

J. Michael Locke

Musings

#147: Musing October 8, 2021

A new operator has submitted a proposal to the SEC for a 24x7 stock trading exchange. Count me in. We are in a global and technology-based world. Things should be available when the consumer needs them (I had to explain to our 15-year-old son why his Fidelity app-based trade didn't go through at 6pm.) It doesn't make sense for stocks to only trade from 9:30 to 4:00 east coast time. IMO help desk and customer support lines should be open at night and on weekends. Many McDonalds are open 24 hours and 7-Eleven's don't lock their doors. I am amazed that car dealerships stay closed on Sunday here in Illinois. How does that compete with Carvana where I bought a car online at 10pm at night last week? We need to get out of a Monday – Friday 9 to 5pm mentality. Less than 10% of households have an "at home parent" so more than 90% of households need to do much of their consumption outside of "normal" work hours. Per last week's musing, it then becomes about work/life integration.

Tough week for Facebook. A very articulate former employee "whistleblower" on 60 minutes and before Congress giving an inside look at their suboptimal management of content (this on top of a botched configuration which led to big outage). Readers of the musings know I am very anti-Facebook so I am delighted to see the discussion get such coverage. AI algorithms use "engagement based rankings" to determine what you see which leads to a proliferation of extreme content. It plays right to Freud's "Id" and the topics which get dopamine released. From an MIT study: *"The machine-learning models that maximize engagement also favor controversy, misinformation, and extremism: put simply, people just like outrageous stuff."* Good article here for those who want to understand more: [facebook-whistleblower-frances-haugen-algorithms](#). The whistleblower wants a government managed "oversight" group – the "federal reserve of algorithms." I don't know about that, but FB is bad news. King Zuckerberg's response post is pasted at the end of this musing in case you are interested.

The FB situation also highlights the problem with dual-class stock structures. Mark Zuckerberg controls 58% of the votes of a \$1 trillion company. Crazy. Running a public company like a private company (thanks Russ).

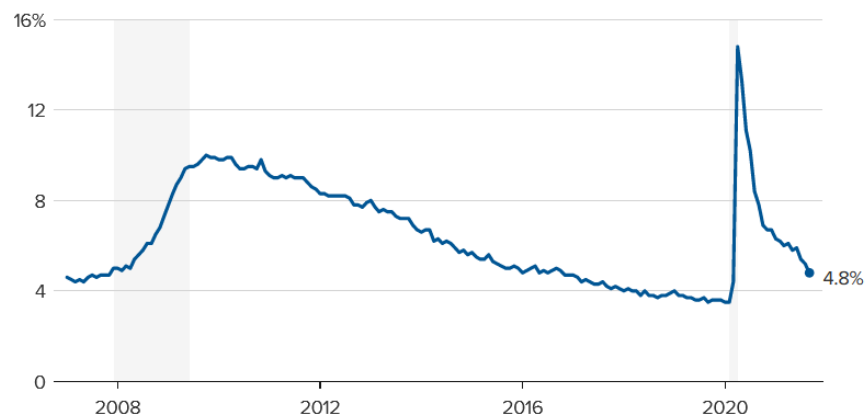
Remember to always respond to digital communications. IMO you can't trust when you send an email or text that it was received, so like sending something "registered mail," you need a response. For me, it is a simple "thanks." Otherwise, the email might be sitting in spam or accidentally get deleted on the recipient's cellphone. Recently I was wondering why someone hadn't responded to a text invitation. Turns out my text defaulted to the business number in my contacts rather than the mobile, so it went into the "text Bermuda triangle" where I thought my invitation had been extended and the recipient never got it.

Watch insurance companies drive vaccination through rates. Ochsner Health System in Louisiana recently announced that it would charging workers \$200 per month next year for spouses and partners who aren't vaccinated against COVID-19. *"This fee is similar to what's been in place for tobacco users and is in line with the benefits offered by many healthcare organizations and companies."* Interestingly,

spouses usually cost more than the employee. The Employee Benefit Research Institute estimates that spouses typically cost more than \$1,000 more than employees to cover, and some companies choose not to cover spouses or assess fees if spouses select coverage if other options are available.

Friday's September jobs report showed the continued tightness in the labor market. Overall "headline number" increase of 194,000 in the month (below most expectations of something closer to 500,000) masked the good rotation away from government to private with 123,000 decline in government payrolls, while private payrolls increased by 317,000. Unemployment is closing in on historical lows again. See this graph from CNBC:

U.S. unemployment rate



Note: Shaded areas indicate U.S. recessions.

Source: Bureau of Labor Statistics. Data is seasonally adjusted.



My libertarian side is really bothered by the idea being proposed in Washington for banks to report any account activity over \$600. That is right. The IRS would know if you had a \$750 transaction in your bank account. I am not trying to avoid taxes, but I don't want a government bureaucrat watching my commercial banking transactions.

Interesting stat: On Hinge, the top 10% of men receive nearly 60% of the "likes" — the comparable figure for women is 45%.

Another interesting stat: there are more than 34,000 dollar stores in the United States, more than all Walmart, Starbucks and McDonald's combined. Foot traffic at the largest such chain, Dollar General, is up 32 percent from pre-pandemic levels, far outpacing the 3 percent increase at Walmart.

Thanks John McWeeny for this interesting post from Chris Herd via Twitter:

I've spoken to 1,500+ people about remote work in the last 9 months. A few predictions of what is likely to emerge before 2030:

- **Rural Living:** World-class people will move to smaller cities, have a lower cost of living & higher quality of life These regions must innovate quickly to attract that wealth. Better schools, faster internet connections are a must

- **Asynchronous Work:** Offices are instantaneous gratification distraction factories where synchronous work makes it impossible to get stuff done Tools that enable asynchronous work are the most important thing globally remote teams need. A lot of startups will try to tackle this
- **Hobbies Renaissance:** Remote working will lead to a rise in people participating in hobbies and activities which link them to people in their local community. This will lead to deeper, more meaningful relationships which overcome societal issues of loneliness and isolation
- **Diversity & Inclusion:** The most diverse and inclusive teams in history will emerge rapidly Companies who embrace it have a first-mover advantage to attract great talent globally. Companies who don't will lose their best people to their biggest competitors
- **Output focus:** Time will be replaced as the main KPI for judging performance by productivity and output Great workers will be the ones who deliver what they promise consistently Advancement decisions will be decided by capability rather than who you drink beer with after work
- **Private Equity:** The hottest trend of the next decade for private equity will see them purchase companies, make them remote-first. The cost saving in real-estate at scale will be eye-watering. The productivity gains will be the final nail in the coffin for the office
- **Working Too Much:** Companies worry that the workers won't work enough when operating remotely. The opposite will be true and become a big problem Remote workers burning out because they work too much will have to be addressed
- **Remote Retreats:** Purpose built destinations that allow for entire companies to fly into a campus for a synchronous week Likely staffed with facilitators and educators who train staff of how to maximize effectiveness
- **Life-Work Balance:** The rise of remote will lead to people re-prioritizing what is important to them. Organizing your work around your life will be the first noticeable switch. People realizing they are more than their job will lead to deeper purpose in other areas
- **Bullshit Tasks:** The need to pad out your 8 hour day will evaporate, replaced by clear tasks and responsibilities. Workers will do what needs to be done rather than wasting their trying to look busy with the rest of the office
- **Health & Wellbeing:** A lack of commute will give workers 25 extra days a year to do other things. Workers will exploit the freedom they have to organize things more freely in their day. Afternoon runs, morning meditation, 2 things a lot of people I know now do
- **Personal RPA:** Robotic process automation will transform work for individuals No-code tools that enable workers to build bots that automate menial parts of their roles will be huge
- **Death of HQ:** The office is dead but offices will persist. They'll be used less frequently then hardly at all. Co-working, subscription clubs, will emerge that let workers who prefer that mode of work to operate from there
- **Remote Living:** Work from anywhere RVs will become huge business. Associated business parks and services will spring up. This will happen even more rapidly as self-driving tech emerges. Expect a @Tesla product in this space

- **Life-work balance:** Massive increases in part-time and freelance work A recognition that we no longer have to sacrifice work for living, we can organize work around our lives
- **Community Led SaaS:** As no-code continues to grow, tech is barely a barrier Communities become the most important most a company has
- **Remote Visa:** Small nations coming together in order to attract remote workers at different stages of the year. Huge opportunity to synchronize education to enable families to be more fluid in their locations
- **Meeting Death:** Wasting 2 hours travelling to a meeting will end. The benefits of in-person are eroded by the benefits you get of not travelling Conferences and quarterly networking events will becomes more important for cultivating in-person relationships
- **Personal choice:** The smartest people I know personally are all planning to work remotely this decade The most exciting companies I know personally all plan to hire remotely this decade ~90% of the workforces we've spoken to never want to be in an office again full-time
- **Written over spoken:** Documentation is the unspoken superpower of remote teams. The most successful team members remotely will be great writers Companies are searching for ways to do this more effectively. Tools that enable others to write better will explode

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Mark Zuckerberg Post

I wanted to share a note I wrote to everyone at our company.

Hey everyone: it's been quite a week, and I wanted to share some thoughts with all of you.

First, the SEV that took down all our services yesterday was the worst outage we've had in years. We've spent the past 24 hours debriefing how we can strengthen our systems against this kind of failure. This was also a reminder of how much our work matters to people. The deeper concern with an outage like this isn't how many people switch to competitive services or how much money we lose, but what it means for the people who rely on our services to communicate with loved ones, run their businesses, or support their communities.

Second, now that today's testimony is over, I wanted to reflect on the public debate we're in. I'm sure many of you have found the recent coverage hard to read because it just doesn't reflect the company we know. We care deeply about issues like safety, well-being and mental health. It's difficult to see coverage that misrepresents our work and our motives. At the most basic level, I think most of us just don't recognize the false picture of the company that is being painted.

Many of the claims don't make any sense. If we wanted to ignore research, why would we create an industry-leading research program to understand these important issues in the first place? If we didn't care about fighting harmful content, then why would we employ so many more people dedicated to this than any other company in our space -- even ones larger than us? If we wanted to hide our results, why would we have established an industry-leading standard for transparency and reporting on what we're doing? And if social media were as responsible for polarizing society as some people claim, then why are

we seeing polarization increase in the US while it stays flat or declines in many countries with just as heavy use of social media around the world?

At the heart of these accusations is this idea that we prioritize profit over safety and well-being. That's just not true. For example, one move that has been called into question is when we introduced the Meaningful Social Interactions change to News Feed. This change showed fewer viral videos and more content from friends and family -- which we did knowing it would mean people spent less time on Facebook, but that research suggested it was the right thing for people's well-being. Is that something a company focused on profits over people would do?

The argument that we deliberately push content that makes people angry for profit is deeply illogical. We make money from ads, and advertisers consistently tell us they don't want their ads next to harmful or angry content. And I don't know any tech company that sets out to build products that make people angry or depressed. The moral, business and product incentives all point in the opposite direction.

But of everything published, I'm particularly focused on the questions raised about our work with kids. I've spent a lot of time reflecting on the kinds of experiences I want my kids and others to have online, and it's very important to me that everything we build is safe and good for kids.

The reality is that young people use technology. Think about how many school-age kids have phones. Rather than ignoring this, technology companies should build experiences that meet their needs while also keeping them safe. We're deeply committed to doing industry-leading work in this area. A good example of this work is Messenger Kids, which is widely recognized as better and safer than alternatives.

We've also worked on bringing this kind of age-appropriate experience with parental controls for Instagram too. But given all the questions about whether this would actually be better for kids, we've paused that project to take more time to engage with experts and make sure anything we do would be helpful.

Like many of you, I found it difficult to read the mischaracterization of the research into how Instagram affects young people. As we wrote in our Newsroom post explaining this: "The research actually demonstrated that many teens we heard from feel that using Instagram helps them when they are struggling with the kinds of hard moments and issues teenagers have always faced. In fact, in 11 of 12 areas on the slide referenced by the Journal -- including serious areas like loneliness, anxiety, sadness and eating issues -- more teenage girls who said they struggled with that issue also said Instagram made those difficult times better rather than worse."

But when it comes to young people's health or well-being, every negative experience matters. It is incredibly sad to think of a young person in a moment of distress who, instead of being comforted, has their experience made worse. We have worked for years on industry-leading efforts to help people in these moments and I'm proud of the work we've done. We constantly use our research to improve this work further.

Similar to balancing other social issues, I don't believe private companies should make all of the decisions on their own. That's why we have advocated for updated internet regulations for several years now. I have testified in Congress multiple times and asked them to update these regulations. I've written op-eds outlining the areas of regulation we think are most important related to elections, harmful content, privacy, and competition.

We're committed to doing the best work we can, but at some level the right body to assess tradeoffs between social equities is our democratically elected Congress. For example, what is the right age for teens to be able to use internet services? How should internet services verify people's ages? And how should companies balance teens' privacy while giving parents visibility into their activity?

If we're going to have an informed conversation about the effects of social media on young people, it's important to start with a full picture. We're committed to doing more research ourselves and making more research publicly available.

That said, I'm worried about the incentives that are being set here. We have an industry-leading research program so that we can identify important issues and work on them. It's disheartening to see that work taken out of context and used to construct a false narrative that we don't care. If we attack organizations making an effort to study their impact on the world, we're effectively sending the message that it's safer not to look at all, in case you find something that could be held against you. That's the conclusion other companies seem to have reached, and I think that leads to a place that would be far worse for society. Even though it might be easier for us to follow that path, we're going to keep doing research because it's the right thing to do.

I know it's frustrating to see the good work we do get mischaracterized, especially for those of you who are making important contributions across safety, integrity, research and product. But I believe that over the long term if we keep trying to do what's right and delivering experiences that improve people's lives, it will be better for our community and our business. I've asked leaders across the company to do deep dives on our work across many areas over the next few days so you can see everything that we're doing to get there.

When I reflect on our work, I think about the real impact we have on the world -- the people who can now stay in touch with their loved ones, create opportunities to support themselves, and find community. This is why billions of people love our products. I'm proud of everything we do to keep building the best social products in the world and grateful to all of you for the work you do here every day.