

J. Michael Locke

Musings

#140: Musing August 20, 2021

I do not believe that companies can optimize their performance in a fully remote model like what is now being embraced by some. Companies are nothing more than the aggregated set of activities of people. It is a community. A team. Optimal performance for the team is heavily based on relationships amongst its members. You need to *know* your team members – really know them as humans, not some compilation of competencies. Employees in turn need to know their leaders – to want to follow them and trust them. A culture which provides unwritten guidance needs to be established and new members need to be “assimilated”. IMO, this all cannot be done via zoom with individuals living hundreds of miles apart and interacting by phone, email, text and video. Teams need to come together in person. To me the key question is how often. Today’s workforce (especially parents who typically don’t have a “stay at home” spouse) value flexibility so I am not promoting the traditional five days in an office model but encourage readers not to embrace a fully remote model. I know employees might like it but overall organizational performance will suffer. This is different than saying productivity of a given worker will diminish. An individual might do his/her job well, but the aggregate performance of the team might still be inferior without the close relationships.

Consumers continue to drive unbundled pricing. While I personally prefer simplicity and would rather have an “all-in” price, most consumers respond to pricing with a base cost and add-ons. Airlines have gone this way over the last decade where you now pay for bags, pre-assigned seats or even a snack on top of the base airfare. Colleges load on all kinds of extra fees. Now hotels are getting in the mix. Pay an additional fee for daily housekeeping or using the pool. Unbundled pricing. [hotels-try-out-fees-for-using-the-pool-and-checking-in-early](#). The logic is that this empowers a consumer to determine their own price by making a decision on what “extras” are worth it to them and thus match up their utility and indifference curves (for the econ geeks). One odd result is that consumers often end up paying more. The unbundling gives them the option to control their price and reduce it, but they end up buying everything and paying a higher price. The “control premium” if you will. You see this in higher education with “time-based” competency models where the student can take classes as fast as they can pass the final and so it becomes an all-you-can-eat as fast as you can. Most results though show no Joey Chestnuts but folks actually taking longer. They like having the control to go faster even though most choose not to.

I am a believer in separating operating businesses from real estate ownership. Lots of small business owners have value tied up in the real estate. Some large businesses do the same (ex. Sears). Owning real estate is capital intensive and has different dynamics around creating value. Be a real estate investor or run a company. Don’t do both. Farmers starting to move in this direction. [heres-why-the-ultra-wealthy-like-bill-gates-investing-to-farmland](#).

Good WSJ quotes: “Amazon marketplace is an endless bazaar” ... “computer chips have become the 21st century equivalent to oil”.

The extreme volume of videogaming being done by our youth is not healthy. It is a scientific fact. Games are designed to trigger the release of dopamine and the relentless dopamine release has damaging effects on the brain leading to more depression etc. [digital-addictions-are-drowning-us-in-dopamine](#). Thanks Heather Locke for the article.

I am fascinated by Mackenzie Scott and her enormous philanthropic giving. No fancy foundation with a lot of “stuffy” staff. Just direct checks. Good article on it. [2021-mackenzie-scott-donations](#).

I recently visited Las Vegas. Felt like I was spending the entire time with Cheech & Chong. Smoking of marijuana everywhere (including the hotel lobby) with the accompanying odor. Is this really our new norm?

Pray for the citizens of Afghanistan – especially the women. Over 6,000 American soldiers/contractors died. The US spent over \$2 trillion – \$300 million per day for 20 years. Appears for nothing. World is probably going to be more dangerous now than when we first went in. Tragic.

Jml