

J. Michael Locke

Musings

#163: Musing January 28, 2022

Companies are still trying to figure out the “new norm.” The leverage shift to employees due to labor shortages is a key driver of what future office life will look like. This is especially true about “knowledge workers” who are primarily on their computers. From the WSJ: *“A November survey of more than 10,000 knowledge workers found that 95% want flexible hours, compared with 78% who want location flexibility.”* [workers-care-more-about-flexible-hours-than-remote-work](#) For some, working from home has not been the nirvana expected. Part of the challenge is the bias towards “presenteeism.” Much of our work culture has been centered around being with someone and watching them work hard. This is difficult to replicate in a remote environment. [why-presenteeism-always-wins-out-over-productivity](#) *“If an employer sets up hybrid without trusting their workforce, it can become little more than a token gesture: workers feel pressure to show their boss they’re not taking advantage of home working.”* Personally, I think it is about building relationships. Employees are not just “production widgets” measured by output. They are human beings who need to be developed, motivated and led. It is an open question for me about how well this can be done remotely using only technology interactions.

An underappreciated topic is that of decision rights. Many of the court decisions around Covid and other matters relate to “who gets to make the decision” rather than the merits of a decision. Does a Governor or Mayor get to mandate something or does a legislative body need to be involved? Same applies in business. Leaders need to develop clarity amongst their teams on what decisions can be made at what level. I am a fan of pushing “down” decision rights as close to the customer as possible. The individual in the market interacting with the customer has the best information.

So much for Bitcoin as an inflation hedge. One of the bull case arguments for Bitcoin is that it would be a hedge on inflation like gold since it had a fixed supply of a “harder” asset than regular currency. So far, that is not playing out. As inflation has ramped up, Bitcoin has plummeted in value. It is down almost 50% in three months from a high of \$67,000 down to \$37,000. (I have republished part of Musing #114 which discussed Bitcoin at length after my initials below.)

Watch the consumer “downshift” from premium to discount offerings as a way to manage inflation. Ford overwhelmed by orders for its \$20,000 pickup. Luxury product Peloton sales plummet. Inflation is exceeding wage growth so people are going backwards in purchasing power and looking for cheaper options.

Some interesting stats on the car market from WSJ. *“Almost three times as many used cars were sold in 2021 as new vehicles in the U.S.... Dealers reaped 17% more gross margin on used vehicles than new ones....Some 42% of used cars sold by dealers were sourced through trade-ins.”* Need to also keep the hype around electric cars in perspective. From Wired: *“EVs made up just 4 percent of vehicles sale last year [in the US].”*

Thanks Cameron Smith for sharing this: *"We are not taught how to learn in school, we are taught how to pass tests. Learning allows you to adapt. As Darwin hinted, it's not the strongest who survives. It's the one who easily adapts to a changing environment. Learning how to learn is a part of a 'work smarter, not harder' approach to life—one that probabilistically helps you avoid becoming irrelevant. Your time is precious, and you don't want to waste it on something which will just be forgotten."* - Farnam Street blog from Shane Parrish and friends.

One thing I am terrible about learning is new names. Too often I meet someone and five minutes later can't remember their name. *"The primary approach used by memory champions like Horsley and Kilov is to make compelling associations that stick in the mind like a TV commercial jingle. They do this by linking the information they want to remember to people, characters or things they're already familiar with. The more vivid and the more personal your imagery, the likelier it is to stay in your mind."* [remember-peoples-names-once-and-for-all-by-using-this-technique-from-memory-champs/](#)

Good quote from Adam Grant via Twitter, *"There's nothing wrong with being wrong. To err is human. It becomes a problem when you choose to stay wrong. To deny error is willful blindness. New information is an invitation to question old opinions. The faster you are to recognize your mistakes, the less wrong you become."*

It might be time to rethink our juvenile criminal justice system. The spike in car jackings in Chicago is mostly being done by young men under the age of 18. Due to their "juvenile" status, the crime is only a misdemeanor and does not have heavy consequences. These "boys" are being recruited by gangs who are manipulating the system. Something has to change.

Another interesting stat: Google's Chrome has approximately 65% of the browser market. That screams anti-trust to me as they are using their dominant position in other categories to tie-in and favor their browser over competition (déjà vu Netscape vs Microsoft) from the 90s.

Jml

From Musing #114 in February 2021 on Bitcoin:

Bitcoin was launched in 2009 by a pseudonymous person named Satoshi Nakamoto. The maximum number of Bitcoins that can be created is 21 million under the original cryptocurrency design. Lots of money and computing power is necessary to "mine" (which is the process of solving complex mathematical puzzles) new Bitcoin. So what you have is a digital currency (no actual coins/bills) operating without government or bank involvement. There appears to be a consensus that the future will depend on how governments respond. One reader pointed out that the Mitch Daniels' Op-Ed on runaway government spending and the ultimate inflation actually reinforces the window for Bitcoin. The US dollar got detached from gold decades ago so has no anchor of value whereas Bitcoin has a finite supply. Per one friend: "Bitcoin, as incomprehensible it is to many, is programmed to allow the release of just enough bitcoins via mining to grow the supply a couple percentage points per year. That's the key to currency stability." Broad acceptability is a hindrance but more companies are getting on board.

Here is a bull versus bear argument from CIBC:

Major companies——PayPal, J.P. Morgan, Tesla, BlackRock, PayPal, J.P. Morgan, Tesla, BlackRock——have started using Bitcoin and/or blockchain, giving investors confidence for its long-term potential.

- Outside the US, more countries are recognizing Bitcoin as a valid financial entity and are creating regulations for its use.
- Bitcoin could be an effective hedge against the threat of runaway inflation and government debt when the global economy recovers.

Bitcoin skeptics argue:

- Bitcoin is highly volatile and too unstable to be a reliable store of value. Bitcoin crashed six times between March and December in 2017, fell 83% in 2018, and surged to a record-high of \$41,958 (from \$8,000) in less than one month in early January 2021.
- Bitcoin has existed since 2009, and its usage is still limited. While blockchain technology is beneficial in helping institutions manage financial transfers, Bitcoin itself is not a widely accepted medium of exchange.
- Unlike dollars, which are backed by the full faith and credit of the US government, Bitcoin isn't backed by any established central authority.
- Bitcoin is drawing the ire of environmentalists. Annual electricity use to mine new Bitcoin equals that of Chile, a nation of 20 million people. One Bitcoin transaction uses the same amount of power as 436,000 credit card transactions processed by Visa.
- The Bitcoin brand could be tarnished by its use in high-profile illegal activities, like ransomware attacks and money laundering.