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Musings

#226: Musing **June 3, 2023**

Mostly a non-business, random summer musing today.

A basic management tenet is to manage your dependencies. Ideally, you are not solely dependent on one supplier or individual employee. On the revenue side, you don't want revenue concentration where one client represents a material part of your revenue. You also don't want one channel dominating which is why some smaller companies refuse to sell their products through big retailers like Walmart. Adidas executives lost their focus on this one with their relationship with Kanye West (now Ye) to build the Yeezy's brand. By the time the partnership dissolved, the shoes accounted for 40% of Adidas' profit, according to estimates from Morgan Stanley. Now the entire business is in rebuild mode as it recovers from betting so much on an irrational rapper.

Good strategic move by Tesla. Electric cars are headed to a Betamax vs VHS debate. For those younger readers, there used to be two competing formats for videotapes and video stores like Blockbuster had to carry each as different consumers had different machines https://en.m.wikipedia.org/wiki/Videotape_format_war. Now, electric charging is going down this path with Combined Charging System (CCS) vs North America Charging Standard (NACS). To realize the potential for EVs, we need to settle on one. Tesla (NACS) cut a deal to move Ford over to its technology vs GM (CCS). Good example of managing forward and seeing risk. Having everyone else on CCS and building out that infrastructure would have hurt Tesla. Tesla also wanted some of the big government funds for EV infrastructure that it could only get by opening up its network.

Every company needs a strategy on how ChatGPT and other generative AI models are going to affect their business. My recommendation is to pick an individual executive and give them the lead to work across the organization and come up with plans. This technology is a game changer and is rapidly becoming ubiquitous. It is stunning how quickly it has been adopted as shown in this chart (thanks Greg King).



I have previously written how generative AI can “hallucinate” and create answers when it doesn’t have one. So be careful what you use it for. A lawyer learned this the hard way as the AI model invented legal cases that didn’t exist. [avianca-airline-lawsuit-chatgpt](#) (thanks Tricia Heinle)

One interesting aspect of the rise of “social media” is the elimination of the power of the intermediary. You can become a global rockstar without signing with a label (Chance the rapper). Now “pundits” are going direct using YouTube, TikTok, and Twitter rather than trying to be the cable news anchor. I have never heard of liberal commentator David Packman or conservative host Matt Walsh because I am too old school watching broadcast TV stations. *“Conservative commentators have larger audiences according to this article And like the radio world, there’s a political imbalance, with conservative and right-wing commentators finding much more success than their liberal counterparts. The subscriber numbers of Packman and most other lefty online commentators are dwarfed by those of Ben Shapiro (2.3 million YouTube subscribers), Steven Crowder (5.9 million YouTube subscribers), Candace Owens (3.7 million Twitter followers), Matt Walsh (2.5 million YouTube subscribers) and others.”* I am thinking about cutting the cord in our house (watch being long Comcast). [liberal-commentator-goes-calmly-others-dare-not-bridged-internets](#)

One result is you end up with some unusual people with large followings. For example, who the hell is Andrew Tate? Makes me feel really old as my kids discuss him and I learn there were more Google searches for him last year than Trump or Kardashian. [andrew-tate-violent-misogynistic-world-of-tiktok-new-star](#)

A battleground for company healthcare plans is the coverage of infertility treatments. Most companies with over 500 employees or so are self-insured. That means, they pay a third party to administer their health insurance plan (like Blue Cross) but the employer is taking the economic risk. Infertility treatments can cost well over \$10,000 a year. This leads most employers not to cover it with a Duke study estimating that only 25% of plans covering IVF et al. This is despite about 18% of the adult population experiencing infertility according to the WHO. Some states are stepping in and mandating that employer plans cover infertility. This is a tough one as everyone deserves to have children (and musings readers know we need more of them) but tough for employers to pick up that tab.

Most of us have someone in our “orbit” suffering from dementia. A common question is dementia vs

Alzheimer's. Dementia is a "category" of diseases caused by brain changes with the most common form being Alzheimer's (another is Lewy body dementia). I got hearing aids recently as there is a correlation between hearing loss and early dementia. Get a PET scan if you are really worried about it.

Could the Apple weather app be any worse. As I wrote this, the app says it is cloudy at my precise location even as I look at a blue, sunny sky. Crazy bad.

Marry someone your own age. According to a study conducted by Emory University in Atlanta, researchers believe that just a one-year gap between a couple comes with a smaller chance of separation, at only 3%. After analyzing 3000 people, they actually found that the larger the age gap, the higher the chance of a split. The figures rose to 39% for couples with a 10-year age gap and even further to 95% for those with a 20-year gap! (Bloomberg)

Learned a new term: "skiplagging." Airfares are way up so increasingly passengers with only carry-ons are getting off in their connecting city and skipping the last leg. *"Skiplagging, also referred to as 'hidden-city' or 'throwaway' ticketing, is the practice of booking a less-expensive flight option with a layover city without planning to fly the entire route. Instead, the stopover is the traveler's intended destination."* (thanks Jennifer Walsh)

Congratulations to our daughter Caroline on her high school graduation. Good quote from the graduation speaker: *"It doesn't get easier, you just get better at doing hard things."* Off to Ole Miss. Hotty Toddy. Musing next year from the grove on a football Saturday.

jml