks. With his three sons he tries to ask questions rather than lecture ('What happened? Could you have done anything differently?'), because 'you can't learn someone else's lessons for them'. His proudest moment: after his older twins won a state soccer cup, they offered their 8-year-old brother a medal even if his team lost. He smiled and said, 'No, that's okay. I want to earn my medal.'

• Reality is undefeated, so embrace it as early as possible.

Participation trophies and abolishing gifted classes 'kick the can'. That mistreats the child who's better at something and is dishonest, because eventually the world sets an absolute bar. A struggling founder friend sounded like a new person three weeks after dinner with Gupta. They'd made only 1% progress, but 'now we're just working on a problem' instead of thinking about it. Gupta argues Steve Jobs's 'reality distortion field' is often misread. It was ambition and a refusal to be told what's impossible, not ignoring market signals. Jobs wanted even the back of a cabinet to be beautiful.

• A decade at KKR taught him that every business is hard, every business is fascinating, and growth is precious.

Businesses with long track records and big profits seem common until you study one in detail. Restarting growth after a company stalls is extraordinarily hard: going from flat to 5–10% is a big lift outside tech. Shane suggests stalling triggers a scarcity mindset where people fight over the pie. Gupta adds that stalled companies hire optimizers, which has 'almost nothing to do with creating', and loss aversion blocks experiments. Every KKR investment meant naming the one to three things that had to go right, and he still focuses on those 'maniacally'.

• Keep the main thing the main thing, especially when good-sounding distractions arrive.

When Gupta joined Instacart, it was losing money on every order and had less than a year of cash, so more volume wouldn't help. He realized he could spend all the remaining months on conversations that didn't matter. When people asked for a climate program, which might even help recruiting, he says the right answer was no: the best thing the company could do was be a great company. He calls the idea that Google succeeds because of its compensation bands confusing correlation with causation: Google charges a toll on most internet use. At Sequoia, every person writes their single most important thing for the week in a shared sheet every Tuesday.

• Around 5% of people deliver 90% of the value. Act as if that's true.

Everyone talks about 80/20, Gupta says, but few companies treat their top 5% accordingly in respect, authority and responsibility, or know what might make them leave. A leader's real job may be finding two or three trajectory-changing people. When a star is on the fence and someone says 'the bands don't allow it', he responds: 'You created the bands.' Their purpose is to help the company win, and rigid 'fairness' isn't fair to the excellent person.

• With young kids, quality time is a pernicious idea. Quantity matters.

'Quality over quantity' lets parents be gone and make up for it with a big Disneyland trip, but you can't predict when the meaningful moments will come. A friend asked why he 'wastes' weekends driving around Northern California for youth sports. Gupta loves it, and kids in a car 'have nowhere else to go and they're super chatty'. Shane's rule is to be home every day when his kids get back from school, even when they're grumpy and head straight to their rooms. Gupta also wonders whether America's 'go where your career takes you' habit, rather than living near family, will prove a mistake.

• Great decision-makers write memos for themselves, choose advisers by topic, and protect their decision energy.

They separate one-way doors, which get great care, from two-way doors, where speed wins. You can recover from any mistake except one of integrity. They write memos no one else sees to expose weak spots in their thinking. Fair CEO Max Rhodes asks specific board members specific questions and chooses who speaks first. They follow Bezos's idea of making two or three good decisions a day, and they dig for information before accepting 'here are the two options'. Sequoia's partner meetings start in the morning and have no end time. If a memo arrives late, the meeting waits.

• Most short-term decisions don't matter, so save your 'please listen' for a few each year.

Gupta isn't a perfectionist and often says 'whatever you want is fine' on short-term, two-way choices. He prefers 'velocity', meaning feedback throughput, much as early shipping speed tends to predict a company's success. Because he rarely pushes, people listen when he says, 'There are three things a year I really care about, and this is one.' Shane's friend and HubSpot's founders settle disagreements by rating importance from 1 to 10, and the higher number decides.

EXAMPLES

• Amazon buys Whole Foods

Instacart's fiercest rival bought the partner behind 43% of its volume. The only way out was to make it the reason other grocers signed. The team flew to Grand Rapids, Lakeland and Idaho week after week, and within about 12 months the rest of the industry had signed up.

• The grilled-cheese problem

An Instacart order has 15–20 items. If a key grilled-cheese ingredient is missing, his friend doesn't want another cheese, he wants a quesadilla. Invisible substitution preferences are why getting every order perfect remains unsolved.

• Fix the fridge

An Instacart ops leader asked candidates what to do when a store's grocery fridge breaks. Academic types proposed data analysis and new algorithms. The people she hired said they'd go fix it or buy a new fridge. Gupta's line: 'This is not gymnastics. No points for degree of difficulty.'

- **Treating sons differently**
  At 14 he protested that his parents treated him and his brother differently. They said their job wasn't to treat them the same but to get the most out of each, 'not an A/B test'. He's grateful now.
- **Writing advice**
  Michael Moritz told him to read drafts aloud and keep editing until they sound right. Write about what you care about, and when an idea strikes, stop and write it down.

OTHER RELEVANT

- **Absence is drift, not drama**
  Founders who neglect family rarely face a single blowup. It's the corrosion of not being present, and consistent daily change can repair it.
- **Shared optimization ends fights**
  Once he and his wife had kids, career debates stopped because both optimize for 'what's best for the five of us'. Even 'let's move to Alaska' would get a hearing.
- **Success is everydayness**
  The people he loves should know it through daily showing up, not grand gestures. His professional hero is Bill Campbell.

Principles for Successful Teamwork | Alan Mulally | Knowledge Project Podcast 151

Guest: Alan Mulally
Date: 2022-11-01 · Duration: 1:19:36
URL: https://www.youtube.com/watch?v=2tOWvdWSZzk

KEYPOINTS

• Values learned at home became a leadership system.

Growing up with modest means and a lot of love in Lawrence, Kansas, Mulally heard a lesson from his parents each morning. 'The purpose of life is to love and be loved—in that order.' 'Service is to live.' 'Seek to understand before you seek to be understood.' 'It's nice to be important, but it's more important to be nice.' The one that shaped him most: working together lets you make the most positive contribution to the most people. Service was also his route to Levi's and college: TV Guide routes, lawn mowing, and checker at Dillons grocery, where he was the only checker anyone tipped—for asking whether customers had found everything and had their coupons.

• Live one integrated life, and check it on your calendar every day.

His parents drew a big circle labeled 'one life,' with smaller circles inside for work, family, spirit and community, and 'life's work' (meaning service) underneath. Decide what matters in each circle, then check your calendar every morning and night. Booking a family trip next year doesn't cover family. At Boeing his assistant put his family-meeting commitments on his calendar, and colleagues knew he might vanish for an hour for a parent-teacher conference.

• Build a culture of 'love by design' on a card everyone carries.

The principles: put people first and 'love them up'; include every stakeholder; rally around a compelling vision, comprehensive strategy and relentless implementation plan; set clear performance goals with one plan; and rely on facts and data. Expect the unexpected; follow agreed behaviors such as proposing a plan, a find-a-way attitude, respect and listening; stay emotionally resilient; have fun. There's zero tolerance for violating the process or behaviors, and if you slip, 'just say you're sorry.' It was the one piece of paper he brought from Boeing to Ford.

• Weekly business plan reviews with color-coded status make problems safe to show.

Every Thursday from 7 to 9 a.m., the whole leadership team, worldwide, reviewed vision, strategy, plan and every area's status. Green meant on plan; yellow, an issue with a solution; red, an issue still being solved. Mulally missed perhaps 10 meetings in years and dialed in from wherever he was. 'You're not red; your item is red.' A red item is 'a gem' that lets everyone help. No devices are allowed; open a laptop and the meeting stops. Ford's new plan cut capacity to real demand, built a full lineup of best-in-class cars and utilities, borrowed $23.5 billion, and ran 'One Ford' as a single global team.

• Consistency is what earns trust in the process.

An outsider can't just announce a new culture. For the first few weeks Mulally spent a couple of hours a day answering anyone's questions about the card, then started the reviews. What won people over was handling every red item the same way, week after week. Discipline about the process and about behavior creates safety. Once leaders trusted that issues would be dealt with together, stress fell, they slept at night, and confidence grew with each solved problem. Within two months, he says, Ford was on its way.

• Make behavior a choice, and accept either answer.

When an executive attacked a colleague or showed off with rhetorical questions, Mulally followed up privately and asked what it did to the team. Some said command-and-control had served them well. 'It's okay,' he'd reply, meaning they could choose to leave and still be loved. He asked them to talk it over with family and decide by morning; the team would agree on two or three things to improve. About 80% committed. One rhetorical questioner said she'd been violating her true self for years and became one of the best collaborative leaders he worked with.

• Leaders facilitate and coach; humility asks three questions.

With 12 or 13 direct reports covering every discipline, nobody gets left out and the team doesn't split into haves and have-nots. A CEO once asked if boards would pay him to facilitate; Mulally said they'd pay twice as much for a good facilitator, because knowledge workers know more than the boss. From Marilyn Gist's work on leader humility come three questions people silently ask: Is this about you or about us? Where are we going? Do you see me?

• Repeated behavior reshapes beliefs; feedback works when expectations are clear.

Authenticity is alignment of beliefs, values and behaviors. You can only see behaviors, but acting this way week after week shifts the values beneath. Each year every leader got one or two improvement items through a 360 review. The whole team knew them, so feedback became expected and specific, which Marshall Goldsmith called stakeholder-centered coaching. Once people have worked this way, they won't tolerate anything else.

EXAMPLES

• The first red chart at Ford.

With Ford heading for a $17 billion loss, all 300 status charts were green for weeks. Then Mark Fields, head of the Americas, showed red: the Ford Edge launch at Oakville had stopped over a liftgate actuator. A colleague asked what color he wanted for his funeral. Mulally clapped. Within seconds, engineering chief Derrick Kuzak, quality chief Bennie Fowler and manufacturing chief Joe Hinrichs offered data and engineers. Two weeks later it was yellow, then green—and the next week's charts 'looked like a rainbow.'

• 'We're going to Ford, aren't we?'

Mulally first turned down Bill Ford. Some of his five children, listening outside his office, pushed him to go: they wanted to drive a Mustang. Helping save a second American icon sealed it.

• Business plan review at home.

When he proposed weekly reviews, his wife Nicki said, 'Alan, this is not Boeing.' Instead: Sunday family meetings to tidy the house, sort laundry, share calendars and ask for help. One rule said tell the family beforehand about anything that might embarrass it or make it proud. The kids never missed one—allowances came last.

• **Feedback without attack.**
When a brother forgot to drive his sister to a key dance performance, she told him at the family meeting that she knew he loved her and was reliable, and called it an opportunity to learn. His apology taught all seven.

OTHER RELEVANT

• **Decide with your head, then check your heart.**
Examine every angle, then notice how saying the decision aloud feels.

• **Hiding issues kills speed.**
Cultures where you bring problems only with solutions prevent swarming on issues.

• **Too many brands, no focus.**
Ford owned Aston Martin, Jaguar, Land Rover and Volvo while most of its business was Ford; it couldn't be world-class at everything.

• **Success is a lifetime of service.**
Mulally worked on every Boeing jet from the 707 to the 787 and was chief engineer on the 777. He keeps filling in the circles.

Lessons from a Life of Leadership | Marshall Goldsmith | Knowledge Project 142

Guest: Marshall Goldsmith
Date: 2022-07-12 · Duration: 1:34:36
URL: https://www.youtube.com/watch?v=LFhyL4pqqc8

KEYPOINTS

• Leadership is achieving through others — and 'that's just the way I am' blocks it.

Executive coach Marshall Goldsmith borrows his mentor Paul Hersey's definition: working with and through others to achieve objectives. Are leaders born? '100% of every leader I've ever met has been born.' What matters is that leaders can become more effective. The biggest self-limiting belief is 'that's just the way I am,' as in, 'I can't listen.' What, he asks, is stuck in your ears? The belief does two kinds of damage. It lowers the odds of changing, and even if you do change, it makes the new behaviour feel phoney.

• Follow up, or perception never changes.

Every client gets confidential feedback from an average of 18 colleagues. They thank everyone, pick one thing to improve, apologise briefly, and ask for ideas for the future — then listen, take notes and say thank you, without judging. Goldsmith's study of 86,000 leaders found those who don't follow up improve at about random chance; those who do improve hugely. Follow-up changes perception as well as behaviour. Without it, the first slip after seven months good ('idiots in finance') proves you never changed. With follow-up every two months, people say, 'You've worked hard — you shouldn't have said that.'

• The top problem of successful people: winning too much.

Goldsmith's answer to a Harvard Business Review interviewer. Winners want to win whether the stakes are critical or trivial. You lose the restaurant argument, the food is awful: critique it, or shut up and enjoy the night? Your partner says they had a hard day and you reply, 'You had a hard day?' One Dartmouth student did this, and his wife told him, 'Honey, you just think you've had a hard day. It is not over.' The leadership shift is to stop proving you're smart and right, and focus on making a positive difference.

• Stop adding too much value.

An employee brings a good idea; the boss suggests an addition. Quality might rise 5%, but commitment drops 50%, because now it's the boss's idea. Former GlaxoSmithKline CEO JP Garnier told Goldsmith that his suggestions became orders, whether he wanted them to or not. His most useful lesson: before speaking, breathe and ask, 'Is it worth it?' He managed it half the time. At work, ask whether the comment will raise the other person's commitment. At home, if you have to ask, it's almost never worth it.

• Coaching results depend on choosing the right people.

For years Goldsmith was only paid if clients improved, as judged by the people around them. His chart showed a negative correlation between time spent with him and improvement. Alan Mulally, who improved most with the least coaching, became Ford's CEO; the stock rose from $1.01 to $18.40, with a 97% employee approval rating. Mulally told him the biggest challenge is customer selection, and leadership 'is not about me, it's about them.' Goldsmith now tells prospective clients exactly what they must do and won't work with anyone who won't. If people don't care, don't waste your time.

• Don't make your worth conditional on outcomes.

A great life needs aligned aspirations (a why), ambitions, and day-to-day activities. High achievers get lost in ambition. You don't control outcomes, and achievements satisfy only briefly. 'The great Western disease' is believing it'll all be fine 'when' — the money, the BMW, the condo. Pfizer CEO Albert Bourla, after the vaccine, his best year, worried about the next. Physicist Safi Bahcall finally realised happiness and achievement are independent variables. Coaches John Wooden ('do your best, then be proud') and Coach K ('next play') focused on process.

• Every breath, a new you.

Goldsmith, a philosophical Buddhist, teaches that the 'previous me's' did everything up to now. Thank them for their gifts, forgive their mistakes, and stop living in the past. A man reminded of his absent-father years told his wife he isn't that person any more, and she agreed. Living in the past is a form of vicarious living, like the guy at the bar reliving Super Bowl III or the billion hours spent watching others play video games. Retiring CEOs have to find meaning now, not in 'I used to be.'

• Willpower is overrated — use daily questions.

For about 25 years, someone has phoned Goldsmith daily to go through his spreadsheet of yes/no/number questions — 'How many times did you try to prove you were right when it wasn't worth it?' Half the people who start quit within two weeks, not because it fails but because it works and is humbling. A Harvard MD/PhD managed seven days out of fourteen. His six core questions all begin 'Did I do my best to…': set clear goals, make progress, find meaning, be happy, build relationships, be fully engaged. Asking 'did I do my best' stops you blaming the environment. People average about 5.5 out of 10 on happiness; he gives himself about 30% on being present.

EXAMPLES

• The $20 'no, but, however' fine.

Clients pay $20 to charity each time they start a sentence with 'no,' 'but' or 'however.' A billionaire who'd just given $340 million in India complained that $20 was expensive. It was never about money; it was about winning. A hostile New York Post interviewer denied saying 'no,' then heard himself on the tape — and wrote a kind story.

• 'They can't tell me what to do.'

A 41-year-old CEO at a KKR-owned company insisted the owners couldn't tell him what to do. Goldsmith told him they could — it's their money. He accepted it and stayed CEO for 12 more years. Goldsmith was paid about $150,000 for the two-hour conversation.

• From 6th to 94th percentile on recognition.

One client listed everyone important to him. Every Wednesday and Friday he asked whether anyone deserved thanks and sent a short note — but only if they had.

• Aladdin for the eight-year-old.

Telly Leung played Aladdin about a thousand times by performing each night for the eight-year-old boy he once was, seeing

his first play.

- **The 'tired' basketball star.**
  Asked to be present with his wife, he said he was too tired. Goldsmith noted he'd never told his coach he was tired in an NBA final.

OTHER RELEVANT

- **Your customer has the decision.**
  From Peter Drucker: decisions are made by whoever has the power. Sell what you can, change what you can, otherwise let it go.
- **Four kinds of empathy can backfire.**
  Understanding, feeling, caring and doing all help or harm: a hedge-fund legend got worse once he cared, and a 'fixer' breeds dependency.
- **Advice from your 95-year-old self.**
  Be happy now, keep friends and family close, chase your dream, help people — and regret untaken risks more than failed ones.

A Masterclass on Leadership | Stanley McChrystal | Knowledge Project 132

Guest: Stanley McChrystal
Date: 2022-03-08 · Duration: 1:20:50
URL: https://www.youtube.com/watch?v=-qVVcDi3s9c

KEYPOINTS

• Risk is threats times vulnerabilities, and you control mostly the vulnerabilities.

McChrystal used to define risk as probability times consequence, then insure against it or dodge it. Now he treats it as threats multiplied by vulnerabilities. Threats are largely beyond our control, and we're poor at predicting where and when they'll come, so trying to swat every one away is 'a fool's errand.' Vulnerability is where we have agency. He came to this after noticing that checklists and risk matrices hadn't given him good outcomes, and that 9/11, the financial crisis and COVID-19 were all foreseeable but badly handled.

• Build resilience like an immune system: detect, assess, respond, learn.

An immunologist he met at Yale told him we ingest a potentially lethal microorganism an estimated 10,000 times a day, yet rarely get sick. We're in trouble only when the immune system is weakened. Organizations work the same way. His team identified ten 'risk control factors' that can be exercised like muscles: communication, a clear and shared narrative, the ability to act and overcome inertia, timing, adaptability, diversity of perspective, overcoming bias and leadership. Assume many threats will get through your detection and prepare to deal with them on the doorstep.

• Signals get lost in silos and in noise.

Before 9/11 the government held the relevant intelligence, but it was a tiny fraction of everything flowing through the system, and it was split across departments. Like the blind men and the elephant, each saw only part. Agents who knew about suspicious flight lessons couldn't link them to a hijacking plot, and he doesn't think it's fair to call them simply wrong. The lesson is to connect organizations to complete the picture while accepting you'll never see it clearly. More data and AI help, but they won't be a cure-all.

• Mismatched time horizons distort decisions.

In Iraq and Afghanistan, the CIA built networks for the long haul, the military came in large numbers for short tours and pushed for quick results, and the State Department saw its job as reporting reality rather than changing it. Mike Bloomberg told him only elected executives tend to fund long-term infrastructure like New York's post-Hurricane Sandy defenses; legislators on two- or four-year cycles rarely do. Commanders on two-year tours feel the same pull. He offers a parenting analogy: you're not 'having a baby,' you're having a person for at least 18 years. His son is 38 and lives next door.

• Certainty is impossible; set the decision time by working backward.

As a new lieutenant, McChrystal asked his father how to tell who would be a good combat commander. You can't in peacetime, his father said. In combat, the weak ones keep asking for more information, trying to drive uncertainty to zero, and freeze. McChrystal's own flaw is deciding too fast, so he surrounds himself with careful 'hand-wringers.' His method: work out how long it will take to pass the decision down and carry it out, and count back to the last moment you can still decide effectively. Use the time until then to gather information. A mentor taught him to announce two phases. In phase one, everyone gives input. In phase two you execute, and only genuinely new information reopens the decision.

• Delaying a hard call is itself a decision.

When someone says they'll give a struggling colleague three more months, ask what you'll know then that you don't now. Usually nothing. Hard decisions don't get easier with time; they get harder. In counter-terrorism work, officials along the chain would ask irrelevant questions and, by the time answers came back, the intelligence had gone stale. They never approved or rejected anything, so their hands stayed clean, yet the outcome was still a failure. Bureaucracies punish bad decisions and rarely reward good ones.

• If big failures end careers, people stop taking risks.

The Army in his era often ended an officer's rise over a single mistake, and Navy captains pay with their careers. Yet people learn most from getting 'scuffed up.' Executives say they want risk-taking, but ask them where the people who failed big are now and there's usually silence. Everyone 'goes to school' on that. Judge decisions by two tests: were they consistent with your values, and did they have a reasonable chance of success? A bad outcome doesn't prove a bad decision. Don't let a lucky result make you think you're a genius.

• Leaders must close the gap between the map and the ground.

By the time reports reach the top, they're 'homogenized'; symbols on a map don't get tired or scared. Drone video from 10,000–20,000 feet gave commanders a false god's-eye view: you can't feel how dark or cold it is or hear the bullets. When a staff sergeant emailed, 'with all due respect, I don't think you understand what's going on out here,' McChrystal flew down the next day. Outside Kandahar he spent a day patrolling a maze of six-to-seven-foot mud walls used for grape vines, where the enemy could fire down a single corridor and vanish. He called it the hardest terrain he'd ever seen tactically. He couldn't drop the mission, but he understood it, and his troops knew he did.

EXAMPLES

• Explaining the reason makes hard orders bearable.

In 2005–06 his forces sometimes fought in daylight with systems designed for night, and two Little Bird helicopter pilots were lost. One pilot's father asked why. Told it was the only time the enemy could be found, he accepted it. Explaining your reasons can also surface better ideas from inside the team.

• Commander's intent.

The mission statement covers who, what, when, where and why. The commander's intent says, 'if everything goes to hell, as long as we get this done, that's success,' so people can adapt without waiting for orders.

• T-shirts on backwards.

A charismatic battalion commander told his lieutenants that troops in Vietnam wore T-shirts backwards to show less skin, and they all copied him. He was later disciplined for his personal conduct. Juniors copy everything a leader does.

• Stockdale and Robert E. Lee.
Admiral Stockdale survived seven years of torture in Hanoi by anchoring himself in faith and philosophy. McChrystal grew up near Lee's boyhood home and attended West Point. He concludes Lee was admirable in many ways but chose wrong at the biggest fork in the road of his life.

OTHER RELEVANT

• Civilian leadership is harder.
Soldiers wear their résumé on their uniform and serve a clear mission. Bonuses breed envy (everyone likes theirs until the desk-mate gets more), and few companies invest in developing leaders.

• Discipline is a habit.
He still folds his underwear because West Point told him to, and he exercises daily.

• Talent over hardware.
Budgets favor ships and tanks partly because of the industries behind them. He would give information warfare a near 'blank check' and make it easier for skilled people to serve.

• Success matured.
Once it was being a respected soldier. Now it's his three granddaughters' view of him and whether people around him succeed.

The Essence of Leadership with Randall Stutman | The Knowledge Project #95

Guest: Randall Stutman
Date: 2020-11-10 · Duration: 1:35:34
URL: https://www.youtube.com/watch?v=b_norXr5dR0

KEYPOINTS

• Leadership is behavioral: ask what the best leaders do that others don't.

Most leadership training starts with personality: know yourself, know your team's differences, and adapt. Stutman respects that, but after decades of coaching he saw that people understood themselves better and still didn't lead better. So he asked a different, practical question: what do you do that other leaders don't? Most leaders couldn't answer; the answers came from the people around them. Excellence in dance, golf or exam prep rests on routines, and he argues leadership does too. He defines leadership simply as making situations and people better. Comforting someone who is grieving, or easing a team conflict with humor, counts, title or not. The best teams are 'teams of leaders,' not a leader with a team.

• Admired leaders get results and are loved for it, and they behave the same everywhere.

In his first deep study, at a large Chicago energy company, Stutman found many high performers whose teams despised them, and some well-loved leaders with weak results. Only two had both, and everyone used the word 'admire' about them. The CEO and his whole executive team volunteered to be studied, assuming they'd qualify; none did. Stutman first thought the two were flukes because they were admired at home, at their places of worship, by neighbors and by bosses alike. It turned out to be the essence: they practiced the same core routines with everyone. A routine that works in a strategic decision also works helping a teenager choose a college.

• Routines beat techniques, because people can tell when you're using a technique.

Take 'ask permission before giving feedback.' It's good advice, but leaders use it only when they want a particular effect, such as a formal review or a resistant employee. So they never become skilled at it, and the other person senses something unusual and gets defensive. A routine is something you do because it's who you want to be. You do it every time, people come to see it as your style, and through practice it becomes second nature. The same applies to tips like avoiding the word 'you' or separating ideas from people.

• Balance feedback: make the praise as vivid, detailed and frequent as the criticism.

Negative information weighs more than positive, so we soften criticism with throwaway praise like 'the presentation went pretty well.' Stutman contrasts that with genuine balance: 'slide 8 was masterful; you took something complex and made it simple; your answer to the hardest fourth question hit it out of the park,' followed by an equally specific list of problems. The best leaders, coaches and dance instructors all match the positives to the negatives in number and vividness. If you have five criticisms but only one strong positive, stretch to find more, or give just two criticisms for now.

• Whole relationships drift out of balance, in either direction.

When a leader's comments are mostly negative, people brace for criticism before you finish a sentence; 'Do I do anything right?' is the warning sign. Too much praise also backfires. One executive got 15 years of glowing reviews, then a new boss gave a fair critique and they 'went catatonic.' A newly hired CFO brought in to turn around a struggling company blasted peers in every meeting and was avoided. Stutman had her add separate, non-evaluative conversations: about her colleagues' talent, their lives, and things she was excited about. Within about three months the relationships became productive.

• Use third-party praise as a habit.

Results-driven leaders hold back praise because their standards are high, and some like the power of being sought out for approval. Admired leaders aren't much more generous with direct praise, but they make a habit of praising people to someone else. It makes the person look good, carries no 'but,' and seems more sincere: why would you tell a third party if you didn't mean it? It works like a 'time-release vitamin,' reaching the person days or months later. Stutman's rule: treat praise like a hot potato and pass it on, whether to a peer, a child's friend or an in-law.

• Calibrate short-term priorities constantly, not just long-term goals.

Leaders flood people with goals, KPIs and stretch targets, but short-term priorities drive results more. Most last only a couple of weeks, so keep asking 'what's your focus right now?' and share your own. Stutman's son said his priority was Friday's lacrosse game; Stutman pointed out the calculus exam worth 50% of his grade that day. A senior executive listed long-range process goals until Stutman asked whether an unresolved conflict wasn't undermining everything; the executive admitted he'd been putting it off. Stutman: 'If it's not your highest priority, you're going to put it off forever.'

• The universal motivator: be a fan, and prove it every day.

At the 2005 Masters, Tiger Woods chipped onto a spot the size of a dime, and the ball paused on the lip of the cup for 2.2 seconds before dropping. A sportswriter said the crowd of about 5,000 shook the ground and willed it in. Everyone wants the people they admire rooting for them like that, whatever their culture, age or gender. So ask, 'What would a fan do?' Most of us cheer for good news; fans keep it alive longer. They frame the photo, write a letter worth rereading, or name a sandwich after you for three weeks. It applies even to people you don't like: 'Do you want to lead or don't you?'

EXAMPLES

• Problems that people benefit from.

An insurance company praised Stutman's solution to a long-running problem, then ignored it twice. A mentor explained that somebody benefited from the problem. A communications chief who controlled 86 company channels said, 'You're right, but we're not going to do any of that.'

• The response defines you.

In a crisis, people eventually forgive the incident but not a weak response; you get fired for the cover-up. Wait for the facts, then respond quickly and transparently, and offer remedies, not just apologies. Bear Bryant's sign read, 'Don't try to hide behind anything or anybody. They're going to find you anyway.'

• 'What do people get wrong about you?'

This is Stutman's favorite question. He also asks for strengths and weaknesses 'as a human being' and what a spouse would

say. People who describe their positives in detail but gloss over their negatives lack self-awareness.

- **Harshness that worked despite itself.**
  Stern leaders credit their harshness for their teams' performance. Stutman can show the results came in spite of it.

OTHER RELEVANT

- **Coachability.**
  The biggest obstacle is people who like what they see in the mirror and take all their advice there.
- **Motivation versus inspiration.**
  The cold shoulder can motivate compliance, but only inspiration 'lights the fire.' Most leaders default to whatever inspires them personally.
- **Values outlast lessons.**
  Tell children explicitly what the family stands for, and live it.
- **Leaders belong in the background.**
  Stutman stayed anonymous for 30 years, quoting Bob Dylan: 'When you're on top, you're really on the bottom.'

Jim Collins — Good to Great — The Knowledge Project #67

Guest: Jim Collins
Date: 2019-10-05 · Duration: 2:23:38
URL: https://www.youtube.com/watch?v=7xIrgD6NxHI

KEYPOINTS

• Level 5 leaders blend humility with indomitable will.

In Jim Collins's Good to Great research, companies that made the leap from mediocrity to outstanding performance lasting at least 15 years had Level 5 leaders. Direct comparisons in the same industries, with the same opportunities, had Level 4 leaders. The essence of Level 5 is the answer to a question: what is your ambition really for? Level 5 leaders may be even more ambitious than most, but that ambition is channelled outward into the company or a cause, never into what they get or how they look. They put themselves in service to it, with an iron will. Many had 'charisma bypasses' — shy and self-effacing.

• Steve Jobs is a growth story, not a success story.

In 1988, at 30, Collins cold-called Jobs to come to his Stanford class on turning startups into enduring great companies. Jobs, three years after losing Apple and not even invited to a gathering of top Silicon Valley leaders, sat cross-legged and talked for nearly two hours — utterly driven by the work, not what it would bring. Collins sees a Jobs 1.0 and a 2.0, shaped by the wilderness and by learning from Ed Catmull. By the end, Jobs wanted Apple to prove its greatness by not needing him. The idea that entrepreneurs and company builders are different species is wrong; most great builders started as entrepreneurs and grew.

• Start by confronting the brutal facts.

Collins's method, from mentor Jerry Porras, studies companies historically, through their eyes at the time, against a comparison company in the same situation. The great companies didn't have better information or analysis. In the late '60s and early '70s, Kroger and A&P saw the same shift to larger stores and new technology. A&P explained away the ugly facts; Kroger 'went into the teeth' of them. On decisions, separate process from outcome: a good decision can end badly, and a bad process that gets lucky compounds in the wrong direction. And turn every 'what' decision into a 'who' decision.

• Greatness comes from turning the flywheel, not a single breakthrough.

John Wooden's UCLA dynasty, which won 10 NCAA titles in 12 years, looked sudden from outside. But it came after more than a decade of refining the fast break, players and system — turn after turn until the breakthrough. Its opposite is the doom loop: disappointing results, a reaction without understanding — a new leader, program or acquisition — then more disappointment. A flywheel isn't aspirations drawn in a circle. Each component must almost inevitably drive the next, and failing on any component stops the whole thing, like multiplying by zero.

• Luck is asymmetric — bad luck can kill you, good luck can't make you great.

In Great by Choice, Collins and Morten Hansen defined a luck event as one you didn't cause, with potentially significant consequences, that surprised you. Coding every luck event, they found the 10x winners weren't luckier than their comparisons. If anything the comparisons were, though it was a wash. The difference was return on luck. IBM approached both Digital Research and Microsoft for a PC operating system; only Gates seized it and turned it into a flywheel for decades. Managing luck is even more about protecting the downside so bad luck never knocks you out of the game.

• The 20-mile march defeats turbulence.

Collins offers two small tech companies. One grows net income 25% a year, plus or minus 15 points. The other averages 45%, but swings from +300% to " 200%. Most people pick the 45%, but the steady marcher won by an enormous margin. Stryker's march was 20% net income growth every year; Southwest's was profitability every year; Intel's was Moore's Law. Collins says the key word is 'consecutive.' Committing never to miss for 20 or 40 years forces you to invest now for cycles far down the road, keeping you ahead of disruption.

• Fire bullets, then cannonballs.

Pioneering innovators don't usually win; those who scale the right innovations do. Fire small, low-cost bullets, recalibrate, and only after one hits commit your gunpowder to a calibrated cannonball. Apple's early-2000s annual report gave the iPod about three sentences. Once iTunes was put on Windows and demand appeared, Apple committed big. Fire bullets well, so a miss is a clean test. Often the second cannonball becomes the company's biggest business: Marriott from restaurants into hotels, Intel from memory into microprocessors, Disney from films into theme parks.

• Great companies fall through overreach, not complacency.

In How the Mighty Fall, the five stages are: hubris born of success; undisciplined pursuit of more; denial of risk and peril; grasping for salvation; and capitulation to irrelevance or death. A company can look healthy through stage three. Ascent is a narrow path, like racking pool balls; decline has endless paths, like entropy. Disruption, Collins argues, is often about the timeframe of decisions: the best CEOs managed for the quarter century. Built-to-last companies also had a purpose beyond money, as at HP, Merck and Johnson & Johnson.

EXAMPLES

• Katharine Graham stepped up.

After her husband Phil's suicide, people asked which man she'd bring in to run the Washington Post. She ran it herself, through the Pentagon Papers and labour strikes, becoming one of the great CEOs of 50 years.

• George Rathmann's second act.

After corporate careers at 3M and Abbott, he co-founded Amgen in his 50s. Late in life he was treated with its own drug, EPO, and told fellow patients, 'I had a little something to do with this.'

• Collins's personal flywheel.

Curiosity drives rigorous research, then insight, then writing and teaching, then impact and resources, which fund the next question. After Built to Last, he poured the proceeds into what became Good to Great. His wife Joanne: 'I sure hope you find something.'

• Engaged in four days.

After an eight-mile first run with Joanne in May 1980 — they walked five miles — they were engaged by Thursday. They've

been married 39 years.

- **Amazon drew its own flywheel.**
  After Collins taught the principle in 2001, Amazon mapped its loop: lower prices, more visits, more third-party sellers, more selection, better fixed-cost leverage, lower prices.

OTHER RELEVANT

- **Leadership can be learned, if not taught.**
  West Point builds leaders systematically. It starts with refusing to be a bystander, then getting people to want to do what must be done.
- **Take care of your people, not your career.**
  General Austin said the moment he stopped worrying about promotions and cared for his people, they wouldn't let him fail.
- **People operate at the level of feelings.**
  Jerry Porras's 'touchy-feely' Stanford course revealed how much of Collins's drive came from unprocessed feelings about his father.