

## J. Michael Locke

### Musings

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#### #119: Musing March 27, 2021

I have always believed that simply working really hard is a key to success. However, it is one thing to work hard on your own choosing and another because it is demanded of you. There are limits. While I struggle to empathize with a 23 year old Goldman analyst making \$150k complaining, 95 hours a week is over the top. Powerpoint went viral this past week on the poor work conditions for GS analysts – link here: [Goldman analyst powerpoint](#). The amazon unionization vote occurring this month in Alabama is another example. Amazon applies its data centric management to labor cost and tracks how long it takes someone to pack a box, how many boxes they pack an hour and tracks their steps. From a Verge article: *“The [Amazon tracking] system goes so far as to track “time off task,” which the company abbreviates as TOT. If workers break from scanning packages for too long, the system automatically generates warnings and, eventually, the employee can be fired. Some facility workers have said they avoid bathroom breaks to keep their time in line with expectations.”* [amazon-warehouse-fulfillment-centers-productivity-firing-terminations](#). Everybody loves the low price that comes with tightly managed labor cost but there is a limit. On the other end of the spectrum, my niece got in trouble for working past five. Under the federal labor rules, every employee is classified as “exempt” or not from overtime laws. Entry level people are not exempt and by sending an email at 5:30, she was triggering a required OT payment from the employer at time and a half. That is the wrong incentive structure. For individuals, work hard. For those running operations, ensure your employees have a suitable work environment.

One key in management is to watch and manage your dependencies. This can come in many forms. In advertising, the battle right now is to manage dependencies on google which controls over 90% of search and has announced moves which will make it harder for others to compete (build your SEO engine!) Technology firms build infrastructure to have redundancy so you are not dependent on one web server or datacenter. Putting things in the cloud creates a dependency without control which is why I like the hybrid-cloud model. Dependency can also be about people where you have one individual within the organization who is the only one who knows something or does something. I bet the various transportation executives wish geography had not created a Suez canal dependency right now. While it is likely impossible or impractical to afford redundancy everywhere and not have some dependencies, key to management is to watch them, know about them and minimize them.

In a statement on our society, according to an analysis by a prominent Silicon valley venture capital firm, the hottest area for mobile apps is those which help you find a friend. From WSJ: *“apps like Itsme, Wink and Yubo are some of the fastest-growing apps nationwide, solving for various pain points that exist in social media today. Itsme, for example, lets you make friends as your avatar to avoid getting judged based on a photo; Wink allows you to make friends safely without the awkwardness of exchanging phone numbers or traditional social-media handles.”* Full article: [youve-got-a-friend-in-new-social-media-apps](#)

I have written about the deflation coming to higher education due to demographics (less high school graduates) and more alternatives (google certificates etc.) For anyone with a younger person, I would encourage getting a google certificate. [inside-googles-plan-to-disrupt-college-degree](#). Demand down / Supply up. Good overview article from CNBC. [fewer-kids-going-to-college-because-of-cost](#)

One of the terrible developments in our social media / press driven society is the establishment of the “famous.” I am not talking about great athletes, artists or business people. I am talking about people whose only skill is being famous. Businesses need to understand the social media influencer world (not societally health but important for business). Reprint of old musing on this below. This world is now descending on investing with the wallstreetbets roaring kitty dynamic.

YOLO

Jml

*Reprint*

#### 4/6 Musing #15: Why You Need to Know the Kardashians

Did you roll your eyes on that one?

Just because you might not be a social media person, don’t underestimate its reach. There are approximately 330 million people in the U.S. (140 million voted in the 2016 election.) Now look at the followings of the top celebrities on Instagram:

#	@username	Followers
1	Cristiano Ronaldo @cristiano	210.1M
2	Ariana Grande @arianagrande	179.2M
3	Therock @therock	177.1M
4	Selena Gomez @selenagomez	172.1M
5	Kylie Jenner @kyliejenner	168.6M
6	Kim Kardashian West @kimkardashian	164.3M
7	Leo Messi @leomessi	146.6M
8	Neymar @neymarjr	136.5M
9	Justin Bieber @justinbieber	131.2M
10	Taylor Swift @taylorswift	129.2M

Obviously the followers on Insta are skewed to the younger demographic, but these are the purchasers of the future. This is why media companies focus heavily on the 18-49 demographic.

But beyond scale, there is another reason you should know Kim is married to Kanye and Kylie Jenner Cosmetics is worth \$1.2bn (she sold 51% last year and she is 22...do the math!)

Leaders need to be relatable. You need to be as comfortable talking to the cab driver (they still exist!) as the owner of a company. Real leaders do it because they truly care about every human being. You are no better than the receptionist – you just have a different job. Younger workers tend to be more focused on pop culture than Green Egg recipes. Every individual has something to teach you. Take the time to talk to everyone. The “retail” level employee probably has the best information on how

consumers are behaving or reacting to their experience (remember the inverse organization pyramid on value creation.)

Influencers are also becoming the driving force in marketing. Consumers no longer trust advertising. This has led to the rise of Trip Advisor, Yelp and Google reviews. The current trend is away from celebrity influencers like the Kardashians as a way to reach consumers and towards “micro influencers.” These are not fancy celebrities, but more “regular people” in a smaller networks. For example, in Chicago, the NPN (Neighborhood Parents Network) is a popular forum for young parents to get advice on strollers and schools et al.

Michael Bloomberg is a smart guy and he tried to leverage this channel. According to The Daily Beast: “for a fixed \$150 fee, the Bloomberg campaign pitched micro-influencers—someone who has from 1,000 to 100,000 followers, in industry parlance—to create original content “that tells us why Mike Bloomberg is the electable candidate who can rise above the fray, work across the aisle so ALL Americans feel heard and respected.”” Sorry it didn’t work but there is only so much a paid influencer can do.

Covid 19 thoughts. According to Laura Tyson, the amount of stimulus the federal government will inject this quarter is roughly 20% of GDP. As DePauw Professor Gary Lemon taught me,  $GDP = \text{consumption} + \text{investment} + \text{government expenditures} + \text{net exports}$ . Consumption is almost 70% now so with everyone stuck at home, the government trying to soften the blow as Keynes would suggest. Unfortunately, as we learned in 2010, it is hard to push that much money out quickly in a wise way and there is likely to be a lot of waste and fraud.

So learn your Kardashians (don’t worry about Rob), reminisce about the ‘76 Olympics and be safe.

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