

## J. Michael Locke

### Musings

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**#197: Musing**  
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*Sorry for not publishing the last couple of weeks but Covid final caught me after three years.*

Well the dog caught the car. Let's see what Musk does with Twitter. Amazingly bad job of protecting yourself with a good purchase agreement with appropriate outs for such a successful guy. Just like you have conditions on buying a house (financing, inspection etc.), you usually have conditions on buying a company (due diligence, financing etc.) and for some reason Musk committed without them. He ends up having to buy something for \$54 a share which is probably worth half that. I am in the 80% of U.S. adults who don't even use the platform. I like how he is aggressively going after costs. Companies have a way of building up their expense structures and at the end of the day, the business could be run on a lot fewer people. Musk cutting 50% of the employees. Every employee must pass an ROI analysis IMO — does that person create more value than what they are paid? Is that activity worth the salary?

I hate how politicized business is becoming. As far as I know, Musk has made no material changes around content moderation yet advertisers are halting their business based on speculation.

Facebook/Meta shareholders are now seeing the downside of a dual-class stock structure. Zuckerberg individually controls the company because he has a special type of stock that has much greater voting rights. He is going "all in" on the metaverse and cranking up expenses even as revenue declines. The numbers so far on his metaverse vision are dismal but there is nothing shareholders can do about it. They can't vote him out and change the board. Never buy the stock of a company with a dual-class voting structure.

Ray Dalio recently stepped down from building and running one of the nation's most successful hedge funds. [Ray-Dalio-Makes-His-Exit-From-Bridgewater](#). Along with delivering exceptional returns, Dalio became known for his "radical transparency" managerial philosophy. While I don't totally subscribe, I do think conflict avoidance is a major issue in most companies and management teams (and even marriages). Under Dalio's "radical transparency" approach meeting participation is recorded, shared and graded on almost all interactions (including Dalio's). TedTalk here -- <https://www.youtube.com/watch?v=HXbsVbFAczg>. *"I wanted to find the smartest people who would disagree with me to try and understand their perspective or to have them stress test my perspective. I wanted to make an idea meritocracy. In other words, not an autocracy where I would lead and others would follow and not a democracy where everyone's view was equally valued but I wanted to have an idea meritocracy where the best*

*ideas would win out. In order to do that, we would need radical truthfulness and radical transparency where people say what they really believe.”* Some companies assess executive candidates for their approach to conflict. One approach classifies people into four groups: avoiders, accommodators (give in), competitors (dig in) and compromisers. You want compromisers. These individuals fight for their position but compromise with someone with an opposing view to move forward.

Chalk up another one for employees as they leverage their bargaining power in a tight labor market. At many companies, they no longer have to cover their tattoos. To my chagrin, tattoos are going mainstream and employers are changing policies to reflect it. [why-companies-like-ups-disney-are-allowing-workers-to-show-tattoos.html](https://www.why-companies-like-ups-disney-are-allowing-workers-to-show-tattoos.html)

Good old quote from Milton Friedman on how inflation is at its core about money supply. *“Inflation is made in Washington because only Washington can create money...Too much government spending and too much government creation of money.”* [friedman on inflation](https://www.friedmanoninflation.com/)

Liz Truss went the way of a new formula for Coke as she resigned after just 44 days as UK Prime Minister. Her major error was not socializing/selling her new mini-budget package before announcing it. We no longer live in a world where a leader can just roll-out a dictate. You have to get others on board which is best accomplished by floating a concept and discussing it with key influencers, getting input, making adjustments and getting folks on board before formally deciding and announcing.

An under-appreciated fact by most is the level of consolidation that has occurred along hospitals or “providers” of healthcare. Chances are your local hospital is owned by a national or regional conglomerate. CommonSpirit is one of the nation’s largest and you probably have never heard of it. According to Wikipedia: CommonSpirit Health is the largest Catholic health system and the second-largest nonprofit hospital chain, in the United States operating more than 700 care sites and 142 hospitals in 21 states and employing over 150,000 people.

These large providers need to use their scale to reduce prices. Kaiser Foundation recently reported that the annual premiums for an employer-provided family plan were \$22,463 with employees paying \$6,106 and the rest of the cost borne by the employers. [employers-family-health-insurance-holds-at-about-22-000-in-2022](https://www.kaiserfamilyhealth.com/health-insurance-holds-at-about-22-000-in-2022)

Cars are parked approximately 95% of the time. What a waste of money. This is part of the bull case for Tesla, Uber and Lyft as some predict folks would rather jump in an autonomous car owned by someone else rather than borrowing and making monthly payments for something to sit in their driveway.

Make sure to change your clock tonight and vote on Tuesday.

jml