

## J. Michael Locke Musings

---

### #52: Speed Musings May 14, 2020

Twitter is letting their employees work from home permanently. The genie is out of the bottle. Future work models will be a blend of in office and at home like education. As previously mused, short office space related companies.

Uber trying to buy Grubhub. You have to feel for Matt Maloney (Grubhub CEO). He was first to market and ran a business to make profits like you should. The venture capital market provided endless amounts of capital for competitors to lose money and now he is going to have to sell. Capital markets not working in this context. Food delivery business is now structurally unprofitable. This is even as they screw the restaurant owners. So bad that Chicago just announced rules requiring transparency and having to show how much the restaurant is getting and how much delivery service is getting. It's a broken business model.

CPI down .8% in April (still down .4% if you eliminate volatile food and energy). Is deflation coming? There is some discussion of negative interest rates by the Fed. This is how much damage has been done to the economy. Policy makers discussing "forcing" people to spend and penalizing them for saving.

Lots of people would like to see deflation in higher education prices. Covid-19 might drive it. The number of HS seniors filling out the financial aid forms with the federal government (FAFSA) for stafford loans and pell grants is down 2.8%. Schools are losing tons of money from Covid 19. \$90mm loss at Northwestern and \$220 mm at University of Chicago ( [College financial losses](#) ).

These losses are before the need to move technology-enhanced instruction. Blended or hybrid. More online. Some are even predicting the entrance of the big technology companies who need new large markets to keep going. Thanks Keith Watson for this article: [Big tech into Higher Ed?](#)

Apparently Clarence Thomas likes the old fashioned phone call. He didn't ask a single question from 2006-2016 and now asked 7 ½ minutes of questions last week when Supreme Court heard arguments by phone for the first time ever (including a whodunit toilet flush).

The new category of socially responsible investment funds – ESG (environmental, social, governance) – got more than double the amount of inflows in the first four months of 2020 than the prior year. Performing pretty well with 70% beating benchmarks. This shows the movement to moderate capitalism to ensure right outcomes.

In Daniel Deirmeier's piece on leading in a crisis previously sent, he spoke of the need to move to a "community orientation" during a crisis. Google is advertising that their premium video meeting

software is currently free. They likely also realize they missed a huge opportunity and let zoom race buy (pun intended).

Kelly Page rightly pointed out that knowing your costs is important (yesterday's musing) but also key to know the perceived value of your solution. Too many companies figure out their costs and desired margin and then back into price. Your price should be set based on the customer's perceived value of what you are offering. You then have to make sure you have the right cost structure to make money at that price.

I usually would not support lawlessness but kind of like what Elon Musk is doing. 10,000 employees and wants to conduct commerce. Gavin Newsome gets to individually decide he can't?

Be safe. Work hard.

jml