

J. Michael Locke

Musings

#198: Musing November 12, 2022

Thank god the midterms are over (kind of...glad we don't live in Georgia). I find our political system totally dysfunctional. There is no space for moderation and independent thinking. Everything is about the extremes. One commentator stated: *"Members of the two parties have gone to their corners and candidate quality matters less than what color jersey you wear."* Over \$16.5 billion spent to basically change nothing. What a waste of money.

This political polarization is in part driven by social media where the extreme left and right (7-8% of people) dominate the shares in the viral world. Good 60 minutes piece on it. [60minutes politics and social media](#) "The business model is to ruin Thanksgiving dinner." I didn't know TikTok has a different version for kids in China which is far more positive (science videos etc.)

Markets rallied on a CPI report of 7.7% inflation. Kind of amazing as Fed goal is 2% but shows how forward-oriented the market is. It is focused on the second derivative where the rate of increase (the first derivative) appears to have peaked with 8.2% CPI last month. Logic is that this decrease in the rate of growth shows Fed increases in rates are working and combined with data on collapsing commodity prices and transportation pricing shows the days of high inflation are going to end and Fed will likely slow down raising of rates.

Musk's acquisition of Twitter not looking so good right now. Reports are the "upfronts" where advertisers secure placements were disastrous and lots of companies pulling their ads. Read one description of Musk management style as "hands on obsession over product decisions, a distaste for corporate culture and a focus on speed." I like those three tenets but worry he bit off too much on this one and some of his early moves make no sense to me. Awfully aggressive for him to eliminate any remote work. Here is his first all company email on Wednesday:

To: Team

Sorry that this is my first email to the whole company but there is no way to sugarcoat the message.

Frankly, the economic picture ahead is dire especially for a company like ours that is so dependent on advertising in a challenging economic climate. Moreover, 70% of our advertising is brand, rather than specific performance, which makes us doubly vulnerable!

That is why the priority over the past ten days has been to develop and launch Twitter Blue Verified subscriptions (huge props to the team!).

Without significant subscription revenue, there is a good chance Twitter will not survive the upcoming economic downturn. We need roughly half of our revenue to be subscription.

Of course, we will still then be significantly reliant on advertising, so I am spending time with our sales & partnerships teams to ensure that Twitter continues to be appealing to advertisers.

The road ahead is arduous and will require intense work to succeed. We are also changing Twitter policy such that remote work is no longer allowed unless you have a specific exception. Managers will send the exception lists to me for review and approval.

Starting tomorrow (Thursday), everyone is required to be in the office for a minimum of 40 hours per week. Obviously, if you are physically unable to travel to an office or have a critical personal obligation, then your absence is understandable.

I look forward to working with you to take Twitter to a whole new level. The potential is truly incredible!

*Thanks,
Elon*

Welcome to the Crypto world. FTX (crypto exchange) went from being worth \$32 billion in January (it was started in 2019!) to bankrupt this week. Unregulated finance is not a place to play. The whole thing never made sense.

Good simple managerial practice – schedule all of your meetings/zooms to 45 or 50 minutes rather than the default hour to give you time to transition between meetings.

Computer chip makers are experiencing whiplash going from limitless demand to having to cut expenses as some chips now face a glut. *“The belt-tightening represents a turnabout after two heady years characterized by sky-high demand for computers, smartphones, cars and internet services that rely on chips. While the chip industry is notoriously cyclical, this wave rose higher and lasted longer than one has in decades, propelled by a pandemic that drove a societal shift toward working and learning from home.”* [chip-makers-flip-from-shortage-glut-intensifies](#)

Great quote from Ron Johnson in Wisconsin -- *“I would be like a mosquito in a nudist colony. It would be a target-rich environment.”*

Learned the term “Pig butchering” which relates to scams often done by text where the fraudster lures the recipient into a relationship before taking their money.

Thanks to all of our veterans for their service.

Jml