

J. Michael Locke

Musings

#126: Musing May 14, 2021

I am usually a fan of Reid Hoffman who built LinkedIn but I am not a fan of “Blitzscaling” which he espouses. This is the business practice of growing as fast as possible generally accompanied with massive losses and capital needs. Doordash CFO: *“We’re focused on maximizing scale as opposed to increasing our Ebitda.”* Hoffman teaches a class on this at Stanford and has written a book. My issue is about the wasted capital which typically goes along with this approach. You waste money when you grow too fast and this leads to lost operating discipline and cultural issues IMO. The food delivery business is currently a battle of blitzscalers between Uber and Doordash while poor Grubhub, who pioneered the market and tried to run a rational, less capital intense business model becomes an also ran. Doordash just reported a great quarter as did Softbank on the back of Blitzscaling but I think Masa’s approach will only work so long.

Readers of the musings know I am concerned about the loss of privacy control as technology companies gather and sell data. Here is another reason to worry – this “data market” includes the locations of our military personnel. You can buy a map showing where the mobile phones of soldiers are. [the-ease-of-tracking-mobile-phones-of-u-s-soldiers-in-hot-spots](#) Everyone should turn off “location services”, put their browser on private or use DuckDuckGo. iPhone users are figuring it out. Only 4% of users have “opted in” to allow apps to track them after the recent iOS update! [ios-users-opt-out-of-ad-tracking](#) Short Facebook? Those really interested should create their own virtual private network (VPN) which will prevent any tracking of activity. As an example, for \$5 a month you can use a Mozilla VPN which encrypts your activity. <https://www.mozilla.org/en-US/products/vpn/>.

This also applies to your house. Before you embrace the “smart home” with wifi-enabled appliances controllable from everywhere, understand the risk. Nefarious individuals can hack any internet-connected device ([man-hacks-ring-camera-8-year-old-girl-s-bedroom](#).) Do you want someone to be able to take over your thermostat, appliances and security system? The recent hack of our gas distribution system is concerning. As I wrote many months ago, there has been a another pandemic going on which was hidden – the move to a digital world created a heyday for hackers and you are going to see an endless stream of cybersecurity issues now.

These hackers are not kids in a basement drinking Red Bull but rather businesses run like many others with websites and go to market models. For instance, the DarkSide group that hacked the pipeline has written the software but then uses “affiliates” like VARs to do the actual hacking and then splits the ransom. Ransomware as a service. [colonial-hacker-group-s-dark-web-site-no-longer-accessible](#)

Speaking of homes, I encourage readers to open up their homes for business colleagues and other friends. Business is done between people and it helps to really know someone. Have your team from work over for a cocktail or dinner. Have them meet your family. This familiarity will only enhance your effectiveness in working together. I also encourage readers to “entertain” more. Having someone in your home is more intimate and creates greater connections than going to dinner at a restaurant. Some

folks are big fans of “Jeffersonian Dinners.” Google: *“The tradition of Jeffersonian Dinners began at Monticello, the home of Thomas Jefferson, in the 1700s. Jefferson thrived on surrounding himself with a host of thought leaders and used his dinner table as the centerpiece for the free-flow exchange of ideas and diplomacy.”* [how-to-host-a-jeffersonian-dinner](#)

There are a record 8.1mm jobs open in the US, 5.3% of all jobs. Time to get back to work. The business world is rapidly opening back up. Hit the road and see your clients like the old United commercial. Loved this quote from the CEO of WeWork who is a proven industry executive: *“Those who are uberly engaged with the company want to go to the office two-thirds of the time, at least. Those who are least engaged are very comfortable working from home.”* One interesting dynamic is that the younger professionals who often use the office for social purposes are more anxious to get back than the law firm and consulting firm partners who commute from the suburbs.

Don’t forget the foundational rule of improv comedy which applies to any team. To foster creative collaboration, you never want to say “no” flat out. In improv, they teach you to say “yes and.” So you take what the other person offers, start with agreement then add onto it or redirect it. If you just shut it down in opposition, the flow stops. From Wikipedia: *“Yes, and...”, also referred to as “Yes, and...” thinking, is a rule-of-thumb in improvisational comedy that suggests that a participant should accept what another participant has stated (“yes”) and then expand on that line of thinking (“and”). It is also used in business and other organizations as a principle that improves the effectiveness of the brainstorming process, fosters effective communication, and encourages the free sharing of ideas.”*

I have previously encouraged parents to not get “caught up” in the college admissions process and stretch schools but rather to focus on fit. Malcom Gladwell calls it “Elite Institution Cognitive Disorder” or EICD and has some data that shows you would be better off being in the top part of a class at a “less prestigious” school (thanks Paul DeBoer). Here is a link to a YouTube lecture by Gladwell on the topic: <https://www.youtube.com/eicd>

Surprising fact: LeBron James and Larry Bird are left-handed. [lebron-james-lefty-mixed-handed](#)

RIP the largest donor ever to Yale. He wasn’t a wealthy philanthropist. He was the creator of the modern endowment investment model – David Swensen. Rather than staying only in liquid stocks and bonds, Swensen invented the model of moving much heavier into illiquid alternative asset classes which provided superior returns. Under his leadership, the Yale endowment went from \$1 billion in 1985 to \$31 billion in 2020. [david-swensen-yale-endowment-chief](#)

Goodbye masks!

jml