J. Michael Locke
Musings

#186: Musing
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Not sure why there is such an obsession on whether we are technically in a recession. Who cares? We have two quarters of negative GDP growth but we also have a strong consumer and low unemployment. Fed trying to engineer things to bring down inflation without hurting labor market. I think the Fed rate hikes are working with declining commodities, housing etc. It will take a while for the inflation metrics to reflect what is happening so don't be surprised of CPI next, announced is still over 8%. Inflation is coming down.

Good leaders are like human AI — they digest as much input as possible. Defensiveness is not a good trait. A good executive wants all the input s/he can get and present themselves as open and desiring of feedback. They don't have to agree with what they hear but if you are not listening and taking feedback, you aren't learning and growing.

So much of life is managing expectations. What often matters most is not the actual results but how they compare to expectations. Last week Goldman Sachs reported that their revenue was down 23% from last year and earnings were down 47%; yet, the stock popped and the headline on CNBC was "Goldman crushes expectations." Netflix reported a decline in subscribers but less than expected so stock goes up. This applies to regular operations as well. Managers should always manage boss' expectations. You should even manage expectations on when things are going to be done. Imagine how you would feel if housing contractor finished early! Underpromise and overdeliver. #woodyharrelson #billoneill

I like the move to a "peer review" consumption society. You leave the doctor's office and many of them will send you a text asking you to rate the customer experience and provide a google review. I watch our daughters do a "taste test" and post on Instagram their review of the new egg white bites at Dunkin' Donuts. Today's consumer will no longer respond to advertising claims by the provider but rather want to hear from other consumers what they thought. Consumers are learning how to spot the fake "nothing but 5 star reviews" on Amazon or the flaming discontent user on Reddit. At the end of the day, companies should move some money from advertising to delivery and up the quality of their product or service. I think the disappointing results this quarter from Facebook/Meta, Snap, Roku etc. are the beginning of a structural slowdown in digital advertising (at the end of the day they are all just advertising companies).

"In the future marketing will not be a department, it will be woven into every touchpoint of business strategy." Northwestern business professor Amanda Russell.

Don't be a "ghoster." Always respond and close it out — whether a friend, co-worker or business partner. I heard the story of a company looking to lease space in a building— they engaged landlord but then ghosted when they heard of a sublet. Surprise — the landlord withheld consent to the sublet.

Some great points by Ben Cohen in WSJ when discussing the golf rivalry between PGA and new LIV league: *"There is something counterintuitive at the heart of so many clashes like golf's civil war: What seems like an existential risk is really an opportunity for reinvention. Complacency breeds competition, then competition sparks rivalry, and rivalry kindles innovation. Ford and GM were driven to get serious about electric vehicles by the threat of Tesla, for example, but the auto giants have followed the lead of the upstart and now are zooming into the future."* Ideally, you want to get every individual in your organization thinking this way – how can I do my job differently and better.

The psychology of human consumption is fascinating. Why do I buy a lottery ticket when it gets to huge number but never buy one otherwise? $50 million not interesting enough but $1 billion is? It certainly is not because the odds get better! From Des Moines NBC: *"Your chances of winning the jackpot always remain one in 302.5 million, regardless of whether the big prize is $20 million or the current $1.02 billion."* You just hope the state set the odds right and didn't screw up like our friends in Michigan, how they messed up the "model" and a retired math professor figure out how to make a winning purchase in one lottery game. math prof figures out MI lottery

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