

The Future of Work podcast is a weekly show where Jacob has in-depth conversations with senior level executives, business leaders, and bestselling authors around the world on the future of work and the future in general. Topics cover everything from AI and automation to the gig economy to big data to the future of learning and everything in between. Each episode explores a new topic and features a special guest.

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0:00:00 Jacob: Welcome everyone to another episode of the Future of Work with Jacob Morgan, my very special guest today is Jim McKelvey. He is the co-founder of Square and he's also the author of a brand new book that I got a chance to read, sitting right next to me, The Innovation Stack and just for comparison by the way Jim, this is my new book coming out, look at the colors.

0:01:05 Jim: Oh my God. We're both competing for the spectrum. Yes.

0:01:09 Jacob: As soon as I saw this I was like, "Okay this is awesome. He used a lot of colors." Well thank you for taking time out of your day to join me and I'm already getting a couple of people in here saying hello so hello everyone. To get started, you wrote a lot about innovation in the book but even a high level, maybe you can give us some the background about just your story. How did you get to be involved with Square? How did your career journey take you to where you are now?

0:01:40 Jim: I guess I've had a long weird journey and probably not something that'd be super interesting to your audience but grew up in St. Louis, Missouri, studied Economics and Engineering in school and was always sort of an outcast and that will become relevant later when we start talking about what entrepreneurship is in this sort of narrow definition that I use but where it really started to get interesting was after I started my first company. I was in business for about three or four years and things were not going great but I hired an intern, his name was Jack Dorsey, he was 15 years old.

0:02:23 Jacob: So you hired him?

0:02:24 Jim: I hired Jack. Yeah. I was like 25 and Jack was like 15 or something like that and Jack came to work for my company during the summer. He was still in high school and we really hit it off and it turns out at the time, my company was having this big problem because we were making these things, CD-ROMs, which were used to store trade show literature, which at the time before sort of the Internet took off, was a great business but the...

0:02:52 Jacob: A CD-ROM, what is that?

0:02:55 Jim: Yes.

0:02:56 Jacob: I'm just kidding.

0:02:57 Jim: I know, that's the perfect answer. Anyway, Jack showed up. We hit it off. We began working together and he worked for a couple of summers and we stayed in touch. I remembered when he was a massage therapist like when he was studying massage and out of the computer

game...

0:03:18 Jacob: Wait, Jack Dorsey was studying massage therapy?

0:03:20 Jim: He's a licensed message therapist, yes.

0:03:22 Jacob: Oh my God! We're learning all sorts of crazy here and we're just getting started here. Okay, I love where this is going.

0:03:31 Jim: And then fast forward to a dozen or so years and he starts Twitter, they kicked him out of Twitter and he ends up back in St. Louis around Christmas time and we're talking and he tells me the story about they kicked him out of Twitter and I was kind of pissed, I was like... We should go get even with these guys, that it just seems totally unfair what they did to you and to his credit, he said, "Why don't we do something more productive?" And suggested we start a new company, that's what became Square.

0:04:02 Jim: And so Jack and I started, I guess, with the idea of working together again but we didn't really have an idea for a company so we were casting around for ideas. I ended up... I'm a glass blower so I make glass and I was in my studio one day and trying to sell a piece of glass to a lady who only had an American Express card and I couldn't take the payment and I lost the sale and because of that...

0:04:29 Jacob: It was like \$5,000 I think you said.

0:04:30 Jim: Yeah, it was like a \$3,000 sale, like \$2,500... Something like that but more importantly, it was this thing that I really hated, it was this ugly piece of glass and I really wanted to be rid of this thing and the fact that she wanted to buy it was this double bonus, it was like money and spring cleaning put together and I lost the sale 'cause I couldn't take an AMEX Card and I was... I was talking through one of these things. I had a phone and my attitude towards my phone is that this device should become whatever I want it to be.

0:05:01 Jim: It should be a book or a TV or... But it couldn't magically turn into a credit card reader and so I called Jack on that phone and said "Hey man, I think this is what we should be doing. I think we should be working on a way to turn phones into credit card readers." and so that's what became Square.

0:05:21 Jacob: Wow! And can you share a little bit about the story of how did it start? So you had this idea, now Square. I live in the Bay Area here, Square has beautiful offices, there's... How many people are at Square now?

0:05:35 Jim: Over 3000, not in the bay area but worldwide we're over 3000, yeah.

0:05:39 Jacob: Okay and so it used to just be you and Jack.

0:05:44 Jim: Me, Jack and a guy named Tristan. Tristan was with us on day one but yeah, it was the three of us. Became our first employee. So it was Jack and me founded the thing and then we hired this guy.

0:05:54 Jacob: Okay, how did it become what it is now? When it was just the two, three of you,

where were you working? Were you renting a space? Was it in your garage, how did it get into what it is now?

0:06:00 Jim: It was just Jack's apartment. Jack and I started... Actually, we started two weeks before Tristan did because we were the ones who wanted to found a company but we needed an iPhone programmer so we hired this guy out of Apple to work with us and what we didn't know was how difficult it would be to build a simple credit card system for merchants because neither Jack or I knew anything about the industry. You had a guy who was a massage therapist, a guy who was a glass-blower and zero experience in payments. We were completely naive and totally ignorant about this industry and we thought that stuff should be easy but it turned out to be really difficult.

0:06:45 Jim: But instead of giving up and saying "Oh well, that's impossible," we said, "Well, what would it take to make it easy?" Like what if... It should be possible to sign up for a card without having to read a 42-page contract of six-point type. It should be possible to sign up for a contract, to sign up with a company and try it and then quit without a bunch of penalties. Like it should be possible to do all these stuff that just wasn't possible. Like it should be possible to read a credit card with a phone and it wasn't possible. So as we, with our ignorance as sort of our guide, started working through these problems.

0:07:22 Jim: What we ended up doing was creating a completely different system and the thing that I'm sort of using as sort of the seed case for the book, The Innovation Stack, was what happened to Square. We ended up with a tremendously different ecosystem of inventions and it had a really strange effect on the company and it protected us and it drove tremendous growth and it was... It was really amazing what happened and it happened sort of by accident.

0:08:04 Jacob: Can you talk a little bit about what it was like to compete with Amazon? As you started to become more successful and you saw this giant gorilla coming after you guys.

0:08:13 Jim: It was terrifying.

0:08:16 Jacob: Yeah. What was the competition like? And while you share that, I'm gonna remove this white square around my head out of my camera so I will just be right next to the, removing that but you can share your story and I can hear you on while I just...

0:08:27 Jim: Okay, very good. I won't take it personally that you're leaving. Amazon is the most terrifying company on the planet to compete with. They are filled with brilliant people, they are super rich, they care deeply about their customers so they have a great reputation with their customers, the Amazon brand means quality. Everything about Amazon is tremendous if you're a customer and everything about Amazon is terrible, if you're competing with them and so what Amazon did to us, what they always do to companies, which is they copy your product, they undercut your price by 30%, and then they add the Amazon brand and anything that you don't have. So in our case, it was live customer support, which we didn't have and they did and everyone thought that Square was dead 'cause we were about a 4-year-old startup at the time and people were just like, "Oh well, Square is toast."

0:09:19 Jim: And we looked for other companies that had beaten Amazon and there are zero. There are no companies that I could find whom... Startup, they can fight with Google and stuff and fight with Facebook but I'm talking about a startup company versus Amazon. Amazon is always gonna win. Amazon will always win.

0:09:35 Jacob: It'll be terrifying.

0:09:37 Jim: Yeah. So in our situation we was like, "Oh we're dead. There are no examples of anyone ever having survived this" and lo and behold, a year later, Amazon quit, they just gave up. Like we didn't... And we didn't even do anything differently, it wasn't like Amazon attacked us and then we came up with this great counter-move and then we won. It was like Amazon attacked us and then we looked at everything we were doing and thought "Well heck, we really don't wanna change anything we're doing." We didn't even wanna lower our price because our price, it made sense. Our price was fair and it was good for our customers but it also wasn't so low that it was gonna put us out of business.

0:10:19 Jim: So we didn't even change our price to match it, we just... We basically didn't do anything differently and then Amazon went away and when they went away, I couldn't figure out why. I was happy we won but what the hell happened? What in the world just happened?

0:10:36 Jacob: Sneak attack is coming.

0:10:38 Jim: Yeah and so it bothered me that we won. It would have bothered me more if we'd lost but it bothered me that we won because I couldn't explain what happened. So I started looking for other companies that had been in similar situations and of course nobody had beaten Amazon like we had. What I did was I looked back in history and I found, "Oh, this thing throughout history, like this has happened before" like it happened 100 years earlier with the Bank of Italy. It happened... I found examples in Europe, I found examples all over the world, there are examples of this but they're rare examples and then I was really curious because I saw this pattern and I thought, "Oh well. Clearly somebody must have explained this pattern before."

0:11:26 Jim: Like somebody has seen this pattern and written it down 'cause the first thing I always think when I have an idea is "Oh, somebody's already had the same idea." I don't think I have original ideas, maybe occasionally, there's one or two but generally, my assumption is "Oh, somebody who is smarter than me has already done the work here and written it down and I just have to find that person." So I saw this pattern and I was like "Oh well, I gotta find who's explained it" and nobody talked about it. It has never been discussed, at least never that I've been able to find it and I did a lot of research on it and so now I'm even more confused. I'm like, "What the hell? How can this powerful, powerful pattern exist and nobody has ever explained it? And the answer was, at least in the English language, we don't have a word to describe a person who starts a business that is not a new business, in the sense of open up another coffee shop.

0:12:20 Jim: What I mean, if you open up a coffee shop, coffee shops have been done before, nothing against opening up a coffee shop. They're great businesses but you could go to a trade show and learn how to open up a coffee shop, you can... If you wanna open up an airline, you can open up an airline. There's a model for opening up an airline. Almost any businesses you can think of is an existing business so we need a word to describe somebody who opens a business that has never been done before.

0:12:51 Jacob: Totally new.

0:12:52 Jim: A totally new thing and then we don't have a word for that but it turns out that the original meaning of the word entrepreneur, was just that. The word was created to describe not a

business person, but somebody who did something that was new and different and weird.

0:13:09 Jacob: Interesting.

0:13:09 Jim: And when I found that original definition, I was like "Oh my God, that's why nobody writes about this." Because even if you did write about it, nobody would understand because you'd have to create this new word. If you read my book, you realize that the first thing I do at the beginning of the book is I start and I say, "We need a new word. Actually, we need an old word. We need the word entrepreneur to be used as it was originally meant, which is somebody who's solving a problem that has no solution that exists and how does that look different?" And it turns out it's way different so that's what the book's about.

0:13:48 Jacob: What did you conclude after looking at how you were able to beat Amazon? What was the solution you found? How did Square end up winning? Why did Amazon give up?

0:14:00 Jim: Of course I'm not an Amazon employee so I wasn't at any of their meetings but what I found was the pattern that occurred through all of these companies, not just Square but dozens of others that I studied. The pattern is really interesting. A company starts by trying to solve a problem that has not been solved. They start doing something new. In doing something new, they run across other problems and typically those problems don't have simple solutions or if they do have simple solutions, those simple solutions cause further problems. Okay?

0:14:33 Jim: So if you're going to, in our case, give a credit card reader to somebody who doesn't have a credit score, then all of a sudden you can't use traditional underwriting, which means you need to create your own underwriting, which means you need different arrangements with all your banks, which means you need device agreements, which use different customer support so you get this cascade of invention and this cascade creates this sort of messy snarl of inter-related, independent inventions and that's what I call an innovation stack but the thing about the innovation stack that's really interesting is it's not one or two or three things. It's 10 or 20 or 30 different things and if you're doing 30 things differently, that's really hard to copy.

0:15:21 Jim: So in Square's case, I outlined about 14 things that we were doing absolutely differently from everybody else, 14 separate things and we were probably doing some more subtle stuff on top of that and each of those 14 things influenced each of the other 14 things so it was very complicated but imagine the difficulty of trying to copy 14 things at once and what I do is I just... You need to just fall back to math, you say "Well what are the odds of copying one thing successful?" Well, let's say it's 8 out of 10. Four out of five times you're gonna get it right. You're gonna try to copy something that's been done before, you're a company like Amazon, you got a lot of smart people, a lot of money, you got an 80% chance of nailing it. Okay, great, so that's one thing.

0:16:07 Jim: Do two things, that's 80 squared or 80% squared so now you've got a 64% chance and you keep adding and adding. And so, you take 0.8 to the 14 power to 4%. Now you're down to the point where the odds of actually going in and successfully copying all of these things which are necessary for the company to succeed is very slim and even a company like Amazon couldn't do it.

0:16:36 Jacob: So what were some of the examples? 'Cause a lot of people when they think of Square, they think of the little payment reader and obviously you put it into your phone and you can take payments. A lot of people don't realize some of the other innovations that were required to

make that happen so what was... Obviously, Amazon can manufacture a million of those... A billion of those little things for free and do whatever. What were they not able to figure out that you guys did?

0:17:01 Jim: Well, they weren't able to figure out how to do the underwriting correctly. So the Easy Sign-Up, which requires a different set of banking connections, which requires a different type of customer support, which necessitates a different way of dealing with your customers. For instance, one of the things that Amazon I think may have done wrong was they actually offered live customer support which at the time we didn't have... And if you have a live customer support, that allows you to make software that's kind of crappy, because they'll just call you and you'll fix it.

0:17:37 Jim: In our case, in Square's case, our software had to be so simple that you never even wanted to call because we didn't have a number for you to call originally. Now, we do now but our products are a lot more complicated 'cause we've got 20 different products now but originally, our product had to be so simple that you didn't need to call, that all of your questions could be answered yourself. So all of those things, they add up and again, I'm not an Amazon employee but it would be amazing to me if they were able to do all the things that Square was able to do.

0:18:16 Jacob: Well, it's amazing. I think it's a great story of how you guys were able to conquer the beast, so to speak. So maybe we can talk a little bit about some specifics or just practical things for us as individuals and leaders to be able to understand. A lot of people out there have ideas for stuff that they wanna do.

0:18:36 Jim: Yeah.

0:18:36 Jacob: So how do you know when you should pursue that idea to create a product, a service, a company? Do you have any guidance or suggestions on how to tell if something is real?

0:18:40 Jim: Yeah so I don't believe in beginning with the stuff. So if you say somebody has an idea for a thing, I'm not particularly interested but I am very interested in a problem that somebody tries to solve. If somebody says to me, "Hey, I have invented this widget." I don't care. If somebody says to me "Jim, I've got this problem and I am annoyed by this thing and here's how I plan to eliminate that problem." That's fascinating because the elimination of problems, the solution to an existing problem is super fascinating because that's what moves the world forward. You've come up with something that's not been solved before and solved it so I always look for the statement of the problem. I'm thinking of reaching over to my trash, I just got this great letter for this kid.

0:19:38 Jim: He's in college and he wrote me this nice hand written letter, he wanted me to fund his business and he told me how great his team was and how great he was and all this stuff but he didn't tell me the problem so I threw the letter away.

0:19:53 Jacob: [chuckle] Your so mean, Jim.

0:19:56 Jim: No. Well, I didn't...

0:19:57 Jacob: I'm kidding, I'm kidding.

0:19:57 Jim: But I mean like it's gone 'cause what do I care? But if you show me something that it's a meaningful problem, then let's talk about how you're gonna solve it.

0:20:07 Jacob: Yeah. So is that a classic mistake that a lot of entrepreneurs make or even maybe even organizations who try to come up with new products or ideas, they don't start with the problem, they try to... Maybe they start with the idea of making money first or something like that...

0:20:22 Jim: Well so look, if you just wanna make money, don't be an entrepreneur. If you want to make money, just do a business, build a business and businesses are great because you can copy them. Okay. So, if you want to be a successful person to make a lot of money, don't be... Entrepreneurship is a low percentage shot and I would say business by far, because you can do businesses that make money all day long and do that and if you ever have trouble, you can go to other people, who are in the same business who can tell you where you're making a mistake. Much, much better. If you wanna be an entrepreneur, then it's a different set of rules.

0:21:05 Jacob: What are some of the rules for being an entrepreneur?

0:21:08 Jim: Well, the first is you can't be an expert.

0:21:11 Jacob: Interesting. Okay.

0:21:13 Jim: And what I mean by that is... And this is actually one of the reasons I wrote the book is that I see a lot of smart capable people who disqualify themselves from even trying to solve a problem because they feel unqualified and because they're unqualified, they've immediately equated that with "And therefore, I shouldn't do it." And that's almost always right but in one case it's not. I'll give you an example. I am... Let's say I wanna fly a plane. I wanna go out and fly a plane. Alright. Well, I have to get qualified to fly a plane. If I wanna get a certificate, I got to do 40 hours of solo work, I got to do all this work and then pass these tests and then the FAA will give me this endorsement that allows me to fly a plane. Okay, I can be qualified to fly a plane and if I'm not qualified, I shouldn't fly a plane but that doesn't apply to Orville Wright?

0:22:05 Jim: The first pilot, I don't know if it was Orville, or Orville or Wilbur but it was one of the Wright Brothers who had to be the first pilot in the world and by definition, there was no way he could be qualified to be a pilot because there were no pilots. We didn't know what the requirements were so he just had to get in and figure it out in the air and so, if you're an entrepreneur, by the traditional definition and you're doing something that hasn't been done, then the fact that you feel unqualified to do what you're doing is just table stakes. Everyone is unqualified to do what you're doing.

0:22:42 Jim: Nobody is qualified to do something that has never been done before because nobody's done it. We don't know what the qualifications are. You may have them and so the reason I wrote the book is I see these smart people, I see these bright capable people, who have been so indoctrinated into this way of thinking that they have to be qualified before they start, that they never start and look, that's an appropriate feeling, except in the case of you're doing something new, in which case that feeling of being unqualified, that's not the reason to give up. Look, Jack and I were completely unqualified to start Square. Zero qualifications in payments. Zero.

0:23:23 Jacob: You learned everything from scratch.

0:23:25 Jim: Absolutely. The world's biggest bank was built by a guy who dropped out of high school at 14 and was a produce vendor. He wasn't an accountant or a lawyer, he sold lettuce, builds

the biggest bank of the world. What you think of as banking today was invented by a guy who used to sell produce.

0:23:46 Jacob: Yeah, that's crazy.

0:23:47 Jim: Yeah.

0:23:48 Jacob: Crazy. Well I love... And actually speaking of which, and I know this is a little tangential but I actually read in the book that you used to learn all things by giving rides to entrepreneurs and speakers who...

[laughter]

0:24:01 Jim: Yes.

0:24:01 Jacob: Can you share that story? Because I think it really speaks to the mentality that's required to be an entrepreneur. It's... I don't know if you would just call it hustling but it's a fascinating story. I love it...

0:24:12 Jim: Oh, it was stalking. I mean, let's get it straight. The proper term for what I did is stalking but it was less frowned upon back then or at least I didn't care. Yeah so I used to be so desperate to learn that... These days, people can tune into The Future of Work podcast, learn a bunch of stuff, it's like...

0:24:34 Jacob: I love the plug, there we go.

0:24:38 Jim: But seriously, it's so easy to get knowledge just like sprayed all over you these days but it's... Back in the late '80s, early '90s when I was sort of coming up in the ranks, there was none of this stuff and so my trick was I would wait till a famous speaker was coming to St. Louis and I'd go to their speech and I would offer them a ride to the airport 'cause our taxi system was just crap and so I would always get these guys or gals to ride with me to the airport and yeah and did five or six of these and ended up learning nothing.

0:25:14 Jacob: Oh, really?

0:25:15 Jim: It was so weird because these were all really successful people but we were talking different languages and I didn't sort of have this concept of the difference between entrepreneurship and business at the time and what I was doing was effectively entrepreneurship. I was trying to build products that had never been built before and they were business people, they had had successful companies making things or running hotel chains or one of them was a super accomplished restaurateur. They'd all been in businesses where the best way to learn that business is to work for somebody else in that business for 10 years and then learn what they learn and then do your version of it and that's what they always told me. They'd say, "Oh well, you need to study" and I'm like "Study what?"

[chuckle]

0:26:02 Jim: Nobody's done this and so it was really frustrating to talk to these people. They were interesting, it was... These were cordial conversations and I think they were being genuinely as

helpful as they could be but the problem was I was asking the wrong people. I was asking people whose fundamental MO was to learn something from an expert, improve it a little bit with their own flavor and then do it. Well that's a great formula for making money but it's not a formula for doing stuff that's never been done.

0:26:37 Jacob: Does being an entrepreneur have to mean that you have a product? For example, in my case, I speak at conferences, I write books and I've been on my own for probably 12 years or so but I don't necessarily have a product. It's sort of, what happens when the person is the product? Is that still entrepreneurship or is that kind of a different model? How do you think about that?

0:27:02 Jim: Well, I guess my question of that is, what is it you're speaking and saying? It's not the delivery... So you're delivering knowledge. Okay so that's your vector and that could be delivered through a speech or a podcast or a book and those are all tried and true vectors for delivering knowledge, as is the book that I just wrote, like it's a book. It's a freaking hardback boring book. It's just the same thing as every other book. What's in the book? What are you saying? And so what I would say to your question as to whether or not you qualify by my definition of an entrepreneur is, is the knowledge that's in there something that is so unique and targeted at a specific problem or are you just doing something that others have done and it's a commodity? Now, just because it's a commodity also doesn't mean it's not valuable, right?

0:27:56 Jacob: Yes.

0:27:57 Jim: Because there are a lot... I'll give you a great example, motivational speakers. I love motivational speakers. There are hundreds of them, there are probably dozens of good ones and if you go to a motivational speaker, you feel motivated. That's the product. It's like a freaking pill. Take the pill, get the result and I'm not against pills either but the question is, if your particular pill is the only type of pill that solves a specific disease, yeah, then you're an entrepreneur, otherwise you're a vitamin.

0:28:33 Jacob: Got it, okay, that makes a lot of sense it. Your entrepreneur definition, it's specifically about doing something new, which I think a lot of people forget.

0:28:43 Jim: Yes, yes.

0:28:44 Jacob: And there are a lot of... And I'm sure you've seen this, there are a lot of social media pundits out there, influencers, celebrity types who talk about the entrepreneurs and the importance of hustling non-stop and working 60, 70, 80, 90 hours.

0:28:58 Jim: Everyone says the same damn thing, don't they?

0:29:00 Jacob: Yeah, they do, yeah. So I was curious to get your...

0:29:00 Jim: And then 5% of the people say the opposite and they also sell books. The Four-Hour Work Week, The 90-hour work week, we'll have Tim Ferriss battle this group of guys who work, you know, "Motivation" and Tim's like "Screw it, sub it out to India." And...

0:29:15 Jacob: Yeah, like Gary Vaynerchuk for example, who's basically like, "I work 34 hours a day." and then you get the opposite of that with other people who... Where do you stand on that? Is that a requirement or how do you...

0:29:29 Jim: I don't care, honest to God. I don't... Look, what solves the problem, what's necessary and I don't wanna be dismissive here, I think it's a very good question but I genuinely do not care if the solution takes me a minute or a month.

0:29:53 Jacob: Solve the problem.

0:29:54 Jim: I will sit there and I don't always think that things are as hard as they seem, like the Square reader, we had that thing working in three days. We had the whole system stood up, decoding, taking money off somebody's credit card, sticking it in my bank account in three weeks. How long should it take? I don't know, start to finish in three weeks. Is it that a reasonable amount of time? I don't know. I would have loved if it had been two weeks but if it had taken three months, would that have killed the company? No, probably not.

0:30:31 Jacob: Yeah, makes sense.

0:30:34 Jim: The other thing is, watch out who you listen to as far as the advice you take because there is an advice industry out there and the advice industry tends to reinforce advice that other people already believe. So a lot of times the dissident voices get drowned out and it's really uncool... Okay, I'll give you... Let's get off this topic. Remember in school, how some kids would claim they never studied?

0:31:03 Jacob: Yes.

0:31:04 Jim: So you'd think they were really smart and maybe they were studying their asses off but they're like, "Oh yeah. I was up pretty late last night. I ran out of Adderall and I didn't study for this." And then they kick ass on the test. Well, did they really not? Or are they just trying to seem cool? I think a lot of people, there's a lot of sort of make up on the...

0:31:25 Jacob: Well especially with social media.

0:31:28 Jim: Oh yeah. Well, that's why I don't do it.

0:31:30 Jacob: Yeah. Yeah.

0:31:31 Jim: I've literally never used a Facebook product in my life, once. Never WhatsApp, never Instagram, never on Facebook. Zero.

0:31:41 Jacob: So, you're off the grid, do you have an email account?

0:31:43 Jim: I have about 12 of them, they all come into the same e-mail. I'm basically Jim@ any company I founded. If your crazy listeners wanna now spam me, they can all just do that. At any company I founded just Jim@... You'll get me, there.

0:32:01 Jacob: Somebody asked actually a question in here, which I think is relevant not just for entrepreneurs but for everybody, whether you have a full-time job at a company or whether you're thinking of doing something yourself and it's around impostor syndrome.

0:32:01 Jim: Oh yeah.

0:32:01 Jacob: The idea... So first of all, I'm curious if you or Jack or any of your starting team had that and if so, how do you get over that? And again, regardless if you're at a company and you have an idea that you wanna present that you're scared to present in front of others. Like how do you deal with this?

0:32:01 Jim: So let's define impostor syndrome as feeling unqualified, right?

0:32:01 Jacob: Yeah.

0:32:01 Jim: And I mean look, it's a perfect question and by the way first of all Jacob, 10 points for doing this live. I mean, seriously 'cause I do podcasts and everyone's like, "Well if you screw up, we can just edit it out" but you're doing this live, that's cool and we just got a live question, so that's really cool. But back to impostor syndrome. The reason you have impostor syndrome and I have impostor syndrome is because I feel unqualified to do the things that I'm doing.

0:33:07 Jacob: Yeah.

0:33:08 Jim: Okay and that is fundamental to entrepreneurship by my definition. It is unavoidably inextricably bound in with the act of doing something new. There is no way to not have impostor syndrome. So I would look at impostor syndrome and I would say, embrace it. Not in the sense of you want to have impostor syndrome but if you don't have it, you're probably just copying something that's already been done. Like if you feel completely comfortable doing what you're doing and completely qualified doing what you're doing, you're either insanely deluded or you're doing something that's been done before. That's why you feel comfortable, is because you're selling the same thing that a dozen other guys are selling in basically the same way so their activities validate you and you're all comfortable.

0:34:00 Jim: Well guess what, if you do something that nobody's done, you are going to feel uncomfortable and call it impostor syndrome, call it lack of qualification but I think it's kind of a rite of passage so yeah. I had it.

0:34:13 Jacob: What if you're... So before we talk about how you got over it, what if you are not an entrepreneur and you have impostor syndrome in a company? So maybe you're an employee at an organization, you have ideas you wanna share, you have things that you wanna suggest and you don't feel like you're qualified to speak up, you don't feel like your ideas are good enough, you feel like people are gonna judge you and ridicule you 'cause that's also impostor syndrome but I suppose it's different in that, it's not from the entrepreneur side.

0:34:38 Jim: I hesitate to give advice here because I have never been an employee.

0:34:43 Jacob: In your entire life?

0:34:45 Jim: Well I was technically an employee at Square 'cause Jack was CEO, right?

[chuckle]

0:34:49 Jim: But... Oh, I worked for IBM, I worked for IBM for a little bit but even that didn't count because I was working in LA but I was living in St. Louis and I never went into the office and

I actually didn't even do the work myself I just hired other people to do it 'cause IBM was pretty lame and they would give me stupid assignments and I'd like, "Why would I do this when I can get somebody to do it for less so."

0:35:07 Jacob: Well, this is like a whole...

0:35:09 Jim: Like, massive confession.

0:35:10 Jacob: So you were employed at IBM, people were giving you assignments and you were outsourcing those assignments to other people?

0:35:17 Jim: Yeah 'cause they were giving me stupid assignments. They were just asking me for doing stupid stuff and I was like, "Well, I don't have to do that, that's so easy" and I just give it to somebody else and then turn it in. So I was sort of... Yeah. So I've never been an employee. So there's my massive disqualifier to say that I'm probably not the best guy to give advice for somebody who is within a company but to the extent that I could offer an opinion...

0:35:43 Jacob: Yes.

0:35:44 Jim: Maybe not advice, would be that if your suggestion has merit that is exceptional, in other words, if it is sort of an idea that nobody's thought of before, you're almost certainly not gonna have acceptance to begin with so if you think about sort of the game theory or the decision tree of a new idea, it sounds really crazy until people actually accept it and it works so if you disqualify yourself to begin with and never ask the question or never suggest your suggestion, then it's the same as never doing anything. You might as well never have the idea.

0:36:38 Jim: Conversely by saying it, you're gonna face risk and... I mean God, this sounds obvious but I'll just say it. The risks are not that bad. Like, within a company, you very rarely face mortal danger. [chuckle] Like the odds of you saying something getting fired and that firing leading to a cascade of events that allegedly creates your death or somebody you love perishing. Yeah that's... Those are small odds, you know?

0:37:10 Jacob: Yeah.

0:37:10 Jim: So then the question is, can you present that idea at a moment? And this is why I talk about this in the book. Timing, timing is really critical okay? Timing is... Just 'cause you have a good idea and you've been listening to some podcaster tell you woah, speak up for yourself. No dude, don't just speak up for yourself. Look for the moment when speaking up is the right thing to do because just 'cause you've got a great idea, your just little idea might not be the thing that we wanna hear right now so you better respect the idea of timing and so, well in the book I tell the story about Lino Tagliapietra, like the world's best glass blower.

0:37:54 Jacob: Yeah.

0:37:55 Jim: And actually, I'm in my office, I guess we're on video. This is awesome, we're live here. This is the piece that I made to get into Lino's class.

0:38:06 Jacob: Oh wow!

0:38:07 Jim: See this, this is a drinking glass. Do you know how insanely difficult it is to make a drinking glass with halos in it like that? There's no color in that, that's just something I made. Like this glass and then...

0:38:20 Jacob: And you made all these yourself?

0:38:23 Jim: Yeah and then this thing which is a total copy of... This is a copy of Vanini piece from the '50s. These are the two things that...

0:38:29 Jacob: Wow!

0:38:31 Jim: Got me into a class with the best glass blower in the world. Anyway huh so there, if you're on video, you just got to see that. But the reason I talk about Lino in the book is because the guy taught me the art of timing. Right? If you are... You can say the right thing in the right way at the wrong moment and it doesn't work. Maybe this is good advice, maybe this is a good advice for your people, if you're in an organization and you've got a great idea, get ready to say it and then ask yourself, when should I do it? And you may still be wrong but you should at least ask the question when, because you do the right thing at the wrong time, it's not gonna work.

0:39:20 Jacob: Okay, I think that's good advice. Somebody else was asking why do so many ideas fail? Is it because they are a bad ideas or are they just poorly executed? Why is it this... 'Cause everyone has ideas to do something and a lot of them, just like books, as you know, I'm sure your publisher told you 95% of books out there never even sell 1000 copies.

0:39:44 Jim: Yeah, but 95% of books suck.

0:39:46 Jacob: Yeah, I suppose...

0:39:48 Jim: Seriously, it's terrible. Have you read these things?

0:39:51 Jacob: I try not to...

0:39:53 Jim: I appreciate the fact that you read my book but do you know how badly this stuff, it's just spit out. My book, I re-wrote that thing eight times and I'm still not totally happy with it. I had to send it out the door but that thing was re-written and re-written and re-written and re-written and re-written because there's something obsessive about me and I have to... I can't send something out the door that I'm not really psyched about but it's like yeah, a lot of things fail because they're bad ideas. A lot of things fail because they're mis-timed, they're good ideas at the wrong time. A lot of things fail because you just didn't try hard enough or you don't have connections or don't have money or something like that and I'm gonna dissect your question here, a little bit. Which is the sort of whiny-ness that's in that.

0:40:56 Jim: There's a subtle little trick in your question which is, I wanna guarantee that my great idea isn't gonna fail. Please Jim, please Jacob, give me the secret formula at 41 minutes into the podcast to tell me what the secret is, that will prevent my idea from failing.

0:41:19 Jacob: And that's gonna be the title of this podcast goes when it goes live.

0:41:22 Jim: 41 seconds in, McKelvey gives the answer. No look because we're taught that that's

how things work. I go into the doctor, I got a lump. I want the doctor to say "Oh Jim, we know what the lump is, we know how to get rid of it, we're gonna hit it with this and it's gonna go away. There's... We yearn for certainty and by definition, if you're doing something, you don't get that and even if you're doing something that's been done before, there's still no guarantee that it's gonna work and yet people try to sneak that in like "Oh, will you please guarantee... " It happens all the time. Oh God! And it happens with so-called entrepreneurs all the time, they're like... I've got this great idea but I'm not willing to put any of my own skin in the game. You put all the money in and I'll try it.

0:42:19 Jim: I hear that pitched all the time. Or if you'll only teach me how to do it, then I'll do it. So there's no guarantees...

0:42:31 Jacob: Do you have any advice for... 'cause I'd say most people probably listening to this podcast are either leaders of organizations or they're employed at organizations and they're constantly trying to think of how to... How do we create that innovation mindset, that entrepreneurial mindset in our employees. How do we teach them to think like this? Do you have any advice for guidance or suggestions on how to do that?

0:42:54 Jim: Yeah, that's why I basically... The book is a bunch of funny stories strung together with bad jokes and irreverent footnotes and then more funny stories and then a little bit of math at the end to prove this stuff and the reason I did it that way is because I want people at all levels of society and at all levels of an organization to understand the process of invention, which is different than copying. If you're gonna innovate, it just feels different and we don't have words to describe it because unfortunately the words that we used to use for innovation have now come to be in something else but if you see the process, then hopefully you'll recognize the process.

0:43:49 Jim: The best compliment I got from this... On this book, actually it happened twice. I have two people who are both by any definition, successful. They're both worth at least hundreds of millions, if not billions of dollars. I think one guy is probably a billionaire but I didn't... I was too embarrassed to ask but I know the other guys worth at least 100 million 'cause he told me but both of those guys were by early reviewers and they both said to me, "I wish I'd had this book when I was younger because I wouldn't have quit so early." Like this last guy and I swear to God, the art on his wall in his living room is worth more than my house. I saw one painting, I was like... That's a Roth Co, that's worth more than my house.

0:44:41 Jim: And he's now gonna know that I'm talking about him but hopefully nobody else will. But anyway, you know who you are, sorry man. But he told me after reading this, he says "I wish somebody had told me when I was young, that there's this process, that the act of innovation looks different than the act of copying and so look, I'm not saying it's gonna make it easier but I'm gonna say at least it will seem a little bit familiar and maybe when you get uncomfortable because you're doing something new, you'll recognize that this is the discomfort that is always present when doing something new, as opposed to, this is the discomfort that I feel because I'm doing something wrong.

0:45:06 Jacob: What's the process?

0:45:21 Jim: You wanna see the worst interface in the world? Here, let's do an anti-ad for a Samsung phone. It is impossible to hang up. Look, I'm pressing, you can't stop this and you just have to turn it off and now I have to shut down sorry about this.

0:45:38 Jacob: No, no worries, you're all good.

0:45:40 Jim: Yeah, this is the problem with computers. Okay, there we go. Sorry, what was the question?

0:45:43 Jacob: I said so what's the process? For leaders who are listening to this thinking "Okay, what's the innovation process? How do I cultivate that on my team?" Where do you begin? Let's say you were running a team at Square or IBM, how would you get your team to be innovative?

0:46:03 Jim: Well, you look for the problems you got. They're bunch of them, those are easy to find, the problems will be obvious. Then the question is, how do you solve them? And in doing so, probably what you'll do is you look for other companies in your industry that have solved similar problems and copy that and that's the first thing you do, you always try to copy what works. But when that doesn't work, then the next question is, what can we invent to solve this problem? And the interesting thing about that second path is that your tools change every single day.

0:46:37 Jim: In Square's case, we were totally dependent on mobile devices. We were totally dependent on the ability to transact in real time and doing coding and have cameras and all this stuff, which just happened to exist. If we tried to build Square 10 years earlier, we wouldn't have had all those tools, it wouldn't have worked but the tools that we're being given these days are amazing and so just because a problem hasn't been solved doesn't mean it can't be solved today with today's tools. I think it's a really great time to be in any sort of creative profession because literally your tool set gets better, hourly. I mean, it's really that fast.

0:47:27 Jacob: Is the problem in a lot of organizations that our employees don't spend enough time looking at problems just because we're... I don't know, maybe we don't have time. We're so drowned out with presentations and tasks and emails that innovation is struggling because we just don't have the time to look at the bigger picture?

0:47:44 Jim: I think you kind of answered your own question there because I think you hit on the question of time which is of course, my thing. I talk about this, I guess, a little bit in the book but I have this personal don't do list that is this huge power in my life which is I don't do a bunch of stuff. I don't do social media and it's not 'cause I don't think I'd enjoy hanging out with my old friends and all this stuff, it's just that it would take tens, if not more, hours per week for me to meaningfully participate in social media and it would probably stress me out and that's money... That's time that comes away from my family or my friends or just daydreaming or something else that's gonna... There's gonna be a cost.

0:48:41 Jim: I'm very jealous about getting my time back and so, I think one of the things people tend to do is they tend to be a little bit generous with their time when they should be a little more stingy, even at work. If you actually look at the amount of hours you spend physically at the job and then think of the fraction that you're actually doing productive work, it's a tiny fraction and a lot of that is just we let distractions... We're in a super distract-able state. This sucker is always on. This thing interrupted our podcast for God's sake and I put it in mute. I muted this thing before the call.

0:49:26 Jacob: And your phone still got to you.

0:49:28 Jim: And it still went off because my stupid Gmail rang 'cause I'm talking to you my computer. The point is, interruption is baked into our lives and the more you can eliminate that, the

more space you can create maybe to have some ideas or maybe just chill out, feel a little better.

0:49:44 Jacob: Yeah, I talked to Jason Fried who's the founder of Base Camp, yesterday.

0:49:49 Jim: Oh yeah.

0:49:50 Jacob: We were talking about that as well. He says no to a lot of things just with meetings, with time. Like you, he's very, very focused on that stuff. We actually got another question on Twitter and this one, this one is how much time do you permit yourself to daydream? And I think this is important for of course, for entrepreneurs, for individuals but also inside a company and this is one of the things that I talked about in my book, is we don't have a very good culture of curiosity. It's like Go, go, go, to do lists, work eight to 10 hours a day. We have no time to just sit there and just think about stuff, which I don't know. Do you agree with that? Are we not...

0:50:28 Jim: Yeah, I'm maybe 20 hours a week.

0:50:33 Jacob: Wow! That's a lot.

0:50:35 Jim: Well, I do a lot of stuff that's repetitive so if I'm working in the glass studio and I'm just working on a physical piece of glass, I'm not talking to anybody, my mind can wander. If it's something I'm making repetitively 'cause I make a lot of the same stuff just again and again and a lot of times you're just sitting there waiting for the glass to cool down so you can do the next thing and the mind wanders and then I try to hang out with people who sort of make me think. I have a two-year-old, she doesn't really speak that much so we toss balls around and playing with a two-year-old, I think that counts at least partially, as day dreaming. Hopefully it counts is parenting as well but... I think if I add up the hours per week it's... Yes, it's sizeable.

0:51:20 Jacob: Yeah, okay. That makes sense. A couple other questions for you around an innovation stack, how do you begin to develop this? So again, leaders, people listening to this podcast, they work for organizations, they're trying to think through their innovation stack. Where do you begin thinking about this?

0:51:45 Jim: The innovation stacks that I profile, all were at the start of a business. They were sort of inception but they do arise within companies all the time. As a matter of fact, Square just created a thing called The Cash App which is just killer right now and that was an innovation stack that started mid-tenure of our company so they can arise at any time.

0:52:10 Jacob: Where did that come from?

0:52:12 Jim: The Cash App?

0:52:13 Jacob: Yeah. How do you... Obviously, somebody had to come up with the idea. I would imagine the culture at Square is one where a lot of your employees are encouraged to think about problems and ways to solve problems, which I don't think a lot of organizations out there have that culture. A lot of them are just very like day-to-day, do what's in front of you. We will think of big picture as the top executives but we want everybody else to do that.

0:52:37 Jim: Yeah, that's silly. You've got way more people at the bottom of the organization than at the top and genius is not evenly distributed. Right? So you won't have as much of genius as you

can get from all areas 'cause it's probably not up in the top ranks. A lot of times you get to the top ranks by being really good at implementing rules, not at being wildly creative so I think it would be shockingly irresponsible to not tap the creativity of everybody.

0:53:13 Jim: We do things to Square that are Hack Weeks that let everybody just play. We let products incubate for long periods of time. The Cash App was sort of a loser for the first two years. People didn't understand why we were building it, it was losing a bunch of money, it was causing all sorts of trouble and strife and Jack just defended it. He said "There's something here, it's cool." And he gave it the space to eventually find it's place and it's a messy process and again, people keep... They refused to take on these messy processes because we've been taught... We've been basically raised from children to expect guarantees, right?

0:54:00 Jacob: Mm-hmm.

0:54:02 Jim: Like you do this well, you'll get this grade. You get these grades, you'll get into the school. You get into the school, you get this career opportunity. You do this career work this way, you'll get these levels of promotions. There's this sort of tacit agreement that if we follow the rules, we're gonna be rewarded in a known way and you're conditioned and raised to believe that and look, that may be true in some cases but there are also cases where there's no guarantee and it's really interesting in that world as well. I wanted to share a little bit of that even if it wasn't cartoon full.

0:54:41 Jacob: How do you deal with failure? Whether you're an entrepreneur who fails on something that you've created or whether you're a leader in a company and you've designed a product or service that fails, what do you... Because it's very easy to beat yourself up and to quit and to stop. I don't know, do you have any stories of failure that you can share of maybe an unsuccessful company or product or service?

0:55:01 Jim: All of them. Failure to me is constant. It's always constant. Failure... First of all, I was trained as an engineer and I think engineers have a little advantage here because engineers are not brought in for products that work. If the product works, you don't need an engineer, call the marketing department, sell it. Right? Engineers, by definition, work on stuff that is broken or not working yet so if it's working, I don't pay any attention to it. If it is failing then it has my attention and so this concept of how do you deal with failure, it's like I would flip the question and say, well why do you deal with anything else? If it's working, what the hell are you doing putting your time and energy into it? If it's working, you can write a macro and go on to something else. If you know how to do something already, that's not engineering.

0:56:11 Jim: Now, I don't wanna make too much of this. If your job is to perform a task and do it really well and repeat that, that's a great thing to be able to do and so I make Christmas ornaments. I make Christmas ornaments. If I know you, I make you Christmas ornament. I'm not innovating there, I'm just cranking these things out. I make 200 or 300 of these things a year and that's also worthy work but if you're talking about innovation, if you're talking about creating something new, then failure is going to be your constant state so how do you deal with failure? Well, it's everything. It's always failure. It's failure, failure, failure, failure and if it starts working, then you go "Oh cool, now it's working." And then you go on to some other thing that's failing. Right?

0:57:07 Jacob: So it's okay to fail?

0:57:09 Jim: God, yeah. It's constant.

0:57:12 Jacob: I feel like a lot of people are very much scared to fail and maybe our corporate cultures are like that as well, where if you fail, you're reprimanded, maybe you're fired, maybe who knows what happens to you. But it sounds like without failure, you can't have a lot of this innovation, this entrepreneurial stuff, if you're not experiencing that.

0:57:32 Jim: Well, absolutely because what you're gonna do is you're gonna look for the guarantee, the guarantee is not gonna be there and you won't even start in the first place. And again, you've just hit on it. That's the whole reason I wrote the damn book. Okay? It's because I see people who I know are capable of doing great things disqualifying themselves. It's not even that they're failing, it's that they're not trying because they sit there and their whole life, they've been conditioned to get this guarantee before they do anything and then you come to the situation where by definition, there are no guarantees. It is impossible to have a guarantee that something that has never been tried before will work.

0:58:12 Jim: Then the answer is, "Well, don't ever try" but that's insane, right? But we've become so conditioned for this that I figured we needed a way to, first of all, discuss it in a way that allowed people to argue with me. So read the book, use my definitions and then get in my face. Right? And then by the way, love the fact you're doing this live, right? There's no safety net here. This could be a total melt down. This could suck.

0:58:37 Jacob: Who knows what's gonna happen.

0:58:39 Jim: People could just hate it but let's do it without a safety net. It makes it more real, it makes it more interesting. We don't get to edit out the fact that I got a stupid phone call in the middle of the podcast, oops.

0:58:53 Jacob: Or that I had a big white square on my face.

0:58:54 Jim: You had a big square following you on your face. I thought, I took that as a compliment.

0:59:00 Jacob: Somebody was commenting, they were like, "Actually, the big white square aligns very well to Square." I was like "Yeah, that was an accident." So I know we only have a couple of minutes left and I just wanna ask you a couple other questions that that you mentioned in the book. Not... I guess they're related to the innovation stuff, but the other things that I've seen you talk about. One is, should you follow your passion?

0:59:19 Jim: Yes, if you know what it is. That's what great about... Does anyone answer that question? No. I mean, seriously...

0:59:26 Jacob: Yeah, actually a lot of people because the challenge... The examples the people have, there are a lot of people who are passionate about acting or a lot of people who wanna be passionate about writing yet they can't make a living doing those things. I've very much heard the argument that you shouldn't follow your passion, you should instead bring whatever passion that you have, to whatever it is that you're doing. Because there are a lot of people who are passionate about... I might be really passionate about basketball but I'm not gonna be an NBA player. I'm passionate about chess. I'm never gonna be a top chess Grandmaster, I've accepted that. So I think

that's sort of the...

1:00:00 Jim: How do you know that? Seriously. Basketball used to be dominated by seven foot tall guys who could dunk, now it's dominated by short guys who've got three points that are just like in the 80% range. Like how do you know, seriously? I mean Steph Curry, you could block that man's shot.

1:00:21 Jacob: I think Steph Curry could take me.

1:00:21 Jim: Yes, he could because he's a practiced more but physically, he's not seven feet tall. Like how do you know that your height and size is not a huge advantage? Like you have a lower center of gravity, you can move better? Who knows? But again to you, you can't do it playing their game, the game that... But you can look at the rules of basketball and say, "Oh wait a second, I could do this," and you might end up changing the game but you'd still probably have your own brand of Nikes.

1:00:48 Jacob: Yeah, yeah. So you're an advocate of following your passion, if you have a passion out there, follow it regardless of anything else.

1:00:56 Jim: Well, not regardless of... If the acting isn't working after a few... You can also do multiple things.

1:01:03 Jacob: Yeah.

1:01:04 Jim: I mean...

1:01:07 Jacob: On the side hustle.

1:01:07 Jim: Yeah, why not?

1:01:10 Jacob: Somebody was actually just asking about that, they were, "What you think about side hustling?"

1:01:13 Jim: I think it's great as long as you accept credit cards.

1:01:15 Jacob: Yes. Maybe one or two more questions for you 'cause you talked about this as well. Does money buy happiness?

1:01:22 Jim: Oh God, you read that quote. Jesus, no. So it doesn't and so if you Google me, you will find this stupid quote, this headline that says Jim McKelvey says money buys happiness, which if you actually read the article or listen to the... I'm being completely misquoted, they completely got it wrong. I said, "It doesn't." And I was asked the question on stage. That's... I'm so glad, I'll set the record straight here.

1:01:48 Jacob: Well, it's good because after this podcast goes live, I'm gonna say... I'm gonna call it the number one secret to succeed by...

1:01:55 Jim: 41 seconds.

1:01:56 Jacob: Exactly.

1:02:00 Jim: So here's the deal. They asked me if money buys happiness and I said, "No, what it does it is a significant stress reducer." and if you're stressed out and that's the reason you're not happy, then having a bunch of money and buying your way... There are certain problems you can buy your way out of and if you get money and those problems go away. 'Cause I know what it's like to worry about a bill payment or have a bunch of debt or not be able to do stuff you wanted. I know what all those things are like and I used to have that and I used to be afraid of the ringing phone because stuff wasn't going to well and I was... I owed millions of dollars to my banks and all this stuff because I was propping up my companies. Get a bunch of money, pay off those debts. That is a wonderful thing. Okay, that's great.

1:02:47 Jim: Beyond that and I'm just saying for me, not so much and the reason I know that, I live in... Before Square, wasn't that rich. Now? Well, you can look it up. But I live in the same city, I hang out with the same people, I do basically the same stuff. I live in the same neighborhood. I mean, I stay at marginally better hotels when I travel, but not that much better. I still have to unwrap the like tiny soaps.

1:03:27 Jacob: You mean they don't do that for you now?

1:03:29 Jim: No, like who... Creepy thing to unwrap. No, you still have to unwrap the soaps, you pay for a nice hotel, the you gotta unwrap a bigger soap... Like what the... At least for me, at least for me, there was not much difference. I would say this, it's really arrogant to sit with a lot of money and say "Money doesn't matter." So I'm not gonna say that but I will just say this, that if you think money matters, you better have a lot of really crazy stuff to spend it on and you better make that list before you get rich because once you're rich and you get passed by a quarter million dollar car, and you think "Oh, I could, that's a cool car." And then you actually think about what a pain in the ass it is to have a car that people treat you weird and you can't park it anywhere, you can't drive it in the rain and if somebody's scratches it, you freak out. Like, who wants it, man?

1:04:30 Jacob: Yeah and maybe very last question for you just 'cause I know a lot of people are gonna be interested in this, how do you approach a problem? So again, for entrepreneurs are leaders, they have a problem. How do you approach that problem in a way to start to create a solution for it? Do you have a process that you go through? Step one, step two, step three.

1:04:40 Jim: It's not a step one, step two, step three and it depends on the problem and it depends on my personal level of energy but let's assume everything is good. I'm feeling good, I've had time to day dream and it's a problem that I care about. So let's also... Because if I don't care about it, like... Then I'm not gonna be too passionate but let's assume all the sort of the pre-conditions are met. The first thing I will do is imagine an ideal solution, not constrained by what that solution... Whether or not it's possible.

1:05:31 Jim: What's an ideal solution look like and then kind of working backwards of that was like well why don't we have something like that? And so I'll look for the thing that I imagine and surprisingly, a lot of the times, it exists. You sit there and say, "Oh well, I wish there was a headset with a super, super good microphone." Well, that's what this thing is. I found it. It took me a trip to New York and I had to look through 50 headsets 'cause most of them have crappy little mics for gaming and this has a great mic for recording. Okay it exists. Yeah.

1:06:07 Jim: Now, if it didn't exist then I gotta build the set up that you've got or I've gotta do something else to solve the problem or I have to decide that the problem isn't that important or I sit there and say "Oh wait a second. There is no headset on the market with an awesome mic. Why not?" And is it because we can't make the electronics small enough or is there some sort of physical limitation and if there's a physical limitation, does that mean that it's like baked into atoms or it's like well maybe we've got a different type of... Maybe we could use an electric mic as opposed to moving magnet and there are different types of technologies that might be possible.

1:06:45 Jim: I then try to work back assuming everything is possible. Just assume the technology's there and then when it's not, you invent the pieces that are missing.

1:06:56 Jacob: Okay. That's a pretty simple and straightforward approach.

1:07:01 Jim: Yeah, I don't know it's even valuable to say but that's kind of how I do it.

1:07:04 Jacob: Okay cool. Well I know we're over time. So maybe you can let people know where can they get a copy of your book? Anything that you wanna mention for people to check out, please feel free to do so.

1:07:17 Jim: Yeah so it's jimmckelvey.com and the reason you go there is because my original book was a graphic novel. It was originally cartoons and stories and little text and lots of pictures and my editor and publisher made me cut out all the pictures because they don't do well on e-readers or audio tapes so because we use audio books and because we use e-readers as the majority of consumption these days, my Penguin overlords told me that I could not have the graphic novel so if you go to jimmckelvey.com...

1:07:51 Jacob: It sounds like a problem that needs to be solved Jim.

1:07:54 Jim: It is and I will probably get on that never. But look, I want you to have fun. I want you to have fun. Fun is so important in keeping going on whatever problem you're solving. I thought it was more fun as a graphic novel so I busted out the graphic novel and I would give it to you for free, you just have to go some place where I can get your email address or your mailing address so you can get a copy of the book and a copy of the comic because hey, it's more fun with the comic.

1:08:26 Jim: Yeah, there you go.

1:08:27 Jacob: And the website is just jimmckelvey.com?

1:08:29 Jim: Just jimmckelvey.com and if you can't figure that out, then yeah, you're probably not gonna read the thing anyway so.

1:08:37 Jacob: Jim is pretty easy to find guys and his last name is M-C-K-E-L-V-E-Y. So Jim, thank you so much for joining me today and sharing your advice. I really appreciate it.

1:08:49 Jim: Jacob this has been super fun and man, thanks for doing it live. That's cool.

1:08:54 Jacob: Oh, my pleasure. It was a lot of fun and thanks everyone for tuning in. Again, just to remind you my guest has been Jim McKelvey, co-founder of Square and author of the brand new

book, which I'm holding right here for those of you who are watching live, called The Innovation Stack and you can go to his site, jimmckelvey.com, grab a copy of the book and check out the comic as well and I will see all of you very, very soon. See you later.