

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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**0:00:42 Jacob:** Hello, Welcome back.

**0:00:45 Safi:** Hi. Jacob, nice to be on your show. Nice to see you.

**0:00:49 Jacob:** Thank you very much, and thank you everyone who's joining us live for another episode of The Future of Work. I'm your host, Jacob Morgan. And today I'm joined by a very special guest, Safi Bahcall. I mean, your bio would be so long if I went through everything, so I'm just gonna do very, very high-level stuff, and I'm sure we can add some of the other things later. You wrote a brand new book called Loonshots: How to Nurture the Crazy Ideas That Win Wars, Cure Diseases, and Transform Industries, and it was ranked as a top book by Bloomberg's annual survey of CEOs and entrepreneurs, which is awesome. Also, has a PhD in Physics from Stanford here in the Bay Area, and he's worked with President Obama's Council of Science Advisors. So, you've done pretty much everything. You're kind of like a business James Bond. You've also had your own company that you were the CEO of for a while. So you've got quite an interesting background.

**0:01:51 Safi:** Thanks. I actually have got to tell my wife and kids that, business James Bond. That's a new one.

**0:01:56 Jacob:** Yeah. There you go.

**0:01:56 Safi:** Maybe I'll win some points in the living room now.

**0:02:00 Jacob:** Yes. And you can tell them that I coined it.

**0:02:02 Safi:** Okay.

**0:02:03 Jacob:** So today, we're gonna be talking about a lot of different things. But I think to get started, it would be really cool if you can give us a little bit of background about you and your story because you've done a lot of really interesting things, very eclectic background. How did you get involved with all this stuff?

**0:02:19 Safi:** Well, I began many years... I started in academic science. Both my parents are scientists and I figured, well, that's what everybody does. They just sit at home and they write grant proposals and they do... They study the stars. My parents were both astrophysicists. So I did that for many years. I don't think I set foot off a University until I was around 28, 29. Then I did a brief detour in the consulting world. I worked for a company called McKinsey in New York, management consulting. And then I knew I wanted to do something bigger and something that could change the world in some more meaningful way and what really got me excited was biotechnology, biomedicine, developing new drugs. And so I started a biotechnology company

focused on developing new drugs for treating cancer. I ran that for about 13 years. We took it public in 2007, just before the last recession. And I ran that as the CEO for about 13 years.

**0:03:30 Safi:** And then started the research... I worked with President Obama's Council of Advisors, which gave me the core of the idea for this book, Loonshots. And I think what sparked the idea was a few years after I started my biotech company, my father got diagnosed with a rare type of leukemia and I figured, "Well, now I'm in the field, I can do something about this." But unfortunately, nothing I could do made any difference. I had access to all the latest science, and tools, and technologies 'cause I was in the field, but nothing I could do made any difference and he died not much later. And then over the next few years, as our company grew, I just kept noticing everywhere I looked inside tiny companies or the biggest companies and buried in the basement of those organizations were promising ideas that could have helped my father.

**0:04:32 Safi:** Not because any of the people involved are bad people. Because of some weird mystery that happens when people come together into a group. It sort of boils down to this one question of, why do good teams kill great ideas? And so I became very interested in this question and what you can do about it, and thinking about it in a very, very different way. Like a physicist would think about it and what's underlying science... Not so much the soft, squishy psychology of it, but is there a new kind of science, and a mathematics, an equation? And it turns out there was. And that grew into these ideas which now in the last year, I've ended up, I don't know how many dozens of very well-known companies I've met with their CEOs and leadership teams and it's been really a completely different world. So it's been a crazy, crazy journey.

**0:05:23 Jacob:** Yeah. It's a very interesting way to approach culture and innovation 'cause like you said, a lot of people do it from more of the organizational psychology perspective, more of the software stuff. But you don't really hear much about kind of the science aspect of it, especially not with your background. I think you got your PhD, as we talked about, in physics. Now, you mentioned that you thought that some of this idea got started, of course, with your dad, which I'm very sorry to hear about that, but you also mentioned as you worked with Obama's Council of Science Advisors. How did that push you into this idea of Loonshots and the book?

**0:06:00 Safi:** It's actually very relevant for what we're going through right now with this national crisis, and I've written about that as well. Actually, global crisis, I mean, with the pandemic. When we started the assignment for President Obama's Council of Science Advisors was, "What should the next 50 years of the United States National Research infrastructure look like? Science and technology and how should the federal government support it?" At the first meeting, there was five of us who were selected to work on this project. At the first meeting, the chairman stood up and said, "Well, your job is to write the next generation of the Vannevar Bush report." And at the time, I was running a biotech company, and I was dealing with all the usual stuff you deal with when you're running a business, especially if it's publicly traded. And I remember thinking, "The what?" I'd never heard of Vannevar Bush or his report.

**0:07:02 Safi:** I remember, probably what anybody else would have thought in that position, I said, "Wow, I'm definitely the wrong guy for this job. How do I get out of it? [chuckle] I don't know what these guys are talking about." And then I went back and started looking through the history and realized Vannevar Bush was this guy in the 1930s who realized when America was facing a crisis, actually, the world was facing a crisis, he quit his job, moved to Washington. He had been the Dean of Engineering in MIT, moved to Washington and he talked his way into this 10-minute meeting with President Franklin Roosevelt. And he told FDR, "There's a war coming and we're gonna lose."

And he handed him a single sheet of paper and he said, "I would like you to authorize a new group inside the federal government that will report only to me and I will report only to you, and I will mobilize the nation's scientists for war." And FDR kinda looked him up and down and said, "Okay." It was a 10-minute meeting and it probably changed the course of the war and the course of the United States economy and industry over the next 70 years more than any other 10-minute meeting.

**0:08:13 Safi:** And I got incredibly curious what it was that Vannevar Bush did to nurture these important ideas and technologies that ended up turning the course of that war, and to do it. And how he did it so fast, because that's what so many companies struggle with, especially as they scale. How do you unleash that energy? How do you balance that core and the new? And so I realized I was getting asked this question all the time, and now when I go and I talk with teams and companies, it's exactly this question about when you kill good ideas, how can you do that in a situation? If you are a part of a group or an organization or a team or a company that's been successful, that's grown and has a program or a product or a franchise, it's doing really well, how do you keep doing well on that without dropping the... How do you keep doing well on that while also creating the new? So I give you an example. A few months ago, I was on a nuclear submarine with an admiral, who's responsible for transforming the Navy for the 21st century. And when we talk about balancing the core and the new, usually it's you're in the context of companies and a P&L and I have a program and I'm trying to create these new ideas. But imagine you're on a nuclear submarine and you're hundreds of miles from shore deep underwater, you don't wanna start hearing clanking noises coming from your nuclear engine.

[chuckle]

**0:09:45 Safi:** That's your core. At the same time, you don't wanna be surprised by a new kind of torpedo.

**0:09:51 Jacob:** Yeah.

**0:09:51 Safi:** That's the new. So for companies, this is a matter of P&L, but for the military, it's a matter of life and death.

**0:10:00 Jacob:** Yeah.

**0:10:00 Safi:** And so, what I discovered was Vannevar Bush had come up with a really interesting new way, new ideas about how to do this because he understood that in the middle of a war, you have to do both. You need the tight structure and discipline of the military to make tens of thousands of planes and guns and ships, but you also need incredibly wild innovation on the other hand. And so that started me down this path of how and why it is that you need separate structures and what those structures need to look like, and what does that mean, and how does that tie into all of the other stuff that's been written about this kind of problem. So that launched me down this path.

**0:10:45 Jacob:** So what did he do?

**0:10:47 Safi:** What did Bush do?

**0:10:49 Jacob:** Yeah.

**0:10:50 Safi:** Bush understood that you couldn't try to change culture. I'll give you a weird way to

think about it. Imagine I had a glass of water here and for whoever can see us, can see me with an actual glass of water, and I'm gonna stick my finger in. And you know that when I swirl my finger around, the molecules in that water just slosh around my finger.

**0:11:12 Jacob:** Yep.

**0:11:13 Safi:** Except when I lower the temperature. Right at 32 Fahrenheit, all of a sudden the behavior of those molecules completely changes. I can't stick my finger in it anymore. Why? The water suddenly freezes. They go from sloshing around to totally lined up rigidly so I can't stick my finger in it anymore.

**0:11:34 Jacob:** Yeah.

**0:11:34 Safi:** But there's no CEO molecule that's telling them. There's no CEO molecule with a bullhorn that said, "Oh, it's 33 Fahrenheit, everybody slosh," or, "Oh! Wait, wait, it's 31 Fahrenheit, everybody line up and be rigid." They just do it. Why? So understanding why and how that happens is what Bush did intuitively. And I end up kinda showing a little bit more mathematically and with a model, and then what that really means. But that's at the core of the difference between what you can think of is culture and structure.

**0:12:12 Safi:** You can think of culture as that pattern of behavior that you see on the surface. You have a wildly political culture or a very innovative culture. You have molecules that are totally rigid or they're sloshing around. You can think of structure as what's underneath that drives those patterns of behavior. So in a glass of water, a small change in temperature can transform you between those two behaviors. So the reason it matters so much is that no amount of yelling at your employees to, "Hey, everybody, let's innovate more," or, "Let's watch two-hour movies about brotherhood or sing Kumbaya." All of that stuff won't make much difference, just like yelling at a block of ice, "Hey, molecules, could you all loosen up a little bit?" It's not gonna melt that block of ice. But a small change in temperature can get the job done. A small change in temperature can melt steel. And so that's what the core idea is. It's what are those equivalents of the small change in temperature or sprinkling salt in a glass of water, that can have a big impact on the patterns of behavior that you see on the difference between a political culture versus an innovative culture?

**0:13:29 Jacob:** So if we were to think about this in terms of a business context... I'm trying to think of what... So there's I suppose... You mentioned one example of you have leaders who just tell their employees, "We want you to be more innovative." They make them watch videos, they do these trainings about innovation and have them come up with ideas. That's sort of like the... Kind of the old way. And so this new way that you're talking about where you don't have that CEO molecule that's telling everybody to transform, you just kind of lower the temperature, is that more of external factors, the condition, the environment instead of the individual?

**0:14:06 Safi:** It's creating the right context. So it's essentially what do you reward? So, for example, suppose you celebrate rank. Celebrate and reward rank, which is very common in most companies. Everybody's fighting for a bigger title. Well, what you're gonna get is a very political culture because the person who is nurturing some idea is gonna be shooting down their neighbor on their left and their neighbor on their right to try to get ahead and get promoted. So you're gonna get a very political culture. Suppose, on the other hand, you don't reward rank at all, but you just reward intelligent risk-taking and results. In other words, you reward new ideas and the results from those ideas, and it doesn't matter what rank you are. That's very tricky to do, but the companies that get

that right or figure out that separation, can unlock all these ideas and naturally create environments where people are pulled to innovate rather than pushed or yelled at from the top to innovate.

**0:15:11 Jacob:** It reminds me a little bit of, what was his name? Richard Hackman, who... He studied leadership in... I don't know if you're familiar with him, he passed away several years ago. And he wrote this book where he talked about that it's not just about the leader who is supposed to drive change, but it's creating supporting conditions for teams. So, as a leader, you can't just be a great leader if you don't create the supporting conditions, like the environment for that to happen. So it sounds very much aligned with what you're talking about. You can't just kind of force it, it's through the environment in which all of this happened, which matters just as much.

**0:15:54 Safi:** Right. It's exactly like those molecules in the glass of water. You can beg them to loosen up a little bit, but if the temperature is below 32 Fahrenheit, they're just gonna be totally rigid. It's the same thing if you imagine you're going into a committee meeting and they're discussing some new project and you just think about the incentives. Whenever you have a company, whenever you organize people into a group where there's a mission and a reward tied to that mission, you've created two competing forces. Attention. You can think of the first one, for every employee, it's what's my stake in the outcome of that project? And the second one is, what are the rewards of rank? What are the perks of rank? So if you're at a 10-person company like a little biotech or something, the stake in outcome is huge. Like your drug works, boom, everyone's a hero and a millionaire. But what are the perks of rank? Well, they're very small if you're a team member or a team captain. So you're incredibly motivated to make that project work.

**0:16:55 Safi:** On the other hand, if you're in a giant company with 100,000 people, it's exactly the opposite. The perks of rank are very high and your stake in outcome is very low 'cause your little project will move the needle of the company by a very small amount. What happens is you have this dynamic between those who are working on the new ideas and those who are focused on kind of the franchise and the core. You can think of them as, let's say, the artists who are working on the wildly creative new stuff and new ideas and the soldiers who are focused on on-time, on-budget, on-spec. They have different objectives, different interests, different desires, and different languages. And if the CEO's in the room saying, "All right, all you guys, just everybody work together and hold hands." When the CEO leaves the room, they're gonna do what's in their own incentives. If the artist is being rewarded with their new ideas, and the sales guy's being rewarded by a number of sales calls, the number of closed deals, they're gonna do that and they're gonna ignore each other no matter how much the CEO is begging them to co-operate. So you have to understand, once you understand those dynamics you can begin to create the right conditions.

**0:18:07 Jacob:** So I'm gonna ask you about that in just a second. But somebody who is watching live actually asked, "Can you give an example of intelligent risk-taking? What does intelligent risk-taking actually mean?"

**0:18:18 Safi:** Okay. Well, let me start with an example of non-intelligent risk-taking. Thinking, well, maybe I can fly if I flap my arms fast enough and jumping off a tall building. So that is taking a risk, but it's not an intelligent risk. Intelligent risk-taking is you think you have a flying machine and you start off a little bit smaller with a lot of safety net. So intelligent risk-taking means you have quantified your risk and you've taken steps to manage those risks.

**0:18:52 Jacob:** Okay, so basically kind of approaching it the way that a scientist would approach it?

**0:18:57 Safi:** Yeah, and I think what you wanna do is you want to encourage ideas in your people and you encourage... But you wanna encourage hypotheses and experiments. People who do... I keep telling people, these idea plan competitions are a terrible idea. You should just stop those. All these businesses that I talk to, they said, "Well, we do this idea plan competition, so that's great. We're really innovative, right?" No, what you've done is you've just created an opportunity, let's say, it's a larger company, 1000 people submit 1000 ideas.

**0:19:29 Safi:** Whatever staff of two or three is sitting there is supposed to read them is overwhelmed and can... Eventually... Barely reads them and eventually picks two or three. You've just created 997 really irritated people, who got their ideas and proposals rejected. Instead what you wanna do is create a hypothesis competition, a prototyping competition. You submit to me your one day, \$100 way to test your idea. Don't submit an idea unless you have a specific experiment you can run. Now, by doing that, it's a small amount of stakes, you force people to think creatively and because it's a small amount of stakes, you can fund all of those experiments and you've just created like a culture of experimenting.

**0:20:17 Jacob:** I like that. It reminds me of... I think Adobe used to have a program. I don't know if they still do. Are you familiar with the Adobe Kickstart program?

**0:20:26 Safi:** You know, I remember looking at it quite a while ago, I forgot what...

**0:20:28 Jacob:** They, yeah... Oh man, how many years ago was this? I don't if they're still doing it. Seven, eight, ten years ago. Well, it was actually \$100 and you can sign up for this and then every employee they give you kind of a little box that has some guidelines on how to think about innovation and you get a prepaid \$100 gift card. And for the \$100 gift card you can build any kind of prototype that you want of your product, your service, whatever it is, and you can kind of share that with various executive members of the team. And then if you get one of the members of the executive team kind of approve it then you get full funding for it. But it's not just an idea you actually need to create it and build something that you can show and present as supposed to just kind of like, "Here's my idea."

**0:21:09 Jacob:** So when you said \$100 you made me think of that. So I know that you work with a lot of organizations. So I'm really curious what are some of the most common things that organizations come to you for? What are the big questions that they keep asking you? And then maybe you can share a little bit about how you approach solving some of those problems. You don't have to give me company names, 'cause I'm assuming some of it's probably confidential. But what do people ask from you and how do you start to think about it and approach it if you were advising somebody on the podcast, for example?

**0:21:44 Safi:** So it ranges... A lot of the questions are founders or CEOs, some of them pretty well known, call me up and they say, "Help me bridge the divide." So these are companies who... There's a founder or CEO, who when there was a five person company, they get it. You have product people on the one hand come up with this great technology and they're super excited about it, and then you have sales people on the other hand, who really don't understand product so much, but they love selling. And when you're a five person, you're the CEO, you can bridge that divide between those two groups. But as you get larger and larger as you scale more and more, those two groups get bigger and bigger and they're really very different.

**0:22:32 Safi:** You can think of them, let's say, as the artists or soldiers I imagine, but the reason you wanna think of them as different is that these two groups generally don't understand each other and they often don't like each other. The groups that are making the money rarely like the groups that are spending the money and vice versa. And at the end it kind of boils down to language. For example, the English word risk, it's one word, four letters, you think it would mean the same thing to everybody but it doesn't. If you are a soldier, if you're on selling or manufacturing or development, it's a really bad thing. If you're a soldier going into battle, you wanna de-risk the battle, you want things as high quality and as reproducible as possible.

**0:23:16 Safi:** If you are an artist on the other hand you wanna exactly the opposite. You wanna try ten things, nine of which don't work. Imagine going to an artist... Because that tenth thing will change how people see the world. Imagine going to an artist and saying, "Well, you've really de-risked your art." That's a terrible insult, right?

**0:23:36 Jacob:** Yeah.

**0:23:36 Safi:** But to a soldier that's a great thing. If you go on a battlefield, you've de-risked, that's a great thing. Imagine if you're a soldier and your job is to manufacture planes and you go to your general and say, "Here's my strategy, let's put ten planes in the sky and see which nine fall down."

[laughter]

**0:23:50 Safi:** You're fired. So the challenge for companies, the reason we need to figure out how to bridge the divide is because you have to bridge... The artists and soldiers inside your group or your organization, both of them are essential. You need the core, you need the know, you need to manage your nuclear engine, but you need to avoid the crazy new torpedo. But those two groups don't understand each other, they don't like each other, they don't speak the same language. So how do you bridge that divide? I actually... One fun thing I like to talk to people about is, I think of it as the beautiful baby problem. So an artist... I actually show pictures of my kids. It's really an excuse for me to show pictures of my beautiful kids. But do you think... Whether you're an engineer in the lab or a biologist or a chemist or a software developer or even a coffee machine designer, you think of your creation as this beautiful baby.

**0:24:47 Jacob:** Yeah.

**0:24:48 Safi:** The soldier sees a shriveled up raisin and covered in vomit and poop. And they're both right... Beautiful baby, vomit and poop. They're both right. And you need both. Those people who think, well, you know, everybody try to innovate or everybody try to be more on time, on budget, they're asking these two groups to be the same, but they're not. They have opposite jobs. One is trying to maximize risk, the other's trying to minimize it. If you ask them to do the... Both do the same job you'll get nothing, you'll just get slush.

**0:25:22 Jacob:** Yeah.

**0:25:22 Safi:** So that's one of the questions I get. It's like, "Oh, we get this... I don't know how many CEOs have come to me and said we're just talking about the very sort of tip of the iceberg here and there's sort of a lot more to the stories and the allies in World War II that's a little harder to do on the phone, but so many people come and they're like, "Yes, that describes our life. We have these two groups... " I'm also simplifying here, but you have these two groups, they have two

opposite objectives, and how do you bridge that divide? At five people it wasn't an issue. But at 50, at 500, at 5,000, at 50,000, it's absolutely an issue. And so how do you bridge that divide and how do you get into bridging that divide? That's some of the things that's sort of talked about in the book. But those are the sort of questions I get a lot.

**0:26:15 Jacob:** So would you say... Would you say that's just an alignment problem? Just kind of getting everybody on the same page or is it more deeper than that?

**0:26:24 Safi:** It's deeper than that. It's... No amount of talking is gonna change the fact that... I'll give you an example. Let's say a sales guy... You have Joe from product comes over to Fred in sales, and he's like, "Oh look at my awesome new product and it's got this thing and it's got this great new features and blah, blah, blah." Well, what's Fred's motivation? Well, Fred's a sales guy. So he needs to make 15 sales calls an hour to get eight leads to get three closed commissions to pay the rent. So his job is to get Joe away from his phone and away from his desk so he can get back to making calls as fast as possible. So you have an incentive problem. So he just dismisses Joe and then Joe gets demotivated and the product dies and it just disappears unless the CEO steps in. And that's what happens at small companies is the CEO can step in and knock heads and get Joe and Fred to work together, but not when you're 5,000 people. CEO can't step in every day.

**0:27:25 Jacob:** Yeah.

**0:27:26 Safi:** So that's when it... That's how, when you have to figure out how do you solve this problem for scale for larger companies. And that's tricky and fun and interesting, and that's kind of the surprising new insights that you get when you look at how, what companies have done this well and what did they do and what is the sort of underlying science tell you about how that works?

**0:27:46 Jacob:** So let's talk a little bit about that because I know that one of the things that a lot of people have talked about is shifting for example away from incentivizing individuals to incentivizing teams. The whole team gets rewarded as opposed to just the individual who might bring in the most amount of money, for example in sales. Is that a potential solution?

**0:28:06 Safi:** It is, but you have to be very thoughtful and careful about how you do it. So that's one of the reasons I talk about the need for a Chief Incentives Officer. Everybody has a Chief Technology Officer, a Chief Revenue Officer. But let me ask you this, the Chief Technology Officer's, let's say, making sure everybody's got the latest gadgets. If you're running a company, which would you rather have? A workforce that's got the best gadgets of anybody in your industry or the most motivated workforce in your industry? Personally, I'd rather have the most motivated workforce.

**0:28:39 Jacob:** Motivated workforce.

**0:28:41 Safi:** Yet, what companies have as they spend hundreds of thousands of dollars on Chief Technology Officers. And then, you know HR is sort of a back office afterthought. But imagine if you thought of it strategically. You have a budget. How do you think just as strategically about using that budget to incentivize your people? Like you do with a Chief Revenue Officer to use your marketing budget or a Chief Technology Officer to get the best product. What if you could make that a weapon? And so, the point of that is that most teams and companies and organizations just neglect it, and it's a strategic advantage. If you actually pay attention to it, most companies your competitors are not, and then you can... If you start to think very cleverly about incentives. And it's



a very tricky problem. Like you mentioned teams versus individuals. Your first answer, just like if you're working on a product, your first draft of a product might not be perfect, but you're gonna have to iterate it. And if you're gonna have to iterate it, you're gonna need a good sizeable group collecting data and iterating it and thinking about it very carefully. And some of the really good companies, Google does this, Microsoft does this, have put as much energy into their people systems and incentive systems as they do into their products. And that's one of the reasons they can balance both the core and the new.

**0:30:12 Jacob:** So you mentioned that, and your book talks about this, you kind of approach it with science. So maybe we can start talking a little bit about some of the science, 'cause I know one of the things that you talk about quite a bit in the book are these transformative states. And so... Or these... I think you call them transformative or phases of transformation, what was the...

**0:30:33 Safi:** Phase transition, that's what happens in a glass of water.

**0:30:35 Jacob:** Phase transition. There you go. Yes, yes. So how can we start to approach this? So we talked about, for example, some of the questions that people come to you with and they wanna close that gap. So then what? How do you approach it with that science, with the equation perspective?

**0:30:51 Safi:** So the underlying science is what we talked about a little bit with that glass of water, is understanding why do groups suddenly change in the real world. In the business world, the question that I get from almost every CEO of a company that's scaled is, "Hey, we were so innovative when we were small, and now we're larger. It's the same people. Why are they suddenly changed?" Well, that's kind of the underlying science, how you map that back to the glass of water, it's the same molecules. Why did they suddenly change? So the way you get at that and start to understand those dynamics which then helps you manage them is understanding these two forces. In a glass of water, you have two forces. Any time you have a sudden change of a system, there's always two forces like a tug of war, like in a glass of water, one of those forces is called entropy, that's molecules running around. Just a fancy word. Molecules run around and be free. And the other force is just binding energy, wants to lock every molecule rigidly in place. The balance of those forces is what shifts as you change the temperature and that's exactly what happens at 32 Fahrenheit. There's this tug of war between those two forces. It switches sides and the system suddenly snaps and that's what happens inside teams and companies. So, it sounds a little bit like a crazy idea, and sort of a mad scientist idea. And... Well, I mean the book is Loonshots and I am sort of a mad scientist, but...

**0:32:29 Safi:** There's an underlying reality to it, which is the following... You can think of it in the following way: It is true that every team is different, every person is different, every company is different, so how could you apply this generally? Well, that's true, but so is every liquid. Water is different than coffee, is different than orange juice, is different than methane, yet they all freeze. So that's part of the beauty of science is that there are certain things that happen that you have these macro properties, these large features of systems that don't depend on the details of the parts, and that's what you see inside teams and companies. All companies will have this issue as they scale. It doesn't matter whether they're tech companies or media companies or insurance companies. And that is the clue that there's an underlying science that we haven't understood, and that's kind of what we get to is these two forces of stake versus... Stake in outcome versus perks of rank. And once you understand those forces, you can begin to manage them. I'll give you a funny example. And when they...

**0:33:35 Jacob:** Oh yeah, I was gonna ask you what the forces are, but maybe do the example and then we'll talk about what those forces are.

**0:33:40 Safi:** The point is that once you understand those forces, you can begin to manage them. For example, when it snows overnight, you sprinkle salt on your sidewalk. Why? Because it shifts the balance of the forces. It makes the molecules less sticky, more likely to slosh around, so it lowers the freezing point. So when you wake up in the morning and you step on the sidewalk, you wet your shoe in a puddle instead of slipping on ice and ending up in the hospital. So sprinkling salt is one of those small changes in structure that can have a dramatic impact on the pattern of behavior. And so that's what happens inside teams and companies is that you have these two forces. When you put people together in a small team, everybody's stake in outcome. Let's say, a 10-person team developing a small movie or a small app or a cancer drug, if it works, everybody is a millionaire and super successful and if it fails, everybody's unemployed. [chuckle] That's the first force, stake in outcome.

**0:34:43 Safi:** The second force is, "Well, what's my title inside the company?" When you're a 10-person company, who cares. You're team captain, you're chief bozo, it doesn't matter. If the product works, everyone wins. If it fails, everyone loses. So the two forces that you balance are the stake in outcome and the rewards of rank, and that's what changes as you get larger. And that's where the system suddenly snapping happens. As you grow and you grow and grow, you reach a size, call it 200 people, where all of a sudden, the people start caring more about promotion than product. When you reach in the kitchen, around the water cooler, people start talking about their careers and their titles and when are they gonna get promoted. They never did that at a 10-person company, but they always do that at a 10,000-person company. So somewhere in between the two, the conversation at the water cooler shifts to being about promotion and career rather than program and project, and that's the transition.

**0:35:45 Jacob:** Okay, so the two forces again are?

**0:35:47 Safi:** Stake in outcome...

**0:35:49 Jacob:** Okay.

**0:35:50 Safi:** And perks of rank.

**0:35:52 Jacob:** Stake in outcome and perks of rank. Okay, so the first one, stake in outcome is basically... Is that similar to incentive kind of like what you get if the goal is accomplished?

**0:36:04 Safi:** Yeah, if the product works. So let's say you have a 10-person company developing an app, if that app becomes the number one app on Google Play or iTunes, everyone's gonna be a hero and maybe a millionaire. And if it completely fails and you have no money, then everyone's unemployed. So your stake in outcome as a 10-person company is huge, and nobody cares what your title is.

**0:36:29 Jacob:** Yeah. Whereas opposed to if you work for 100,000-person company, whatever happens to the company, you get pretty much nothing either way.

**0:36:38 Safi:** Yeah, you make a project, a program and let's say it's a \$10-million-a-year project,

which would be great if you're a 10-person company. But if you're 100,000-person company, it's nothing. So your stake in outcome is pretty small, but what you really care about is your title, if that's the way the company is structured.

**0:36:57 Jacob:** Yeah, okay. And the second one is basically the hierarchy, climbing the corporate ladder, so to speak.

**0:37:03 Safi:** Correct. Those are the two forces.

**0:37:05 Jacob:** Okay, so how do you deal with those forces? 'Cause there have been some, and I'm sure you've seen, there's been some organizations trying to, for example, like abolish hierarchy. They've tried things like holacracy. They've tried being completely flat organizations. They've tried to just have fewer layers between leaders. We've seen these examples float around like that. I think I've seen so much of the stake in outcome for larger companies. The closest thing that we've ever seen is like if the company does well, you get a bonus, so to speak. So some people might be...

**0:37:41 Safi:** Yeah, that's an example of a disaster, of doing it exactly wrong, of wasting incentive. So, for example, suppose you're working at a 100,000-person company, and let's say, you're designing a coffee machine, and you get a bonus of the company's quarterly earnings hit, which is the same thing as sort of stock options. The stock options depend on quarterly earnings and other stuff. How motivated are you to do a better job on your coffee machine? Your coffee machine, if it works well might sell a few million a year and the company's revenues are 50 billion. So is your work on the coffee machine really tied to the outcome you're gonna get from your stock options or your bonus for quarterly earnings? No. So what's your incentive? Your incentive is to sit around and play Solitaire on your computer and twiddle your thumbs, convince your boss you're doing a good job. And if the company does well, hey, that's great, your stock goes up. And if the company doesn't do well, well, meanwhile you're calling around for a job at other companies. So that's an example of the rewards are not directly tied to your project and your outcome.

**0:38:50 Jacob:** And the opposite... The sort of the hierarchy I think everybody is familiar with. Everybody wants to climb the corporate ladder, everybody wants to improve their status, get that higher job... I think that's something that's very, very relatable. So we probably don't need to talk too much about that. Unless there's something specific that you...

**0:39:07 Safi:** Well, I can give you a small example of where this gives you an insight.

**0:39:11 Jacob:** Yes.

**0:39:11 Safi:** On that problem. So let's imagine there are two companies, and these are like two real world examples. One is like, there's a small consult... There's a consulting company, let's say a large consulting company, and there's this office in San Francisco. And there's 10 associates and one vice president who's the boss of the San Francisco office. In most companies, the boss of the San... And there's a spot that opens up for a number two person in the San Francisco office. In most companies, the guy in charge, or maybe it's a woman in charge of the San Francisco office, is the person who decides on who gets promoted. There are 10 associates, 1 spot, the head of the SF office is gonna decide. Well, what do you think those 10 associates are gonna be doing pretty much all year long? Well, they're gonna be sucking up to that one vice president to try to get that promotion.

**0:40:02 Jacob:** Yep.

**0:40:03 Safi:** So now consider a different company, and this is the way a few companies do it. Google's an example, McKinsey an example, there are few others. That person who's in charge at that office is taken out of the equation. They can't make the decision on who gets promoted.

**0:40:19 Jacob:** Okay.

**0:40:20 Safi:** When it comes time to fill that second slot, they fly in somebody from, let's say, Sweden, who doesn't know anybody there, and that person from Sweden interviews everybody. Interviews the 10 associates, interviews the Vice President, interviews some of the customers, and forms an opinion and presents a recommendation. Now, in that second company, what are those 10 associates gonna be doing? Are they gonna be sucking up and doing politics to the boss in the local office? No, 'cause the boss isn't deciding on the promotion.

**0:40:55 Safi:** And if that's what they do, when that interviewer comes, that investigator comes at the end of the year and asks their 9 colleagues, they're gonna say, "Oh, this person spent all their time just politics and sucking up," and they'll never get promoted. Instead, they spend their time cooperating and doing a good job. So that's an example of how investing in changing the structure can affect behavior. Can change you from very political behavior to more focused on program and project.

**0:41:28 Jacob:** Maybe we can talk about a couple other examples 'cause I think a lot of people are really interested in this structure aspect. So I love that example of when you're promoting somebody, don't necessarily have somebody who works directly with those people, you bring somebody else externally or somebody from another part of the office. Although I could imagine some people pushing back on that and saying, "Well, this is the person who works with those employees all the time, so they really know what they're good at, what they're not good at, if they're ready, if they're not ready." Do you get any pushback ever on a lot of your concepts and ideas from companies who are like, "You know what, maybe not just for us"?

**0:42:11 Safi:** Well, the person who works with them and the people who work with them of course know their strengths and weaknesses well, and that's why they should be part of the group that gets interviewed. But it's the same point. Where there's pushback is when people come into let's say a Google or McKinsey and they say, "Well, I have these 10 associates working for me, of course I'm gonna decide which of the 10. That's part of my job. I'm gonna decide which of these 10 is gonna get promoted. I want that power." That's exactly... Those are the people who have the most resistance and you explain to them, "That's exactly why we don't want you to have that power." 'Cause we want you to be focused and them to be focused on creating the best products for customers. Not on who is lobbying who. If you have that power, then those 10 associates are just gonna be lobbying you and worried about what you think and what you wanna hear rather than what might be the best for the customer.

**0:43:10 Safi:** So, you absolutely want everybody interviewed. So I think in a couple of these companies, they give that a name, "the investigator" or "the promotion..." the person who flies in and is specifically chosen to be neutral. You think about a jury in a criminal case, you kinda don't want the jury to be the brother or the sister or the family members of the person whose case you're deciding, right?

**0:43:38 Jacob:** Yeah.

**0:43:38 Safi:** Similarly you don't want the jury to be the person who's actually working. You want to collect the people who know their opinion, but you don't want them to be the judge, you want them to get the data. So you have the person come in, interview the boss, interview colleagues, interview customers. Once you... What you find is you talk to 5 or 6 people, you start to get a very clear picture of that person's performance and then you just skip all of the lobbying and the politics, and you just do an independent, neutral assessment at the end of the year.

**0:44:14 Jacob:** So did you say that McKinsey or Google actually do this?

**0:44:17 Safi:** Yes.

**0:44:18 Jacob:** Interesting. So would you say that, summing up that piece of advice, would it be safe to say that leaders inside of organizations should not be directly responsible for promoting people who work for them directly, right underneath them, so to speak?

**0:44:38 Safi:** Yes, absolutely. It could be different at the CEO... Well, the CEO level is the job of the board and even the executive team, you want the board to weigh in. But at the next level, you are much better off if you can assign someone who is independent, who doesn't have a stake or a political stake or a tie, someone who is in... If you're looking at Group A over here in San Francisco, you don't wanna ask the guy in San Francisco or the woman in San Francisco to tell me your best person. Why not pick someone as far removed as possible to do a good job interviewing? Interview at least 5 people. Do it like you're doing a research, like you're a detective. And because you're neutral, people have more inclination to be honest with you. And because you don't have a stake, they have more inclination to just tell you the truth, and then you can form a neutral recommendation. And everybody, the huge advantage of that is that people get that that's more fair, and everybody wants a more fair system.

**0:45:45 Jacob:** Yeah.

**0:45:45 Safi:** Only the super politicians want an unfair system that's favors politics, and that's the exact opposite. You don't want a system that favors politics, you want a system that favors the things that you're looking for, the performance that you're looking for. And to do that you want a neutral party. And where that gets resistance is leaders don't wanna give up that power, but that's exactly why they should.

**0:46:09 Jacob:** Yeah, no, I love that. That makes a lot of sense. Okay, so if that's one approach, what are some other things that we can do? So first is, don't have the leaders directly responsible for that, try to take that power away from them. What are some other tactics or strategies that you recommend organizations focus on? And I guess this applies to both forces, right? The stake in outcome and also kinda climbing the corporate ladder?

**0:46:37 Safi:** Right. And so you wanna... And think about creating a Chief Incentives Officer.

**0:46:42 Jacob:** Okay.

**0:46:43 Safi:** That's parallel and with the experience of... That's comparable to your Chief Technology or your Chief Revenue Officer because we can use a very simple example of financial incentives, but we both know that people are motivated in some part by finance, but in some part by

other intrinsic things. If you deny either one, then you're missing something.

**0:47:08 Jacob:** Yeah.

**0:47:08 Safi:** If you think people are just altruistic and driven by purpose and that's it, you know what? In the real world people have mortgages and they have tuition, and if your competitor is gonna offer them twice the salary and stake, they're gonna go no matter what a nice guy you are.

**0:47:28 Jacob:** I can't pay my mortgage...

**0:47:29 Safi:** But they also wanna be treated... What?

**0:47:32 Jacob:** Can't my mortgage with purpose?

**0:47:37 Safi:** [chuckle] Yeah. No, I mean it's absolutely important but the important point is that you wanna do both.

**0:47:41 Jacob:** Yeah.

**0:47:41 Safi:** You want a purpose, but you also wanna create... What you wanna do is you wanna think of incentives as a weapon, as a strategic advantage, as a tool you can use to beat your competitors. If you create a more motivated workforce than your competitors with the same amount of budget, you have a win.

**0:48:01 Jacob:** Yeah.

**0:48:01 Safi:** Just like if you create a better product than your competitors with the same budget. So why are you under-investing? Why do you think this is some back off... As most companies do, some back office function. And by the way I was guilty of this too, right? "Oh, what salary should we offer? Well, let's look up the data in some table for our industry, pick the mid point or the 60%, and go back and forth a little bit and then done." 'Cause they're difficult conversations and generally people wanna avoid difficult conversations. But what you're missing...

**0:48:29 Jacob:** So how do you... Go ahead, go ahead.

**0:48:35 Safi:** But what you're missing is that that's an opportunity just because it is so difficult.

**0:48:40 Jacob:** Yeah.

**0:48:40 Safi:** And your competitors have given up. If you seize that opportunity, you can turn it into a weapon and attract and motivate people better. And here's why it's much more sophisticated than just money because let's say what Joe really cares about, he has a mortgage and he has kids going into school, so you know what? Finances are really important to Joe. But Fred really cares about, let's say Fred is an engineer, what he really cares about is entering this engineering competition and being recognized by his peers. So what really motivates Fred is not so much money, but the ability to publish his papers and present it and get an award. And what motivates Mary is choice of next project. She's really curious and she loves learning and that's what turns... She wants a fair salary, but what turns her on more than anything else is the ability to grow and learn and develop professionally. So what motivates her is new opportunities.

**0:49:43 Jacob:** Yeah.

**0:49:44 Safi:** Now here's what happens. If you have a cookie cutter, you pay Joe, Fred, and Mary the same way. Now again, if you invest in a Chief Incentive Officer and you take this seriously, well, you could create one pack... Now, Joe and Fred and Mary's boss doesn't have the time or the energy to figure this out and tease this out and design a custom... You're busy trying to run your business. You don't have time to work out the details of incentives, and you're also not a neutral party. You're their boss and so on. But if you have someone invested in creating a custom plan that's most motivating for Joe and another one that's most motivating for Fred and another one that's most motivating for Mary, those are archetypes, right? So there's... There could be a hundred Joes and a hundred Freds and a hundred Marys. It doesn't mean you have to have a different plan for every person, but I'm giving you three different examples. Then you can tailor your system to the people. It's just like general product management.

**0:50:44 Safi:** You don't put out one product into the world and say every customer use it. You tailor it to different needs. And why do we think all our employees, everybody gets a stock option which is X percent. Why? Different people care about different stuff. So why not motivate them in different ways? So the answer to your question is, stop under-investing in something that could be a huge strategic advantage if you think through it well.

**0:51:13 Jacob:** Do you know any organizations that have taken that advice to heart and have put out or have launched a Chief Incentive Officer role in their organizations?

**0:51:24 Safi:** Yeah, they don't always call it that. I use that because it's a fun way to think about it, but there are some and I can't talk about all of them, but Google has been very public about how they try to design... They invest and have invested much more than thinking through these people systems and people rewards than many companies. I think others are starting to catch up. I've worked with a few on how to think about this, that kinda get the idea, but it's fun to see people... You probably talk to a lot of companies and you know most people think about HR is just a sort of rubber stamping or look up in the table and then...

**0:52:12 Jacob:** Yeah.

**0:52:13 Safi:** When I was a CEO, it was sort of the same thing. I wanted to focus on things that I enjoyed like talking to customers, talking to clients, talking to... Looking at the science, getting out there with our investors, getting into it with our employees on our projects and programs, but not the HR stuff. But that was a loss because it's hidden underneath the surface, people don't wanna talk about it. But once you can surface what really matters to them, it's different and you could do a lot better job if you had somebody really thinking about it systematically.

**0:52:47 Jacob:** Yeah, got it. Okay, so just to recap first piece of advice we talked about: Don't have the leaders promote the people directly, take away that power from them. The second piece of advice is really understand the incentives of the people who work at the organization and try to create those types of archetypes or personalized incentive programs for them so that, like you said, if you have somebody who's interested in making more money, that's how their incentives are structured or if you have an artist who's really interested in seeing their ideas get displayed to the world, that's kind of how their incentive structure gets approached.

**0:53:22 Jacob:** So we have a couple of questions that came through. So first question is, does any of this apply in situations where you're looking for a change agent? So not when you're necessarily looking to... I don't know, promote someone, but you're looking for somebody inside the company who is trying to create change. Does this stuff apply to that?

**0:53:45 Safi:** Yeah, there's one thing that you can do is if you're in a leader or you can help them... I'm not sure of the questions, but if you are that change agent or if you're deliberately trying to...

**0:53:56 Jacob:** When you're looking for a change agent.

**0:53:57 Safi:** If you're looking for a change agent. So, you try to identify the people who are most excited about new ideas, almost everyone is if you give them the opportunity, but some people may have more of a natural inclination to wanna do that, and the way that you can help them is by giving them a partner. So, in order to create a new idea, there's two things that you need. One, you need someone who's really good... Let's say it's a product, someone who's really good with a product and innovating in a new design or you're a biologist in the lab or you're an engineer, but the people who develop the product are not always the best champions at their project of their program or their product, right?

**0:54:41 Safi:** So, to get a product from just an idea. Everybody can have an idea. You're in the shower, you're on the toilet. Oh, here's my great idea. But you know what, between an idea and something that you deliver on time, on budget to customers is a huge step. Just having the idea gets you from your goal line to your two-yard line. The other 98 yards are turning it into something real, and that you need to motivate other people. So frequently, the people who are really good with ideas, think of the engineers in the lab who come with some awesome programmer project, are not the same ones who are really the best champions for getting other people motivated.

**0:55:20 Safi:** So if you wanna encourage a change agent, the best thing you can do is find the people who have the new ideas and partner them with someone whose skill may not be the new ideas or the new products, but is very good at getting you from the two yard line to the other 98 yards down the field, who know how to work with the manufacturing or work with development, work with sales, work with marketing. You have to understand that those two things are totally different and if you ask the same person to do both jobs, they won't be able to do it.

**0:55:53 Jacob:** Okay, next question is, does this approach at all change depending on the role or function? For example, somebody who's asking, you mentioned Alphabet or Google as an example. Is this just as applicable for somebody looking for a research engineer or a bookkeeper for example or does the role or function not matter?

**0:56:15 Safi:** I think in any company that has or wants to grow to a certain size has gotta do two things. It's gotta execute, it's gotta deliver on its programs or its franchise on time, on budget, on spec, consistently to its customers. Otherwise, there's no business, right? If you have a sales guy knocking on a customer's door, "Here's your toaster," and the customer says, "Toaster? I ordered a television." You're not gonna have a business for very long, no matter how innovate if you are.

**0:56:49 Jacob:** Yeah.

**0:56:49 Safi:** On the other hand, if you've been mining this program or product or franchise for a while and you're not creating anything new, well, it's gonna be like that on the submarine; you have



a great nuclear engine and then one day you're gonna be hit by a torpedo you never saw coming. So you wanna be able to do both. And that's every business. It doesn't matter if you're a bookkeeper or you're in an accounting business or a media business or a tech business, you need to get that balance right.

**0:57:20 Jacob:** Okay, so maybe one more question before we wrap up. I think the two pieces of advice that you shared so far, are those more geared towards the stake in outcome, as far as the leaders and how we think about incentives?

**0:57:38 Safi:** Yeah, it's reducing the perks of rank and increasing the stake in outcome. Reducing the politics, improving your connection to the stake in your outcome. Don't just give out equity and option, but you actually tie it to the program or project you're working on more.

**0:57:38 Jacob:** So maybe we can talk for a minute or two before we wrap up about the second force which is kind of the hierarchy.

**0:57:38 Safi:** Yeah.

**0:57:38 Jacob:** Should companies just give rid of all hierarchy altogether?

**0:57:38 Safi:** No, on that first, if you are trying to focus on on time, on budget, on spec, what you really need, you actually want the hierarchy because that helps you with the quality control that you need. So the point is, I'll give you a weird example. What temperature do you like your tea?

**0:58:27 Jacob:** I don't even know what temperature it's at.

**0:58:30 Safi:** So here's where I'm going with that funny question. If I did a survey, and stay with me, if I did the survey of a giant room of 1,000 people and I asked what temperature do you like your tea, you know what would come back? Room temperature. Why? Well, 'cause half like iced tea and half like hot tea, but actually, nobody likes room temperature.

**0:58:50 Jacob:** Yeah.

**0:58:50 Safi:** So you have a total split and that's just where all of these discussions about hierarchy go wrong. Should companies be super flat or should they be super hierarchical? They need to be different ways for the different jobs to be done. If your job is to manufacture planes, you want a pretty rigid hierarchy and not a lot of experimenting. If your job is making parachutes, you don't want a lot of variety and innovation. Yeah, just knock yourself out. Actually, I have to say, it's very funny. One captain in the Air Force read the book, called me up right afterwards, and said, "Oh this is exactly right. I manage a nuclear silo and you're right, I don't want all my soldiers experimenting with which button to press."

**0:59:29 Jacob:** Okay.

**0:59:29 Safi:** Oh, that's reassuring.

**0:59:31 Jacob:** Definitely.

**0:59:34 Safi:** Glad to know that with a nuclear silo. So the answer, to answer your question on the

hierarchy is different answer for the different job. If you want on-time, on-budget, on-spec, kinda the soldier job, you actually want a pretty tight hierarchy. If you want wild new stuff, you want as little hierarchy as possible. So you want both. And that's where it's like the tea question. You can't just say, "Oh it's the right answer for everybody." You need to split it up into the group that likes iced tea and the group that likes hot tea.

**1:00:03 Jacob:** And can you adjust hierarchy for the same team? Where maybe for a certain project, the hierarchy is stricter and then after that project is done, maybe the hierarchy loosens up a little bit. You can kind of adjust it like the volume, a dial volume?

**1:00:20 Safi:** You can but actually the way the best companies do that, is they have the group that's working on wild new stuff is very flat. There might be one person and 40 people reporting in to that one person, which is incredibly flat, but you know what happens there? Is everybody's free to sort of experiment. It becomes more like an experiment club. Right? And everybody's failing all the time and trying new stuff and then people coalesce around the really hot new project and then they leave the project that doesn't look as good and that happens naturally. That's great for early stage. Once it starts to advance, you hand that project over, let's say to the manufacturing group. You move that project to the manufacturing group and that's where it becomes a lot... You want the greater hierarchy, you want one person in charge of five because you want the careful and quality check. And the redundancy that you actually really do want that. So you have that within the same organization, but for two different jobs.

**1:01:23 Jacob:** It's fascinating to think about it like that. And I feel like I can ask you 100 questions. So the hour flew by quite a bit, which is I suppose why people should go out and grab your book. So maybe before I wrap up, do you have any last parting words of wisdom for people? And then I'm gonna ask you to share where people can go to connect with you, to learn about the book, and anything that you wanna mention. But first, what are your last parting words of wisdom for those watching and listening?

**1:01:55 Safi:** Just one... Hmm? [chuckle]

**1:01:57 Jacob:** Well, you can give as many as you want.

**1:02:00 Safi:** I'll tell you the... There's so many fun stories of minding the false fail and what happened with Facebook and the two types of Loonshots and the rise and fall of Pan Am. But you know what, let me, you know what I think might be fun, is the... If you're pursuing a big idea... Here's one thing that I've kept in mind, I think of it as LSC. Listen to the suck with curiosity. And here's why, firstly, I don't have a very good memory, so I need kinda weird little verbal cues or images, but I think of it is as listen to the suck with curiosity. And here's why that's really important if you're an entrepreneur or you're pursuing... Or an intrapreneur, your pursuing a new idea inside, if you're... There's all this sort of advice about listen to the negative stuff and repeat it and so forth back to show that you've heard, it's active listening. And I've gone to all those sort of workshops and sometimes willingly. But the problem is that's not enough because if you've poured your heart into a project, as any entrepreneur knows or anyone who's got a small company or a small business, when someone tells you they don't like it or an investor walks away or they reject your pitch...

**1:03:26 Jacob:** Yeah.

**1:03:27 Safi:** Your first urge is to wanna punch them in the face and dismiss and neglect and say,

"Oh they don't get it, they're stupid, they're idiots." What you really are looking for is reassurance. So you talk to your friends and you say, "They're idiots, right?" And your friends say, "Of course, they're idiots. Your stuff is awesome." And then you can talk to your business partner and say, "Of course, they're idiots. Your stuff is awesome." And then you call up your mother, "Yes, honey, your stuff is awesome." You're looking for reassurance, but that's not what will help you win. What you really need is to listen to the suck. Not just repeat, "Yes, I understand you don't want the business. Thank you very much." But actually probe and take off that defensiveness hat, take off the dismissiveness hat, set aside the urge... I mean you can wallow in the urge to wanna punch them in the face for 30 seconds or a minute, but then move past and say, "Listen, I know it's really difficult, it's a big favor and a big ask, but if you would take another 60 seconds, just help me understand, walk me through what it is that doesn't work for you about this." And they don't wanna tell you.

**1:04:25 Safi:** You go to a venture capitalist and they'll tell you, they may think your idea is literally the stupid and worst thing they've seen that month, but they'll tell you, "This is awesome. Unfortunately, I can't invest because my fund is closed or we have a competitor or I have to go walk my cat or whatever," but this is... They won't tell you 'cause they don't wanna hurt the relationship. So you really have to ask. Some friends of mine do it in an interesting way, they get a third party to call them and just honestly give me the honest feedback, and then they don't have to worry about hurting your feelings and they do it through a third party because that's where the gold is. They may be sitting on this information like, "Well I didn't wanna say, but there's this group in France that's got another product with this other feature. And that's why I used it. I didn't really wanna tell them about it." But as soon as you find out about it, you're like, wait a minute, I didn't know that. You take a look like, oh we could do that, and we could do it cheaper and better. Now, you've learned something.

**1:05:32 Jacob:** Yeah.

**1:05:33 Safi:** So you have to learn how to pull on that thread and people don't wanna give you that stuff. They don't wanna tell you the real stuff and you don't wanna hear it. You know why you don't wanna hear it? Because if you've worked on something and it's your beautiful baby, you don't wanna hear your baby's ugly.

**1:05:50 Jacob:** No.

**1:05:51 Safi:** But it's even more difficult to keep asking why. Imagine that. Well, why do you think that?

**1:05:55 Jacob:** Yeah, it's a tough question.

**1:05:56 Safi:** But that's the secret. Is you just keep asking why because if you're persistent enough and you listen to that suck with curiosity, like a detective, like Sherlock Holmes, you could learn that you could find that little piece of gold that helps you turn it into a huge winner.

**1:06:13 Jacob:** I love it. I think that's a perfect way to wrap up. Well, where can people learn more about you? Where can they grab your book? Anything that you wanna mention for people to check out, please feel free to do so.

**1:06:27 Safi:** Just go to my website [loonshots.com](http://loonshots.com). [L-O-O-Nshots.com](http://L-O-O-Nshots.com) and everything you need is there, where you can buy, you can buy it online anywhere. Or follow me on Twitter or LinkedIn.

The handles are just my name.

**1:06:41 Jacob:** Very cool. Well, thank you so much for joining me today and sharing insights from your book.

**1:06:46 Safi:** Thanks for having me, Jacob. I really appreciate it.

**1:06:48 Jacob:** Oh, of course, and thanks everyone for tuning in. Again, my guest has been Safi Bahcall. Make sure to check out his book. A couple of people were asking about it. It is called Loonshots, L-O-O-N shots, Loonshots. You can find it pretty much wherever you can find a book. I had a chance to read it and I'm sure you'll enjoy it as well. So that's it for us and we will see all of you next week.