EPISODE 803

[INTRODUCTION]

[00:00:00] JM: Chris Yeh is an entrepreneur, investor and author. He co-wrote Blitzcaling, with LinkedIn founder; Reid Hoffman. Blitzscaling is a strategy for growing a company that has found product market for. Blitzscaling prioritizes speed over efficiency, arguing that once product market fit is achieved, fast growth is necessary to achieve first scaleer advantage.

When a company is the first to scale successfully within a large market, that company gains access to a wealth of market opportunities that are not available to companies which are not at scale. Examples of successful blitzscalers include Airbnb, LinkedIn, Amazon and Facebook. In the hypergrowth phases of these companies, there were deliberate strategic tradeoffs that cause the company to suffer in the short term in exchange for the chance at market dominance in the long-term.

Blitzscaling is a broad strategic concept which manifests differently in different companies. When Airbnb was in its early stages of growth in 2011, the company was faced with the existential threat of a European competitor called Wimdu. Wimdu offered to sell to Airbnb, but this would require the merger of two companies with distinctly different cultures. Instead, Airbnb chose to raise more money and rapidly expand into Europe. In contrast to this approach, Google's rapid path to becoming a dominant information service involved acquisitions that we now see is key Google products, including Android, Google Maps, and Google Earth.

Through numerous examples in recent business history, blitzscaling explores the fundamental tradeoff between speed and efficiency, usually biasing speed as the preferable element, but blitzscaling scaling does not work for every company. In the food delivery sector, many companies which tried to blitzscale ended up going out of business, because they had lower their prices too much in order to try to earn customer loyalty. By lowering their prices too much, the food delivery startups built businesses with fundamentally bad unit economics and a fickle customer base.

In other cases, aggressive blitzscaling can work for a short period of time, but can cause a company's culture to suffer in ways that end up being very hard to repair. Blitzscaling can also cause problems in a core software product. Growing too quickly can cause a product to have a bloated user interface. Growing too quickly can also cause the backend infrastructure layer to expand to quickly and expose sensitive data due to a lack of proper software security policies that otherwise would have been put into place.

Chris Yeh joins the show to talk about the strategy of Blitzscaling and his wide-ranging career. Chris studied creative writing and product design at Stanford before he joined D.E. Shaw, the famous quantitative hedge fund. Later, Chris became an investor and worked in several leadership roles in software companies. Chris's wide range of experiences make him an excellent author and conversationalist. We explored the ideas of both blitzscaling and his previous book; *The Alliance*, which lays out a modern vision for the dynamic between employers and employees. That book; *The Alliance,* has been particularly useful to me on a personal basis both as an employer and as an employee. We also talked about investing, Dungeons & Dragons, and podcasting.

Before we get to today's episode, I want to mention where having a hackathon. You can find out about it by going to softwareengineeringdaily.com/hackathon. The hackathon is for my new company, FindCollabs, which is a place to find collaborators and build projects. The in-person hackathon is this Saturday, April 6th, at App Academy in San Francisco. You can find all those details at softwareengineeringdaily.com/hackathon. We're going to hang out, build some projects, have some food, and it's going to be a lot of fun. I would love to see you there.

But if you can't make it, you can still enter the hackathon remotely. It's a remote hackathon and the entire hackathon ends on 15th of April. So you still got a few weeks to create your projects, find some collaborators, build some cool stuff. It doesn't have to just be a software product. You can build anything. You can write music, create art, create animations, whatever kind of project you're looking for collaborators for, FindCollabs is a place where you can meet people and build those projects together.

One project that has been gaining significant steam lately is Software Daily, which is a project to create a more social experience for Software Engineering Daily. You can find out about that by going to softwaredaily.com and see our progress. You can also go to the FindCollabs Software Daily collab and see how the collaboration is working. I want to thank David Cedric and the altology team for leading that effort on Software Daily.

With that said, let's get on to today's episode.

[SPONSOR MESSAGE]

[00:05:49] JM: Mitigating natural disasters is one of the world's greatest challenges. The past decade has been one of the worst periods for natural disasters, and while they may be inevitable, they don't have to be catastrophic.

That's why IBM created Code and Response, a four-year, $25 million deployment initiative that puts open source technologies in the communities where they are needed most. To win the challenge and help build software solutions to help with natural disaster preparedness, head to softwareengineeringdaily.com/coderesponse to learn more and access hundreds of code patterns to help you build your solution faster.

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[INTERVIEW]

[00:06:41] JM: Chris Yeh, you are the co-author of Blitzscaling. Welcome to Software Engineering Daily.

[00:06:45] CY: Thank you very much. It's a pleasure to be here, Jeff.

[00:06:47] JM: Blitzscaling is a book about growing a company, and it emphasizes the tradeoff between speed and efficiency. Why are speed and efficiency often at odds?

[00:06:59] CY: Well, if you think about how most people think about business, the assumption is stability. So, at all times, traditional businesses are optimizing for efficiency and they're making small tweaks to try to make sure that they're able to deliver what Wall Street wants, which is 15% earnings growth per year, and they want stability and predictability.

In contrast, blitzscaling occurs in these new markets, where everything is up for grabs, and where it's really important to be the first to scale. Under those circumstances, the kinds of techniques that have been developed to deliver steady 15% growth break down completely. So blitzscaling is all about what happens when you're going to emphasize speed over efficiency as you grow.

[00:07:44] JM: Give a success and failure example of companies that have tried to blitzscale.

[00:07:51] CY: Absolutely. So some of the classic blitzscaling companies that we talk about in our book are companies like Airbnb, which is grown extremely rapidly from humble beginnings into world- changing companies. With Airbnb, it followed a pattern that is actually quite common among blitzscaling companies. It didn't start growing right away. It actually took a considerable period of time for the founders to find their product market fit, to find their place in the world, and only then did they began to rapidly scale up.

So blitzscaling is a technique that you apply at the right time when you're trying to win one of these markets. But then there's also companies that have been not so successful, and we have many of them in the history of Silicon Valley. One of the most famous ones that we talk about in the book is Webvan, the online grocery delivery service, which came out in the .com bubble and ultimately in the bust.

With Webvan, what they did is they went ahead and they absolutely prioritized speed over efficiency. They spent billions of dollars on robotic warehouses that were able to pack these groceries and all these trucks that they own themselves and then staffed with drivers so they could deliver them. But ultimately, the main issue was that market wasn't necessarily blitz-scalable. Being the first to get people to order online groceries didn't mean that you were the choice that they're always going to use. It didn't confer a long-term advantage.

[00:09:23] JM: And these markets that people blitzscale in, they tend to be so big. It makes me wonder why is it so important to be the first scale. Why not let somebody else be the first to scale? Let them take the first bullets, and then you can come in and have a late mover advantage.

[00:09:45] CY: Well, that's one of the interesting things. So what we call the first scaleer advantage is not the first mover advantage. In fact, if you look at the history of great technology companies, very few of them are truly the first mover. Apple is not the first mover in personal computers. It's not the first mover in MP3 players. It's not the first movers in phones, and so on and so forth. What they are able to do is become the first to reach that critical scale.

In fact, what we argue is that the reason critical scale matters is because of factors like network effects, where if you are a winner take most or winner take all market, the first to scale achieves lasting enduring market leadership. You can see that with companies like eBay, where it is a two-sided auction marketplace, and eBay very quickly became the leader in scale and fended off challenges from some of the most powerful companies in the world.

Even as eBay was growing and had achieved this scale, there were companies like Amazon and Yahoo who were coming in and trying to set up their own competing auction services, and yet eBay was able to see them all off.

[00:10:55] JM: You describe this environment that we're now in where everything is rife with uncertainty, and the way to cope with that level of uncertainty is through this blitzscaling model of prioritizing speed over efficiency. What were the necessary preconditions to getting to this state that we now find ourselves in? Was it cheap cloud infrastructure? Was it mobile? Was it the better fundraising environments? Why did we get to where we are?

[00:11:26] CY: All the above, essentially. If you want to think about the origins, it really starts with the internet itself, which is been behind so much of what's happened over the past 20 and 30 years. What the internet did is it created this massive network, and really a network of networks plugging everyone into something that connected us all together.

Before then, most businesses were really local, and if they were national or global, they were national or global based on a brand, and advertising and things like that. In this day and age, we're all connected together. I can actually use my phone, pull it out of my pocket and communicate with anyone in any continent in the world, even Antarctica, which is pretty astonishing.

Because everyone is connected together into this network, there are more and more of these network effects, and the different effects that you mentioned just increase that. So when you talk about the reduction in cost in cloud computing and cloud computing infrastructure, that means there are more competitors. That means it's easier for people to get started. It's easier to scale, which means it's important to scale even faster.

On the mobile side, the fact that people are now intimately connected to these networks and are basically using that as the first and last resort when it comes to entertainment, when it comes to shopping. That, again, increases the value of those markets and also increases the pace of adaption, which again makes speed even more important.

[00:12:52] JM: Blitzscaling affects the marketing, the engineering, the recruiting, the fundraising, the sales process. It affects everything in an organization if you consciously say, "I am blitzscaling." Describe some of the lower level tactical changes that are going to go on in a company that's blitzscaling.

[00:13:13] CY: Well, one of the main areas that we focus on in the book, and it's because it's something that we care about, we talk about it before in our previous book; *The Alliance*, is the people management element of things. The people management element of blitzscaling is really difficult for people to grasp if they're used to traditional best practices around how you actually manage.

One of the counterintuitive principles of blitzscaling that we lay out there is what we call tolerate that management. Now, that sounds kind of crazy. Nobody ever says I want there to be that management, and we do want to emphasize, we said, "bad management", and that does not mean criminal management. But what we do mean is that in an environment where the market is shifting rapidly, where your company is growing 300% a year, a lot of the traditional tools of people management, like having a careful 360° annual feedback and review process, are going to go by the wayside.

In fact, one of the biggest strains on a company during blitzscaling growth is the fact that there is so much change that the company is rapidly growing from what we call a family, into a tribe, into a village, into a city, into a nation, and at each of those stages, which may only last a year or two, it's going to change the nature of the company and it's going to be something that requires a huge adjustment on the part of the founders and management and oftentimes requires new people to come into the company and old people who may decide to leave as a result of it no longer being the kind of environment that they want to be in.

[00:14:46] JM: There's a surplus of capital flowing into Silicon Valley, and if I have a company with some product market fit, I can raise a lot of money really quickly in this current environment. Is there a correlation between how cheaply I can raise money and how fast I should blitzscale?

[00:15:09] CY: Yes, but the correlation isn't necessarily what people would think. So the correlation is basically that if it's easy for you to raise money, it's easier for competitors to raise money. One of the points that we want to make is that blitzscaling is relative, not absolute. So nowhere in the book do we say, "You must grow at least 200% a year to be considered blitzscaling." We don't have a metric like that, and that's because the objective of blitzscaling is to be the first to critical scale, which means the measure is not how quickly am I growing. It's how quickly am I growing relative to the competition, which is why you can blitzscale both in boom times, like the ones we're in now, or in bad times.

The key question is not how fast am I growing. It's how much faster am I growing than the other people on this marketplace so that I can become the first to scale. So in an environment like this where capital is readily available, everyone has to scale faster. But at the end of the day, only one person, one entity, one company, is going to be the first to scale and achieve that lasting and enduring market leadership. So if it's easier to raise money, you have to be even more aggressive, because your competitors can be more aggressive.

[00:16:19] JM: Let's say I am an engineering manager within a company that's blitzscaling, the directors of engineering that are working above me are totally overworked. Their inboxes are overflowing. They're missing their one-on-ones with me. The engineers that are working below me on my product team are missing deadlines, their of bugs are overflowing. Everything feels chaotic. What kinds of adjustments can I make to my management strategy and my personal life?

[00:16:53] CY: Oh, that's a great question. So I was prepared for the management question. The personal life, that's really an excellent topic. So let's tackle those each in turn. The management side is probably easier than the personal sides. We'll tackle that first. On the management side, it is an exercise in firefighting, and one of the counterintuitive rules we lay out there is what we say let fires burn, and what this means is that you are existing in a chaotic period of the company's growth and there is no way for you to eliminate all of that chaos. Your goal instead should be to prioritize and figure out where you can actually do something and where you can't. What's going to be immediate and urgent and what is something that can be deferred until later on, even if it is really important.

In the case of engineering, one of the things that people I think hate is accumulating technical debt. Yet, in this environment, it is an art to be able to understand when can we accumulate technical debt in order to move faster, and then how do we know when the time is right for us to pay down that debt.

So from a management perspective, you reset your expectations around perfection and you say, "I'm expecting imperfection. I'm expecting chaos." My job as an engineering manager, looking up to the people above me, looking down the people below me, is to have a strong sense of what the priority is to be able to triage like an ER doctor who can be saved and who cannot and to make things happen on an incredibly rapid pace.

Now, I mentioned the ER doctor, because that ties in really well on the personal side. Because, famously, if you've ever watched any of these television shows or you have someone in your life who's an ER doctor, it is an incredibly stressful occupation, and it's no wonder that if you watch these doctors on TV, they're always having affairs, and drinking, and so on and so forth. No, I kid. I kid.

But from a personal perspective, you have to understand, if you're taking on this additional chaos in your professional life, risk homeostasis says you should try to seek some stability in your personal life. A big part of this is making sure that there are things in your life that you care about that you enjoy. Of course, it can be difficult at times when you have these giant stack of bugs that you've got to get to, when you've got this giant stack of priorities when there's never enough time to do things. But you still have to find time for those activities that actually make you happy. You're going to need some time for that, whether it is for your family, whether his time with your friends, or even a hobby.

I'm not going to say, yes, you're going to be able to have this great work-life balance. The nature of blitzscaling is it tends to be unbalanced. You're trying to outrun someone. Usually it's difficult to outsprint someone while you're relaxing. So you are going to be a little unbalanced there. But make sure that you find a few core things that you prioritize in triage and have at least a few things that provide that stability to offset that incredible chaos that you're dealing with.

[00:19:55] JM: You take somebody like Jack Dorsey. I don't know if you know, he's been going on a podcast tour lately. Have you seen that?

[00:20:04] CY: I haven't seen his podcast tour. Tell me more.

[00:20:05] JM: It's actually pretty interesting.

[00:20:06] CY: Has he gone on this podcast yet?

[00:20:08] CY: No, not yet.

[00:20:08] CY: We got to get him.

[00:20:09] JM: Definitely. But he's done five or six hours of Joe Rogan, and then five or six hours across several other podcasts, and he's just doing long-form podcast discussions and he talks a lot about his life and how he manages Square and Twitter at the same time.

Square and Twitter are both companies – You can argue, Twitter might be beyond its blitzscaling stage. Square still feels like it's got a lot of "blitzscaling" mileage in it. He talks about his life. He meditates for two hours a day. He gets nine hours of sleep. It sounds like he has really programmed a level of balance that allows him to sustain working on two companies at the same time.

To some degree, it sounds very wise, but to another degree it's like are the companies growing as fast as the shareholders would need them to or would like them to? How permissive would you be in a CEOs assertiveness towards work life balance?

[00:21:15] CY: So I think that if somebody is able to deliver results, then there should be no problem with whatever choices they make in terms of how they live their life. I'm enormously envious of anyone who is able to sleep nine hours a day, meditate for two hours day, and run two publicly traded companies. It just doesn't seem possible. You can contrast that with another Joe Rogan podcast guest; Elon Musk, who, instead of talking about how he is sleeping nine hours a day, meditating two hours days, is instead telling Joe while smoking marijuana about how he's sleeping on the floor of the assembly plant and getting by on like four hours of sleep a night and obsessed and never stopping working. So I find it fascinating that it's possible to do both.

I would say that you mentioned that Twitter is beyond its blitzscaling stage. I would say that that is true. So Twitter – One of the things we talked about in the book is when do you stop blitzscaling, because there are times when it makes sense now focus on efficiency. In the case of Twitter really came about because their user growth began to slow down, and they kept going because their revenues were still increasing, but the user growth is the leading indicator. Ultimately, as a network, your value is based on the number of people in the network. If your user growth is flat, then while you may harvest more of the value, you clearly are not in a position to sacrifice efficiency for the sake of further growth if that growth isn't available.

So I would say that in the case of Jack, I don't know him personally. I definitely now want to go and listen to some of his podcasts and learn more about this, but it is been my experience that most people who are in this position are not able to do what Jack has done. The other thing I think is fascinating is the fact that he's going on podcasting. I do think one of the amazing things is podcasting is a medium is growing so quickly and has such a huge impact.

As a leader, like Jack, to go on a podcast, especially if you have a consumer-facing company, you can reach so many more people with a podcast than almost any other medium other than perhaps network television. But with a podcast, you can go long-form. It's an intimate experience. People feel like they get to know you. So I feel like more leaders should be doing the kind of thing that Jack is doing going on long-form podcast and getting the message out there.

[00:23:34] JM: Can you blitzscale a podcast?

[00:23:36] CY: That is the question that everyone's trying to figure out. I think that it is possible to blitzscale some of the elements of podcasting. A company that had my eye on for some time, and it's been in the news recently, is anchor.fm, which is a company that was devoted to democratizing podcasting, making it easier for a lot of people to sign up and do a podcast. That was the thing that convinced me to try doing my own podcast, because with Anchor, you can do it is a self-contained thing. You can do it as simply as just using your phone, although that's not the way I do it, because the quality isn't quite as good.

Anchor was one of these companies where I said, "This is going to be very interesting. It could be the WordPress or Automatic of podcasting if it does things correctly." Of course, what ended up happening is Spotify saw it and said, "Let's buy that instead," which is a classic thing, Spotify I think is trying to blitzskill podcasting. I think that Spotify's approach is we have this enormous market. We are synonymous with music for so many people. We want to now take podcasting and make it as ubiquitous as music. So I think Spotify is the company that now trying to blitzscale podcasting.

[00:24:52] JM: Except it'll turn it into the YouTube of podcasting rather than the WordPress of podcasting.

[00:24:57] CY: That's what it seems like, but we'll have to see. I think that one of the things that people have to do, and one of the great things about WordPress, is not only is it for the beginner, but it's powerful enough to continue serving people even as they build these enormous audiences. To some extent, YouTube is that as well. I would love to see a tool which really is democratic in that sense.

[SPONSOR MESSAGE]

[00:25:31] JM: Deploying to the cloud should be simple. You shouldn't feel locked-in and your cloud provider should offer you customer support 24 hours a day, seven days a week, because might be up in the middle of the night trying to figure out why your application is having errors, and our cloud provider's support team should be there to help you.

Linode is a simple, efficient cloud provider with excellent customer support, and today you can get $20 in free credit by going to linode.com/sedaily and signing up with code SEDaily 2019. Linode has been offering hosting for 16 years, and the roots of the company are in its name. Linode gives you Linux nodes at an affordable price with security, high-availability and customer service.

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[INTERVIEW CONTINUED]

[00:27:08] JM: There are blitzscaling business, like WeWork, like Uber, like Tesla, and the future of these businesses is hard to understand by looking at a balance sheet. So as an investor, or as an employee of the company, it can be really hard to figure out the true economics of your business. How big of a problem is that? Does it matter? Is it a problem that a company will sometimes initiate blitzscaling? Like you take food delivery, right? Food delivery was probably blitz-scaled prematurely, but you look at food delivery compared to WeWork or Uber, it would've been hard to know the difference if you were in the middle of it at the time.

How do you know the difference between a business that has unit economics that are going to work at scale and a business that has unit economics that are not going to scale when it's too complex to actually do the forward-looking accounting today?

[00:28:17] CY: Yes. So one of the things that's very difficult about these markets is doing the forward accounting is a challenge because there's so much uncertainty. So much of what you're betting on is actually the development of the market. There was a famous example we use the book of a professor of finance at NYU; Aswath Damodaran, who analyzed Uber and said, "This company can never be worth more than $1 billion," based on if it gets 10% of the global taxi market, it will be worth $1 billion.

The issue of course is that the market for Uber and ride hailing is ultimately much larger than the taxi market. The market itself has changed and the company has played a major role in changing that market. But what we argue in the book is that you can look at the blitz scalability of the business and assess for yourself, as an art, not a science, mind you, but assess for yourself whether or not it makes sense.

There, what we're looking for is a big future market. We're looking for massive distributions. You can get into people's hands some sort of scalable distribution either by writing on top of an existing network or by building in virality or other mechanisms like that. High-gross margins, ultimate gross margins, because even if the unit economics don't make sense today, can they make sense in the future? What assumptions have to be correct in order for those unit economics to work? Finally, those network effects or other kinds of long-term competitive advantage.

So if you look at something like WeWork, for example, the court economics of WeWork actually make a lot of sense. The core economics of WeWork are we are going to convince human beings to accept 50% as much space. We're going to get people to crowd twice as many people into an office and like it, and then we're going to charge 50% more per square foot.

So that is the fundamental WeWork economic model. It's we can compress more people into a given space, and therefore we can give them a discount or charge them slightly less and still make more money. Looking at that model, the big question then becomes, "Well, where's the long-term competitive advantage?" The big part of what they're trying to do is to, A, lock-in the attractive locations in the various cities. B, build out that global that works so that they can now serve the needs of their biggest customers, which are companies like Accenture, which are looking to house their workers in all these mobile places around the world. Then, C, do we actually ultimately build a brand, a community that people want to be a part of?

I think the jury is still out. There are people who believe that WeWork will not work, and meanwhile there's people like Softbank who are betting very heavily that it will. I have not looked at it closely enough to make my final prediction, but I will say that there is an underlying economic model. When there isn't an underlying economic model, then there's trouble.

In the case of Uber, for example, the interesting thing about Uber's market dynamics are, as you can see by the success of Lyft here in the United States, it's not truly a winner take all market. Once you get – It can be an oligopoly, because once you get enough liquidity such that you can get a car in five minutes or less, it doesn't really matter how many more drivers you have on the road.

So Uber and Lyft have actually sort of created this duopoly in the United States, and meanwhile, Uber has strong competition all around the world. The unit economics of ride hailing are ultimately dependent on autonomous vehicles, and it will be very interesting to see what happens. Right now, they're all operating at a loss. They're subsidizing rides. They're doing all this because the notion is, someday we'll be able to strip out the cost. The cost will be an order of magnitude lower because we'll have autonomous vehicles and we'll only be limited by the cost of electricity and the cost of capital. But what will those dynamics simply carry over? Will it just be the case that all of a sudden Uber and Lyft will reduce their cost structures by a factor of 10, but then reduce their prices by a factor of 10?

[00:32:13] JM: Yeah, and it comes back to having – This is another way of looking at the uncertainty side of blitzscaling, the fact that the uncertainty of the business models of Uber and Lyft is so pervasive. We don't know what the impact of Waymo will be. We don't know what would happen if Amazon acquired autonomous driving technology and started setting up driving networks in different cities. We don't know, and the public markets don't know either, but there's enough potential upside in the yes case, the case that, yes, Uber and Lyft do maintain some duopolistic characteristics that the public markets are going to believe enough, and they're going to make their wagers.

So it's almost like another way of looking at the uncertainty model is the public markets are going to view it uncertainly as an uncertain business with massive potential gains, with massive expected value, makes it a good opportunity to be an employee at one of these companies in light of the IPO regardless of whether or not the business has true good economics in the limit.

[00:33:24] CY: Correct, and as individual employee, your focus should be on is this a company that I want to be a part of? It this is a company whose name I want on my resume, and is this a company – Or rather on my LinkedIn profile, since [inaudible 00:33:35] resumes anymore. More importantly, what are the economic impacts, because it absolutely is true? When you look at the individual lessons, at the end of the day, it's great if the company does wonderfully, but you've got to pay for family, education mortgage, all those different things.

Another thing that I think is interesting, and again, I am not a finance expert, but you can think about companies like Uber as being options. There's a classic Black-Scholes model for pricing options, and the interesting thing about pricing options is that the higher the volatility of the underlying security, the more valuable the option is. So in some interesting sense, the volatility of the industry actually increases the value that a finance professor could assign to these companies.

[00:34:25] JM: Yeah, because the worst case scenario is you lose your investment. The best case scenario is you 10-X your investment.

[00:34:33] CY: Or a hundred-X.

[00:34:34] JM: Or a hundred-X.

[00:34:35] CY: At this point, if you're investing in an Uber IPO with $80 billion dollars or something like that, getting to 100-X would require an 8 trillion company, $8 trillion company. That will be challenging.

[00:34:46] JM: *The Alliance* was a favorite book of mine. I read it several years ago. Before I started Software Engineering Daily, I was moving between a lot of jobs, and I did not find a satisfactory alliance with any of the employers. That was my fault as much as – Or more than theirs. If I'm running a blitzscaling company, I want entrepreneurial employees. I want entrepreneurial people in my organization. But, by definition, those people are going to be fickle.

If I am hiring entrepreneurial people, they probably want to start their own things someday. How do I create an alliance between myself and the fickle entrepreneurial employees that I need in a blitzscaling organization?

[00:35:37] CY: Yes. The model of the alliance is particularly suited to blitzscaling in this sense, which is that the impermanence is a built-in feature of the company. If a company is going to go from 10 employees to 10,000 employees over the course of five years, it is quite likely that somebody who loves being a part of the company at the 10 employee phase is not necessarily going to be as enamored of it at the 10,000 employee phase. So it's important to acknowledge that employment is impermanent and that one of the goals should be to have a great relationship with all your employees even when they're no longer your employees.

Now, when you're blitzscaling in applying the alliance, is understanding that the terms of the alliance are really going to focus around the stages of blitzscaling. So you might say, “We are currently at the village stage of blitzscaling,” which is to say we have tens of employees, “and our goal here is to get from, let's say, 1 million a year in revenues to 10 million a year in revenues,” and that becomes part of the mission. That's in the tour of duty. Here are the things that you can accomplish as an employee that will help us achieve that goal, and getting to that point provides a very useful point to say, “Okay. Now, let's see if an additional alliance makes sense. Is this still company that you want to be a part? Is this still a part of your career trajectory?” So the fact that there are these stages of blitzscaling and the fact there are these very clear goals I think makes the alliance even more applicable.

[00:37:08] CY: If you were to rewrite the alliance today, what would you add to it?

[00:37:12] CY: So one of the things that has come up from the various audiences that I've spoken with has always been similar to what you said, which is, “Hey, I'm interested in finding an alliance. How do I develop that alliance with my manager? How do I bring this up?” “

The answer can't just be buy them a copy of alliance and give them the book. I’d love for that to be the answer. I’d love everyone to do that. But, for me, that came up a lot with the audiences, and I thought about it and I said, “What it boils down to is that you want to start with something where people are not going to disagree.” There's an old strategy and negotiating which is to just get as many yeses as possible. Each yes is going to increase the momentum. Each no has almost 10-X the impact of a yes. So you really got to try to stack those yeses up.

In the context of getting people to buy into the alliance, the easiest thing to stack on is to say, “Every employee should know what their mission is.” You don't have to go to every part of the alliance, which is to say, “We’re going to have a formal tour of duty. We acknowledge the impermanence of employment.” Sometimes managers are uncomfortable with that, but every manager should be comfortable with the notion that, as an employee, you should know what your mission is and how it's going to benefit the company, because at the end of the day, having that clarity is probably the most important thing to getting you the ability to actually succeed, and if you are successful on the job, then that's going to lead to more opportunities and make you more employable. So start with the notion of every employee should know what mission they’re on.

[00:38:47] JM: You were at D.E. Shaw for many years. Was D.E. Shaw a blitzscaling company?

[00:38:54] CY: So during the time that I was at D.E. Shaw, I would say that it had just come out of a blitzscaling period. D.E. Shaw, for those of you who don't know, is a famed secretive quantitative hedge fund that was started by professor named David Shaw, who is a computer science professor. He has degrees from Columbia and Stanford University, and the core approach of the company is to recruit the smartest people in the world. At the time, they would go and – I think they still do this. They would go get the graduation programs of the top universities in the world, find all the people who gotten honors and magna cum laude and just reach out to them, and that's how they found me.

When I joined the company, I think it had about 500 employees. By the time I left, it had about 750 employees. So during that time period, it was not growing nearly as rapidly. But before then, in the immediate five years prior, I think the company had grown from something like 20 people to 500 people. So just come off a blitzscaling period.

[00:39:56] JM: What's your greatest lesson from David Shaw?

[00:39:58] CY: I think the greatest lesson I learned is just get the best people. It is amazing what incredible people can do. They assembled this phenomenal lineup of folks. Obviously, the most famous alum of D.E. Shaw & Co. at this point is Jeff Bezos, the world's richest man. But there were so many brilliant people at D.E. Shaw who I've stayed in touch with who have gone on to massive success in all these different areas. It just reinforced for me the power of being able to gather together an amazing team of talent.

[00:40:29] JM: Did D.E. Shaw employ the tools of the alliance?

[00:40:35] CY: I would say that it did not at that point. I think that D.E. Shaw basically made the argument that this is a place where you get to work with the smartest people in the world, where you get paid a lot of money, and where if you're successful, you can get paid even more money. So it was very traditional in that Wall Street sense.

I will say one of the interesting things is even though the alliance was many years away from me, the way I departed the company was very much in keeping with the alliance. So I had worked at the company since graduating from Stanford, and one of the things I wanted to do in my career journey was to then go on to business school. This is not something I thought about when I was an undergraduate, but after getting into D.E. Shaw and working in the world of business I said, “I really want to get that raw grounding in business that an MBA can provide.”

So I actually applied to Harvard Business School, and in doing so, that meant I needed to get recommendations from a manager. So is very upfront with them and I told them, “This is what I'm looking to do. Here's why I think it's going to be important to me. Can you help me? Even though of course I'm sure you would like me to stay at this company, are you willing to prioritize the relationship over the sort of short-term value of saying, “Yes, I want Chris to still be here and doing stuff for me.”

To their credit, my managers did just that. They also ran it further up the ladder, because they were key questions around where are people going to be located? Which offices they are going to be in? What initiatives are they going to be staffed on? I said, “Sure. Take it all the way up the ladder to the managing directors if need be. I trust you guys.”

Ultimately, I did get into Harvard business school, and once I got in, I let folks know and I said, “Listen. I’m going to be leaving and it's starting in the fall, but it's April now, and I'll keep working for the company as long as you guys need me to work up to the point at which I'm going to get married, go on to my honeymoon and go to business school.”

So as a result, I stayed on. I think, effectively, I gave four months’ notice to the company, which is something the company was very grateful for, and they actually in turn said – As a surprise to me, without even upfront telling me about this. At the end of my time they said, “By the way, thank you so much for everything that you've done. Thank you for how you’ve handled all these, and we’re going to pay you a prorated bonus for this year even though you're leaving, because we want you to stay a part of our family.” So that was an example of something where I think that everyone involved did things the right way, in a very honest and open way, and it worked out great for everyone.

[00:43:06] JM: Did meet Bezos while you were there?

[00:43:08] CY: No. He had left about 18 months before I arrived. I had a number of friends who did know him, and after the non-poached agreement expired, they then left D.E. Shaw and went to Amazon and did quite well for themselves. So I've always wondered what would've happened if I'd known Jeff, but sadly I did not.

[00:43:28] JM: You’re a literary guy. You studied creative writing in college. There is the famous MacKenzie Bezos one-star review of Amazon – Of the Everything Store, where she said this is mostly false. Brad Stone took a lot of creative license in telling the story of Bezos. Do you know to what degree there was creative license taken, or does it even matter? I mean, if you're retelling a dramatic story, doesn't every business biographer take some creative license?

[00:44:03] CY: Yes, and the way I explain this to people is this, I often ask people when they say, "Well, what should I believe? What should I not believe?" I tell them, "Have you ever been covered in a news story or has a friend of yours been covered in a news story?" They say, "Yes." I say, "Great. When that story came out and you read it, did you think that they got everything right or did you think that they got everything wrong?" They'll say, "Oh, yeah. They got almost everything wrong." I'm like, "Okay, great. What makes you think your experience is unique?"

So the fact is that storytelling is ultimately subjective in many ways. There are objective things that you can say. Jeff Bezos and MacKenzie founded Amazon at this time. These people worked for Amazon. The things she's objecting to or not those facts. It's the interpretation of those facts. Those facts are always going to be subject to interpretation it in terms of, "Well, who was really important? Who played this critical role?"

Different people can have different memories. They can have a complete 100% confidence, and two smart, honorable people can have completely different recollections of the same event. Until we have a time machine that allows us to go back and watch everything on instant replay, we'll never know.

[00:45:15] JM: My first job out of school was at an options trading place, and I spent about five months there before I left. The reason I left was because I would come into work every day and I would look at Hacker News and I would see people building new stuff. I would contrast that with what I was doing in the trading world, and we were building stuff, but I felt like were building a better mousetrap. It felt like we were just kind of playing this big poker game rather than the people in Silicon Valley who were actually making new games entirely.

Can you tell me about your shift from finance into entrepreneurship in the startup world, and was there a psychological shift that caused you to make that change?

[00:46:04] CY: Yes, and I think that it very much is in keeping with your experience. So the core business of D.E. Shaw is proprietary trading, and the firm is phenomenally good at that, and that is the revenue stream that powered the entire company. In many ways, I compare it to Google and its AdWords franchise. There is a core business that throws off enormous amounts of cash that basically allows the company to do everything else.

In the case of D.E. Shaw, I never had a desire to be part of that core engine, even though it would be enormously lucrative to do so. For me, it was the same thing. At the end of the day, I feel like I want to help people who are making things, not help people who are just moving numbers around. I compare it to the river of money, and I'll say it's as if there's a river of money. The objective of the financial industry is to direct that river, to put locks in, to dam in certain places, to form a pond in other places to run it through some sort of turbine to generate electricity. But at the end of the day, it's just redirecting the water. By the way, when you're right by the river, it's easy to dip your own bucket in and take some for yourself, but they're not adding the water. The water is coming about because of the springs and the snowpack melting.

When it comes to creating things, that's what I want to be a part of. So it was something along those lines. Now, again, I had a great time at D.E. Shaw, and part of what allowed me to stay there as long as I did is that I was working on the company's startup initiatives. So it was very much more Silicon Valley like. But at the end of the day, it just struck me that when you're working on a team and everyone is compensated based on Wall Street principles as supposed to Silicon Valley principles, I just think that Silicon Valley principles, where everyone owns a piece the equity, is a better way of approaching motivation and incentive and getting everyone to really buy into this all-out effort.

[00:48:04] JM: You were CEO of YouStream in 2007. This was live video streaming very early, before Twitch, before YouTube Live, before Facebook Live. Tell me about that experience.

[00:48:17] CY: And this was, again, blitzscaling before blitzscaling existed.

[00:48:21] JM: I didn't want to say.

[00:48:22] CY: But it was. It absolutely was, and these are some of the experiences that have stayed with me. So in the case of YouStream, what had happened was we were in the middle of the Web 2.0 boom, and at the time I was running marketing for an enterprise software company called symphonic, but I was also dabbling in making angel investments in consumer internet companies and staying in touch with the whole community. I felt like this boom was going to end before I took a shot on goal.

So one of the things I wanted to do was I was actively looking for some way to take one more shot on goal in this particular boom, because I had taken my shot on goal during the .com boom. Did not succeed that time, and I wanted to take another shot.

So YouStream came across my desk through one of my friends from business school who said, “Hey, these guys reached out to me about an investment. I don't know this tech stuff. You do. Can you talk to them and tell me if I should invest?”

I talked to the founders and I saw the demo and I said, “Wow! I think there's something really powerful to this live streaming and I think that it could actually be enormous,” and I think that maybe this is the shot on goal I’m going to take during this turn of the cycle.

So I ended up partnering with the founders of the company first as an advisor and their first investor. I got my friend who introduced me to invest as well. Then later, as the CEO, to help them raise their first million dollars, and it was very much in my mind that even though I didn't know them at the time as the principles of blitzscaling, but the principles were there. Was this going to be a huge market? My intuition was yes, absolutely. I think that live is going to be maybe not as big as recorded in terms of number of hours, but it's going to be really important in terms of engagement and value.

In terms of distribution, is there way to get this out there? I think that one of the key things that happen at the time for a live video service is that Twitter had become popular, and Twitter was essentially the mechanism by which people who were going to broadcast live video let the world know about themselves, because it was something that was very up-to-the-minute.

Then we think about gross margins. That was the interesting one. So at the time, you could actually chart the cost of bandwidth, and knowing the online advertising market very well and knowing the cost of bandwidth, I could see this will not work right now. But thanks to Moore's law, it will work sometime in the next 18 to 24 months.

So my objective with YouStream was, in order to be the leader in 18 to 24 months when the economics actually become viable, we need to get out there now. Because, like YouTube, it's a two-sided marketplace. There's audience and there's creators, and we cannot wait until the economics are right to build up that two-sided marketplace. We need to go now in order to make it happen, because there are network effects associated with that.

So that's how that company came about. I help them raise their first million dollars and watch the company go on to a fair amount of success. It was acquired by IBM in 2016, although, ultimately, one of the clever things that Twitch did was really focused on the emerging market of videogame streaming, which I think is like the dominant form of video content today, which was nothing in 2007. So there were some early indications. I was very intrigued by it, but give credit to the folks at Twitch for going 100% into it.

[00:51:47] JM: Do you think of Y Combinator as an organization that has blitz scaled?

[00:51:52] CY: That is a really interesting question. I do think that there are elements of blitzscaling to what Y Combinator has done. Clearly, they have scaled up rapidly. Clearly, they have made some sacrifices of efficiency. The fact is, when you have a cohort of 200+ startups, it becomes inefficient for investors to come to a demo day. All these things, there's a lot more friction that's introduced than when it was a much smaller organization.

But their goal is – The interesting thing about their goals is their goal is not necessarily market leadership in the classic Blitzscaling sense. Their goal is impact. I think their sense is we can have a greater impact if we scale up, even if it's less efficient. We are having more and more of an impact, and so therefore that's the reason why we're scaling inefficiently. So I think you could argue that they are blitzscaling, but their motivation is slightly different than a classic blitzscaling motivation.

[00:52:45] JM: Is it possible the blitzscale a restaurant?

[00:52:47] CY: It's possible to blitzscale a restaurant if you're going to blitzscale a chain. An individual restaurant location can never get to the kind of scale that would justify blitzscaling. But, clearly, outlets like McDonalds, Starbucks, and some of these new emerging restaurants, fit into the category of, yes, there is a chance to blitzscale. Especially in the case of Starbucks, you're like, "Nobody else is in this current premium coffee category. Our goal has to be to get a store on every block."

I think that there was a famous center at LiveSketch in which the Starbucks has a Starbucks inside the bathroom of the Starbucks to make sure that you never are far enough from a Starbucks. But that's an example of blitzscaling, because the whole thing was they create a new category. It was wide open, and that was their chance to lock-in the market.

[00:53:35] JM: Yeah. You studied product design and creative writing, as I alluded to earlier. When you were in college, what kind of books did you imagine yourself writing?

[00:53:45] CY: When I was in college, there were are a couple of different things that I wrote about in terms of creative writing, and what was interesting is I feel like the experience of doing creative writing in college helped shape the kind of author that became. So I think like most people growing up, I preferred fiction, and I love both, both fiction and nonfiction. But the dream would be to be someone like a George RR Martin or a JK Rowling, who's writing this fiction that touches all these different lives.

Now, in college, in college creative writing courses, you're generally not focused on genre fiction a lot, science fiction or fantasy. You're focused on literary fiction. What I found was though I could write literary fiction, the process was very challenging for me. There was a lot of friction. There was a struggle. But I actually ended up taking a couple of courses where I was writing more nonfiction, and that flowed far more easily.

One of my principles in life is to say, "Well, look. There are certain things I'm just going to naturally be better at than others. I should, if possible, look at the things that I'm naturally good at and see how those intersect with what the world wants, and then focus on those things rather than the things where I'm struggling."

So from a literary fiction standpoint, I was struggling even though I had the ability. From a nonfiction standpoint, that was flowing easily. So I pretty much into intuited, I was probably going to be a nonfiction author. Although I still have in the back my mind, "Maybe someday I'll go back," because I have friends who are fiction authors, who write young adult dystopian novels and things like that, and their book signings are way more interesting than mine, because they have these teenagers dressed up in costumes and I just have business people and CEOs saying, "Yeah, that was great."

[00:55:31] JM: Did you get into the world of kind of mid, late 90s, postmodern fiction, like the David Foster Wallace's, and the Jonathan Franzen's, and other kind of people who are exploring – And I guess the people who came before that, like [inaudible 00:55:47] pension. Did you get into that world?

[00:55:50] CY: I did. As a matter of fact, one of my favorite classes, my favorite writing classes at Stanford, was taught by the late great Gil Sorrentino, and it focused on experimental fiction. So we studied folks like [inaudible 00:56:03], and we studied folks like Italo Calvino, who wrote some famous books, like *Imaginary Cities*. One of the things it really taught me, this core lesson that I have continue to apply and share with others, is that constraint breeds creativity, and that was something we saw in product design, and it was something we saw in this experimental fiction.

In the experimental fiction, you might do something like how can I write a story without ever using the letter E, or it might be, "Here are a set of pictures that I've clipped out of magazines. I threw them randomly on the ground. They're now in a particular order. I need to tell a story that goes from point A, to point B, to point C, and so on and so forth," and that carried over not just in writing, but also to the improvisational comedy side. I was very involved in that when I was in college. The Who's Line Is It Anyway style comedy, and all those taught me that constraint breeds creativity.

So when a company is starting out and they say, “Oh! If only we had more money. If only we had this. If only we had that.” I tell them, “Listen. This is the thing that's going to help you succeed. You are constraint, but you are going to be forced to be more creative.” When a big company sets out to do something, they throw money at the problem, and as a result they take the conventional path. You're going to be forced to take the unconventional path, and that's going to help you succeed.

[00:57:16] JM: What are the career benefits to playing Dungeons & Dragons?

[00:57:19] CY: So there are a couple of career benefits, I would say. The first is Dungeons & Dragons really is improvisational storytelling, and any skill when it comes to improvisational storytelling, being able to play a role, is going to help you in management, because one of the things you have to do is to constantly make decisions without all the information. You are on the spot. But it's so important to make a decision any decision, and playing Dungeons & Dragons is like being in an improvisational comedy group. You're constantly forced to make decisions.

I think the other element that's interesting is that it really is an activity that binds together so many people from different generations. I've actually been playing in a Dungeons & Dragons campaign, and I'm the oldest member of the campaign. Some of the members of the campaign are still in high school, and it’s just fascinating that we, who have such different lives, literally, some of them are younger than my children, can actually gather together around the table, build a story together, and it really helps drive home that sense of, “You can have these very diverse communities coming together as a team to do something amazing.”

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[INTERVIEW CONTINUED]

[00:59:51] JM: Let's say two CEOs come in to pitch businesses to you sequentially. The first CEO that comes in is pitching a business and he also says, "Yeah, my background, I've played Dungeons & Dragons for 20 years," and you're like, "Oh! I'm really impressed with your business and I love the fact you played Dungeons & Dragons for 20 years, because I see a lot of value in that experience." You say, "I'll get back to you."

He leaves the office. Somebody who comes in, looks exactly like the person who just pitched you. They're pitching a business that's almost exactly the same. Imagine Uber and Lyft, except they say, "I played chess for 20 years." They give you almost the same pitch and you say, "Hmm, okay. Well, I'll get back to you." You can't invest in both. Which one do you invest in?

[01:00:41] CY: So I would invest in the first entrepreneur for the following reason, and it's not just Dungeons & Dragons prejudice. It's really the nature of the games themselves. So if you think about it, Dungeons & Dragons has a couple of things that are very important. First, it's a very complex system. There are rule sets. There are endless books. There's a lot of debate. The rules are not necessarily that certain, and the rules can actually change from table to table. Ultimately, it's a team game, and it's not about individual achievement. It's about the ability to work with others in order to achieve a common goal.

Chess, on the other hand, has a very circumscribed and deterministic rule set. That's not the way the world works, and chess is a one-on-one, mano-y-mano, or [inaudible 01:01:25] game, where you are not collaborating with someone else, but rather competing head-to-head. So even though people have this vision of the chess master and thinking ahead and doing all these different things, the fact is entrepreneurship is a team sport, and I prefer the person who enjoys being on a team to the person who prefers to be the lone individual.

[01:01:45] JM: There are so many newer games that you could play, rather than Dungeons & Dragons, or chest for that matter. Are you a fan of any newer games?

[01:01:56] CY: So one thing you could say is that Dungeons & Dragons is actually fairly new, because the fifth edition just came out in 2014. So it hasn't been around for that long. But, of course, the game itself traces its way back to the 1970s. I think that I simply have focused on Dungeons & Dragons, because it's the game of my youth, but there are tremendous number of great games that have come out there.

I also like to play traditional party games. So, word games, and things like that. There's one called Word on the Street that I play a lot. I've also played the cranium games, where there's a performative aspect as well. So I think that you should just try to find the game that really fits for you. But I do tend to prefer games that are games when interacting with other people, at least in a semi-cooperative manner, as supposed to like an – I've never been interested in, say, a solo computer game where I'm just going to spend the time by myself even when I was playing those, like the missed style games in the ancient days, the 1990s. I would always be sitting with a friend and we would be doing it together.

[01:03:00] JM: Yeah, I played Magic for probably 17 years, and it's a game with sufficient depth, reaches a certain point where it's almost like at the religion you grew up with, and it will continue to compound, and there's not another game that could replace it.

[01:03:17] CY: By the way, I have not played Magic the Gathering, but now, thanks to the Dungeons & Dragons, Guild Master's guide to Ravnica supplement, which is a Dungeons & Dragons Magic the Gathering crossover. I've been learning more about Magic the Gathering as a result. So both both brands are owned by Wizards of the Coast up in Seattle, and they actually have done this crossover, where you can play Dungeons & Dragons in the Magic the Gathering world.

[01:03:43] JM: Yeah. Well, we won't go too far down this rabbit hole, but I'm sure we could discuss – You don't know anything about Hearthstone, do you?

[01:03:49] CY: No, but I'd be happy. We should definitely talk about some other time.

[01:03:53] JM: Exactly.

[01:03:54] CY: Again, it is absolutely true that this would make for super compelling video, super compelling audio as you as you go through and explain the rules of the game. We'd go back and forth.

[01:04:02] JM: Well, just what's funny about Hearthstone is Blizzard basically made a collectible card game that has competed with Magic, and it has been the first, I would say, true competitive of Magic and it's really raised Magic's quality of game design. But it's just – This is too far down the rabbit hole.

[01:04:22] JM: Are Chinese companies better than U.S. companies at blitzscaling?

[01:04:25] CY: So the best way to put it is Chinese companies are better than U.S. companies at some elements of blitzscaling, and the vice versa is also true. So when we looked at China and we looked at this tremendous growth, there are some huge benefits to blitzscaling in China. The availability of skilled labor, the number of educated engineers, all these things are off the charts.

China operates on this incredible timeframe where people are just going so hard, that if you want to blitzscale in China, you have to be even more dedicated. One of the examples is Lei Jun, who is the founder of Xiaomi, and he told Reid, "You Silicon Valley entrepreneurs are lazy. Here at Xiaomi, we have a 996 policy, which is everyone needs to be at their desk from 9 AM to 9 PM six days a week," and the kind of workaholism is to the point where, again, I think you can argue at some points, it becomes counterproductive. But there are times during crunch time when having the ability to do that is really powerful.

On the other hand, as I said, constraint breeds creativity. When you remove some of those constraints, as a result, I think a lot of Chinese companies have not necessarily had to operate as efficiently, and they're still figuring out – A lot of Chinese companies prefer to just look within and just have the managers be promoted from within, and there's less of the cross-fertilization in bringing in people from the outside.

So I think that there are ways in which it is different. It's not necessarily better. Not necessarily worse, but I will say that, obviously, if you look at economic growth over the past 25 years, China is probably the single biggest most important story there is.

[01:06:10] JM: Last question, the chess versus Dungeons & Dragons question was kind of inspired by these interviews and discussions I've seen between Reid Hoffman and Peter Thiel, and Peter Thiel of course is famously a chess aficionado. Reid Hoffman is, I learned recently in his podcast, he’s a Dungeons & Dragons aficionado. I find it really interesting, because they are friends, but they have these strongly divergent viewpoints on a lot of things.

[01:06:43] CY: Yes.

[01:06:44] JM: What could Peter Thiel and Reid Hoffman learn from each other?

[01:06:47] CY: Will, Reid has told me the story of how they were introduced, which is hilarious, because they were both at Stanford, and the way they were introduced is they said, “Well, there's this guy. He’s totally the opposite of you in every way, but you're both really smart. I think you guys should meet.” Because Peter Thiel is this archconservative. He started the Stanford Review at Stanford. Reid, of course, is a huge funder of the Democratic Party and he’s very much a progressive, but they came together because they were both intellectuals who enjoyed not just in a sitting here in an echo chamber speaking with people who agree with them, but really engaging with people out there who have the kind of intellectual firepower to go at it. I think that it was one of those things where it felt like I think they sparked right from the start.

So I think that it is really interesting how they can learn from each other, because they have pursued very different paths, but they’ve both had this huge influence on the world. Rather than speaking to sort of the specifics of their relationship.

I’ll relay another funny story that is another odd couple. So one of the things I learned, and I don't know if this came out in the interviews for our class at Stanford, but for a long time, Brian Chesky and Travis Kalanick, would have dinner together once a month, because they were the only people in the world who are doing the kind of thing that they were doing.

Apparently, after each dinner, because these guys are like the polar opposites. Again, completely different from each other in every way. After each dinner, Travis would say, “Maybe I should try being nicer,” and Brian would come on and say, “Maybe I should be more aggressive.”

[01:08:34] JM: That anecdote was in a Brad Stone book, by the way.

[01:08:37] CY: There you go.

[01:08:37] JM: So it was not falsified.

[01:08:38] CY: Perfect. Oh, fantastic! Again, I trust Brad Stone’s reporting.

[01:08:43] JM: Me too. I love Brad Stone.

[01:08:43] CY: He’s a really good reporter and a great writer. So I think that it is something that all of us can do which is to, if we have a friend who is very different from us, that is a great opportunity. When people say, “Wow! I value diversity,” but then they only spend time with people who think exactly like them. I’m like, “That's not diversity right there.”

In order to truly value diversity, you have to spend time with people that think differently than you. Obviously, they’re people you need to respect. They’re people you need to like. I don't advocate, “Hey, let me go” I mean, there’s is a guy, an amazing fellow, an African-American musician who goes and meets clan members. Just by speaking with them often gets them to leave the clan. I'm like, “Wow! That's amazing, first of all, but that's not what I'm going to recommend for everyone to do. That seems just a little dangerous. But do seek out people who think differently, because that kind of diversity is going to help sharpen your thinking.

[01:09:38] JM: Chris Yeh, thanks for coming on the show. It’s been really fun talking.

[01:09:40] CY: A huge pleasure, Jeff. This is something that I really enjoyed and would love to do again.

[END OF INTERVIEW]

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