The Tim Ferriss Show  
The Man Who Taught Me How to Invest  

Tim @ 5:56:  
Hello boys and girls, this is Tim Ferriss, and welcome to another episode of the Time Ferris show and my brand new podcast Tribe of Mentors, because this guest is suitable for both. Mike Maples, he’s one of my favorite people, one of my oldest mentors. Not in biological age, but he goes back probably 15, 20 years teaching me. And, he is the man who effectively taught me how to invest. The audio you’re gonna hear was recorded in front of a sold out audience at the Castro Theater in San Francisco, it was a blast. Thank you everyone for coming out.  

It takes us a few minutes to warm up and then we get into, not only investing, but also his life philosophies, parenting. He is such a splendid human being and has a very, very wide set of skills. So, I hope you enjoy this conversation with Mike Maples.  

…  

Thank you so much for coming everybody, this is going to be great. And, I’ll read some suggested introductory remarks, first. Thank you all for coming tonight. Welcome to tonight’s program with Inform at the Commonwealth club. And, what I’m not gonna do is sit here and regurgitate stuff that is already in the book that you just bought, cause that’s very boring.  

So, what I though I would do instead is invite one of my friends, who is in this book, to join me on stage and to dig into some of the old stories, the stuff you guys haven’t heard, and to really just banter, because he’s one of my favorite people.  

So, who is this favorite person?  

Audience Member @ 7:31:  
Kevin Rose!  

Tim @ 7:32:  
Kevin Rose is one of my favorite people, but he has a brand new human being to take care of, so he is not here to booze it up with Ferriss I’m very sad to say.  

Mike Maples Junior. You can find him on twitter @M2JR, floodgate.com. Mike Maples Junior is a partner at Floodgate, a venture capital firm that specializes in micro-cap investments and startups. He’s also the person responsible for introducing me to tech investing in general. We go way, way back. He’s been on the Forbes Midas list since 2010 and named one of Fortune Magazine’s eight rising stars. Before becoming a full time investor, this is very important, Mike was an operator, he was involved as a founder and operating executive at back to back startup ipo’s including Tivoli Systems, which was acquired by IBM, Motive, ipo Motive, acquired by Alcatel-Lucent.  

Some of Mike’s investments include Twitter, Twitch.tv, Anjimoto, Weebly, Cheg, Bizarre Voice, Spiceworks, Okda, Demand Force, and many, many, many others. Please help me welcome to the stage Mike Maples.  

Mike @ 8:34:  
I thought we were just having a little chat at like a book store or something today. I guess you tend to draw a crowd. I keep forgetting that.
Tim @ 8:49:
So, I was trying to put us connecting, on a time line. And, I think we’ve had a number of interactions beginning, it had to be back pre 2000, maybe.

Mike @ 9:04:
Yeah. I think when we first started catching up it was right before you had done The 4-Hour Workweek. So, Tim wasn’t sure what to call this book. Just, anything goes?

Tim @ 9:18:
Anything goes. I may regret that. But, yes.

Mike @ 9:21:
So, Tim … and I’m a little bit less over my ski, sometimes than Tim is. Well, it depends on the area, but whatever. So, Tim was deciding whether to call the book, The 4-Hour Workweek or _Drug Dealing for Fun and Profit_.

And, I was like, “Tim, why do you wanna write a book about being a druggie? This is just a terrible idea. Just a terrible influence, just a bad idea.”

Tim was like, “Well, you know you really wanted get people, sort of provoked. To the point of departure. Right? To get access to the ideas.”

So we did this thing, I think we called it ghetto testing. Where we said, “Hey look, let’s not argue. Let’s not, your opinion versus mine. Let’s just test the two titles and just say, “Hey, buy The 4-Hour Workweek. Say, “Hey, buy ‘Drug dealing for fun and profit.’” And, neither book exists yet, so people would click on it and they’d get a 404 error. But, we could understand what got the better response.

So, now it was no longer your opinion versus mine. It was just like what people respond to.

Tim @ 10:27:
So, we did this.

Mike @ 10:30:
That’s my recollection.

Tim @ 10:31:
Yes. No, we had this testing. But, it goes even further back. So, you had appeared. I was more of a spectator.

Mike @ 10:37:
OK.

Tim @ 10:38:
In a class that I took, in college.

Mike @ 10:40:
Oh, when you were a high tech undergrad.

Tim @ 10:41:
Back when I had more hair on my head, and Mike came to talk about Thunder Lizards.
Mike @ 10:47:
Yes.

Tim @ 10:48:
Which, we'll talk about in a moment. And, that was part of what piqued my interest in Silicon Valley, The Bay Area, the excitement certainly at the time, 99. Granted, that was an exciting time to be running toward the precipice also. But, got me out here and then our conversations around the time that The 4-Hour Workweek came out, involved, to my recollection, many things. We would sit at, and I might be getting this wrong, but Hobey's.

Mike @ 11:17:

Tim @ 11:20:
Town and Country.

Mike @ 11:21:
Which is, unfortunately no longer with us. They used to be in Arastradero.

Tim @ 11:24:
We used to just eat omelets and talk about marketing and PR, but also about the deals that you were becoming involved with.

Mike @ 11:33:
Yep.

Tim @ 11:34:
And, the testing, for people who don't know, was very simple. We had a number of different titles and used Google AdWords, which was … It was the golden age of Google AdWords. You could just shoot fish in a barrel, it was so inexpensive. And so, we took the headlines, perspective headlines, as the actual ad headlines, and then the perspective subtitles as the subtext and then had all these unique URLs, that like you said, went nowhere, because all we really cared about was the click through rate.

What I also did, if we wanna talk about businesses going out of business, or a lot of them. The point though, is I went to Palo Alto, University Ave, to the Borders that existed at the time, and to test covers I had mock ups that I printed out and I would wrap a book that was roughly the same size I thought mine would be. Put it up during, what I perceived to be rush hours at borders.

Not sure how I figured that out, and I would stand there like a bouncer keeping track of fire code, like click, click. Watching the number of people who picked it up like every 15 minutes. So I could try to look at the visual appeal of different covers.

Now it's a lot easier you don't have to quite do that.

Mike @ 12:36:
I'm gonna steal this wine.

Tim @ 12:37:
Oh yeah. You know, maybe I need some booze up here. We'll get to that. But, what I wanted to do-

Mike @ 12:43:
So, can I just interject one other thing about these books?

**Tim @ 12:45:**
You should interject with many other things.

**Mike @ 12:48:**
So, I went to Kepler’s bookstore, and Printer’s Ink, I guess, right? Cause they’re well known as Bellwether Bookstores. And, I went and bought a thousand dollars worth of his book, The 4-Hour Workweek, at both bookstores, and we didn’t really know at the time, but Bellweather Books trigger supply chains. So, it’s a little bit before the app store happened. Cause the iPhone wasn’t out yet and so, I’d go into these bookstores and be like, “How many copies do you have in the bookstore? I wanna buy them all. Because this book’s gonna be hot, and I’m doing this off site and I need every copy you’ve got, cause I doubt you have enough copies for all the people in this organization I run.” Which, it was just me at the time.

But, it turned out it was true, it becomes, “Oh, wow. Kepler’s Bookstore, Printer’s ink, they’re selling out like crazy, this 4-Hour Workweek.” And then it’s a hot heat seeker on The New York Times. And the, more people read it, it becomes up voted. Obviously it was a good book, that helped. But, just looking back on it how crazy that was. Maybe you thought it was gonna be this huge breakout best seller. But, I remember I was just like, “Hey, I’ll read these drafts, and help however I can. And like I hope it works out but, you know whatever.”

**Tim @ 14:10:**
I think you offered one of the very first blurbs, in the first edition of The 4-Hour Workweek, after you read additional copies. And go, “Okay.”

**Mike @ 14:19:**
Yeah, you were like, “I need somebody to do a quote.” I was like, “Okay. I’ll do one.”

**Tim @ 14:22:**
When we’re talking about this alchemy, for instance Kepler’s let’s just say. Unbeknownst to me that certain stores that trigger certain other things and there’s this, I’m not gonna say black magic, but there’s these tipping points. So now, people look at what you’ve accomplished and the investment you made, and the Midas list, and everything and it’s, “Oh my god, Mike Maples.” Sort of in quotation marks. But, my understanding is that you had a tough time getting hired as a venture capitalist when you first got here.

Talk a little bit about that.

**Mike @ 14:57:**
You know, it’s like Coach Bill Campbell. How many people have heard of Coach Bill Campbell before? A fair number. For those of you who haven’t, I’ll just give the quick version. Bill was an early executive at Apple, and then he ran a company called Claris and then Go, which flamed out. Then he was CEO of Intuit. But, probably more significantly he became, kind of the most famous coach in Silicon Valley, he’d been a football coach before he was a business guy, and so he was on the board of Google and Apple. And actually I got the chance to work with him in Twitter and in Demand Force, which were two companies he got involved with that we invested in.

Bill’s favorite song was ‘You Can’t Always Get What You Want,’ by the Rolling Stones. And, it always struck me that, and we won’t do too much of the book, but that, sometimes the stuff that you’re not getting right now, that you think you want, wasn’t the thing you really wanted. And so, I couldn’t get
any venture firms to hire me coming into Silicon Valley. I was just this random guy who moved to Silicon Valley from Austin, TX, never done an Angel investment in my life. Kevin Rose, one of your favorite guys, one of my favorites too. The first two entrepreneurs I ever backed were Evan Williams who ended up doing Twitter, and then Kevin Rose. By the time I met Kevin, no venture firm would hire me. Nobody thought I knew consumer internet, because I was an enterprise software guy. Nobody thought I knew how to invest. I was like “Kevin, look, I just … I really need you to take my money in this thing.”

Tim @ 16:31:
That's what we call a high leverage opener.

Mike @ 16:34:
“I’m afraid that I’m going to have to go on hunger strike in your apartment if you don’t take my money in this Digg deal.” He ended up letting me … Kevin and then Jay Adelson let me invest in Digg. Digg had a kind of circuitous path, but I looked back on it. That was the booster rocket.

Tim @ 17:01:
Yeah.

Mike @ 17:02:
It's funny, people talk about who backed them or whatever. I think that it was Kevin's generosity that got me. I'm sorry.

Tim @ 17:17:
No.

Mike @ 17:18:
I get caught up in this stuff. Sorry about that. Yeah. You and I share a similar affection for the same guy. Yeah.

Tim @ 17:28:
Kevin's a sweetheart. Also one goofy motherfucker, as you guys know.

Mike @ 17:34:
Well you know more about that stuff.

Tim @ 17:36:
I know more about … Well, we won't get into that. But, how did you connect with Kevin? I mean, how did that meeting end up happening?

Mike @ 17:43:
Well, it was Ron Conway was really generous. I heard about this guy named Ron Conway. I reached out to him…

Tim @ 17:51:
Who probably still, but was thought of as the godfather…

Mike @ 17:54:
The most famous angel investor in the world, right? We go to the Oasis, or, was it the Oasis? I can't … Or maybe the Goose. I say “Hey Ron.”
Tim @ 18:04:
What are they? Massage parlors?

Mike @ 18:05:
No. No. A restaurant.

Tim @ 18:07:
Oh okay.

Mike @ 18:08:
In Palo Alto. I think it was the Goose. Ron’s like “Hey, great to meet you.” I said “Ron, I just want one chance. Just one chance to work with you on one thing. Just give me one change. That’s all I need.” He’s like “Okay whatever. You get your chance. What does that mean?” I said “Well, there’s this company that I’m interested in called Digg.” I’d come up with my own independent conviction about it, but there’s no way … Like, how am I going to ever get in touch with Kevin Rose? Right? I’m just some random dude. Ron’s like, he looks at his spreadsheet, and he’s like “Oh yeah. I’m meeting with him next week. Do you want to come with me to see Digg?” I’m like “Sure. Let’s do it.”

I just knew what they were trying to do. I cared a lot about their mission. I wasn’t talking about things like cohort analysis or like what was the retention and the decay factor of the users. It was more like “You guys are transforming journalism. This is super important. It’s the wisdom of the crowds applied to stories.” It was just … I think that part of why Kevin gave me a shot and Jay was that they just knew I just cared a lot about what they were doing for my own reasons.

Tim @ 19:21:
Well, I think from the opposite side of the Hobey’s brunch table, when I heard you talking about startups, you were always genuinely personally vested and excited about the products. You spent a lot of time, not just looking at the deal structure and the this and the that and the particulars of whatever the projections might be, but the product itself.

Mike @ 19:47:
Yeah.

Tim @ 19:48:
Knowing Kevin as well as I do now, I would see that as a key factor. Also, many other things to him then gravitating to you in that way. When I think back to our lunches, we’d talk about all these various things. I would pepper Mike with all these questions. Like “Wait, what’s a claw back? What’s per rad? I don’t know what that is. What’s this? What’s that?” Eventually-

Mike @ 20:13:
Like any of it matters.

Tim @ 20:15:
Yeah. It’s all blindfolded monkeys throwing darts. But, I really wanted to know how the best blindfolded monkeys threw the darts, so we’re digging into it. I remember at the time, I was pretty … This was before the 4-Hour Workweek popped because keep in mind that that book had initial print run of between 10 and 12,000 copies. Right? I mean, not even national distribution. No one expected it to do much of anything. I was eager to take a little vacation. I thought this two year vacation called an MBA might be interesting. I was looking at Stanford Business School. I made all these visits. There were some great classes. One was taught by Pete Wendell, venture capital. Inside the trenches. Really great class by an operator. But then there was all this theoretical stuff that I just couldn’t quite
stomach.

After I don’t know, four or five of these lunches, I said “Wait a second. Maybe I could put together a real world MBA and make this Tim Ferris fund and principal, and spend $120 grand over two years and learn all these things and develop all these relationships and view the $120K as sunk costs. Like, that’s gone. It’s tuition.” But, I don’t know if you recall, but right off the bat, what do I do? I ask Mike if he’d be willing to let me piggyback on a couple of deals to co-invest and be really cheap labor to try to over deliver to these companies.

If you want to mention it you can, but I’m not going to bring up the name of the company. But there was this company that you were very measured in assessing. You told me about it, and it was super popular I think in Taiwan or somewhere. I got so over enthused, I was like “I want to put in $50K.” Keep in mind, that’s $50K of 60 for my first year. In the first deal I wanted to do $50K. I remember what you said to me at the time in your very Mike way. You said “Well, well Tim, don’t you think that might be a little aggressive?” I was like “No man. This is going to be the next Google.”

Mike @ 22:17:
Sure thing!

Tim @ 22:19:
Okay. Then that didn’t … Forced me though, if you want to talk about life saving you from what you want. Losing … It wasn’t immediately lost. That’s part of the tricky … One tricky aspect of the start up stuff. It’s like you might not have a clean loss for many, many, many years.

Mike @ 22:37:
Yeah.

Tim @ 22:38:
You just might have like-

Mike @ 22:40:
You solve that quickly.

Tim @ 22:41:
Yeah. You might have the Walking Dead scenario.

Mike @ 22:44:
You killed it.

Tim @ 22:45:
Where it’s just like I am legend. You’re like “Oh now what do I do?” Kind of like certain areas in SF past 6:00. Anyway, I need more alcohol so I can excuse all of the things that I’m going to say. Where was I? Oh yes. The point was I had to then figure out something called advising. Because I was already out of money in year one. That led to in that period of time a lot of the absolute best connections that I made, including just to highlight something that comes up over and over again in traveling mentors. It comes up over and over again in conversations with you. There are these catastrophes or business failures that really end up in no uncertain terms sowing the seeds of really huge later success. Right? Like, you mentioned the circuitous path of Digg. But who cares? Because you befriended and became an ally of Kevin Rose, who knows everyone just about in tech, and is very generous with making introductions. If he cares about you and believes in you, he’ll make those introductions.
Similarly, I ended up at one point introduced to Garrett Camp. I advised Stumble Upon. Stumble Upon didn’t work out. But we had a chance to work together extensively, and then what did Garrett Camp go on to do? He started this thing that people laughed at called Uber Cab, LLC. Which then got renamed and became Uber. Right? That at least on paper has worked out very well.

**Mike @ 24:13:**
That’s more important than claw backs.

**Tim @ 24:15:**
Yeah. More important than claw backs. First and foremost, thank you for shepherding me, even as-

**Mike @ 24:23:**
You were a quick study.

**Tim @ 24:25:**
As much of a blunt instrument as I was, into all that. But can you tell us about some of the responses from the venture capitalists? These rejections. What happened? Can you tell us about … You don’t have to name names, but how did these meetings go?

**Mike @ 24:37:**
I don’t blame them. I had never made an Angel investment before. I was from Austin, TX. I had no network here. I just show up saying “Hey, I think I want to be a VC.” That’s not a-

**Tim @ 24:50:**
Seems like a reasonable pitch.

**Mike @ 24:52:**
That’s not a very straightforward path. You know, I would call up Sequoia Capital and say “Hey, I’d like to interview for a job at Sequoia Capital.” That’s just not how it really works. You know, I have no animus towards anybody. They probably made the right decision at the time for what their parameters were.

**Tim @ 25:16:**
You have a characteristic it seems, at least in the way you express yourself that I don’t see in a lot of people. That is you seem to hold very, very few grudges. I don’t think I’ve ever heard you express ill will towards anyone. Especially in this day and age, that’s a rarity. Is that something that you’ve always had by birth? Or is that something you developed? Why is that?

**Mike @ 25:43:**
It’s a waste of time.

**Tim @ 25:45:**
But how did you learn that? How did you embody that?

**Mike @ 25:48:**
It just is, because if you .. I don’t know. I kind of look at it like life is short. You don’t have much time. Every day is a gift, and the secret of happiness is to figure out what your gift is and to offer it to the world and to not worry about all the noise and the hype around you that says what you should do, think for yourself and don’t waste any orbs of energy on the stuff that doesn’t matter to you.
And holding a grudge is a symptom of not knowing how you wanna spend the gift of today. And so, it’s hard to hold a grudge. If you’re so focused on, “I’m excited about these things, I can do a good job at this, I can’t wait to do this stuff,” how do you have time for grudges. It just doesn’t make sense. Right? It doesn’t make sense.

Tim @ 26:37:
Yeah.

Mike @ 26:39:
There’s a few people, you know. Let’s just be honest, but you know.

Tim @ 26:47:
So you land in Silicon Valley, Sequoia’s like -

Mike @ 26:53:
And it wasn’t just Sequoia… it’s every place.

Tim @ 26:55:
No, no, I’m not trying to shave their nuts for an undo reason, I’m just saying.

Mike @ 26:59:
I’m singling them out because I was taking a fling at an impossible dream.

Tim @ 27:02:
Oh, and Sequoia was like, “Oh, hey Harvard, I was early acceptance to start and I want to start in the middle of the year, even though I don’t have the pre-reqs.” In a sense, right?

Mike @ 27:11:
I had no resume, no grades.

Tim @ 27:13:
That’s a hard pitch. And they’re really good at what they do.

Mike @ 27:16:
It turns out it was, yeah.

Tim @ 27:17:
Yeah, but you land here, you don’t get the jobs. You are given this gift of an introduction through Ron, with really smart wordsmithing. I hope you guys were listening. The pitch is really, really important and nuanced. You end up meeting Kevin Rose, so you invest in Evan. Now, at the time was it Twitter?

Mike @ 27:39:
It was Odeo.

Tim @ 27:40:
It was Odeo. So walk us through how that unfolded.

Mike @ 27:45:
Well, I thought … I was in Austin and what I would do is, my kids were in grade school and so we weren’t sure whether to move yet. So I would come out every Sunday night and stay til Thursday. It’s funny, cause when you’re on that pattern, on the plane, some of the same people are on the plane.
Like, system integrator, consultants, people from Deloit, and stuff. I’d be like, “Oh, it’s the brothers.” “What say you buds, what’s going on.”

So, I’d be on these plane flights with all these people and we would … I’d go from Monday to Thursday –

Tim @ 28:17:
This is always dangerous when I get the bottle. Liquid courage.

Mike @ 28:20:
Yeah. And so, I thought, “Okay, I’m gonna take nine months and figure out if I can find something exciting in Silicon Valley,” so I just basically emigrated here. And the reason that I did that, was that I thought the web was shifting from an internet of connected pages, to a platform that would connect people.

It just felt like it was time to get the party started again on the internet. The bubble had burst, the meltdown had happened and I saw things happen. I saw Tim O’Reilly talk about web 2.0. I saw stuff about podcasting and broad catching and stuff like that. I was like, this is just obvious that something major new is happening and I just have to go to California. I have to go right now, not wait another day.

So, I do that. And Ev had the best podcasting company. And so, Jeff Huber at Google, who introduced me to him. He said, “We just ran him off cause he doesn’t wanna work in a big company. But he’s gonna do something interesting podcasting.” And somehow Evan took my money. His first time ever.

Tim @ 29:25:
So, he took your money, but walk us through –

Mike @ 29:26:
By the way, that’s a pretty good start in investing.

Tim @ 29:29:
That’s a fantastic start.

Mike @ 29:30:
Evan Williams and then Kevin Rose. It’s not bad. You could argue that the secret to venture is to get lucky in your first five years. Which, I think is a pretty strong argument.

Tim @ 29:39:
I think it’s a huge argument.

Mike @ 29:41:
Yeah.

Tim @ 29:42:
But you’ve, since then, been quite consistent. Correct me if I’m wrong, but with Odeo, was there a point when Ev, a very good guy, decided to offer investors the ability to get their money back?

Mike @ 29:58:
Yeah. So, what happened was: I invest in Odeo, I’m like, Okay, great. Best podcasting company. First angel investment I’ve ever made. Just wired the money in. A week later, Apple decides they’re gonna
give away podcasting on iTunes. At the time, it's hard to remember now, but 85% of all playback devices were iPods.

So, like what are we gonna be? The one you pay for on the Zune? Right? But you don't have a business. Right?

**Tim @ 30:25:**
There’s still people trying that.

**Mike @ 30:27:**
Doh! And so, Ev to his credit, tried for about a year to figure out another business and we couldn’t. We’d go brainstorm and we’d look at each other and we’re like, “Yeah, this is pretty tough,” and so, one day, some of the investors were getting pretty disenchanted, because they’re like, “You’re just wasting our money. There’s no business here.”

And so, Ev decides to give it back to everybody. And so, I’m like, “Look Ev, you know you don’t owe me anything. Venture capital is … the word adventure has venture in it and you win some you lose some.” Right? He goes, “Well, this is the deal I’ve struck with some of the bigger investors, it would help me a lot if you just went along with it.”

And so, I said, “Well, as long as you let me invest in your next thing.” And he goes, “Well part of this deal is I get to keep this IP that I’ve been working on, on the side. We’re trying to decide whether to call it Voicemail 2.0 or TWTTR. Jack is working on it, along with Noah and we’re figuring this out.”

And I’m like, “Come on, Voicemail 2.0? Why don’t you put the vowels back in, cause Twitter without the vowels sounds like Flickr, and that’s derivative, whatever.” So, I don’t think I had anything to do with that by the way, but that was just my knee-jerk, gut reaction.

So, he goes, “You say what you’re doing.” And I’m like, “Well, then what happens?” Oh okay, yeah then what happens?

He goes, “In a hundred and 40 characters or less. Cause we want it to do cellphones and stuff.”

And I’m like, this is before the iPhone. Right? So, I’m like, “Okay. And then what happens?” He’s like, “That’s it. That’s all it does.” And I say, “What’s the roadmap?” “There is no roadmap.”

“What’s the revenue model?”

“There is no revenue model.”

And so I say, “Ev, like why do you even think this is a product, much less a business, a company?”

And he goes, “Oh I have no idea if it is.” But, he goes, “Here’s the way I’m thinking about it.” Like, Blogger, a million people use Blogger software. This is Ev’s first company was Blogger. He was one of the pioneers of blogging.

He goes, “Podcasting’s kind of hard. You had to use Odeo Studio, you had to record stuff, you had to put it on as RSS feed.” He’s like, “It just took more effort.” He’s like, “What happens if you had micro blogs and rather than a million people did micro blogs, 10,000,000 people did micro blogs.” He’s like, “I think if 10,000,000 did micro blogs, the burden of proof will be on the people who are negative.” And so, I was like, “Sounds good to me. I’d like to invest in Twitter or Voicemail 2.0, whatever you call this thing.”
And, he says, “Well, it’s not a company. There is no investment.” And then a few months later, maybe six months later Twitter blows up at South By, which is such a delicious irony. Right? Cause it’s from Austin. The town I just come from. And, a couple weeks later Ev says, “Hey.” And, I thought by then it’s like a hot air balloon drifting away, there’s no way I’m gonna get to invest. You know Ev’s gonna have forgotten and everybody’s gonna be chasing him. And he calls me up one day and says, “Hey, did you mean it when you said you wanted to invest in Twitter?”

And I said, “Yeah.” And he goes, “Well, we’re about to take our first money and if you wanna do that, now is the time.”

**Tim @ 33:52:**
Wow.

**Mike @ 33:53:**
Yeah.

**Tim @ 33:54:**
Ev’s a good guy.

**Mike @ 33:55:**
He is. So, I remember that because both of those guys were good to me. You know? I was just some random Joe Schmo guy. Both of them gave me a chance to be involved in their companies and yeah.

**Tim @ 34:11:**
Yeah. They’re good guys.

**Mike @ 34:14:**
I try to remember that every time an entrepreneur pitches us, I try to remember the grace those guys showed me.

**Tim @ 34:21:**
And our stories intertwine in so many ways, because that’s-

**Mike @ 34:26:**
I met him right around the time we were hanging out on this book.

**Tim @ 34:29:**
Exactly. In 2007, South by South West, I begged and pleaded with Hugh Forest, who is running South by interactive, or at least the programming side...

**Mike @ 34:38:**
Still is.

**Tim @ 34:39:**
Still is. And now, a neighbor of mine, effectively. I begged and pleaded. I said, “If you have any last minute cancel … I know you don’t have any spots. Because I’ve already been rejected, multiple times. But, if you have a cancellation, if there’s anything that moves. And there’s a spot, please let me know. I’d love the opportunity.”

And lo and behold there was this chance. 2007. Which, at the time to put it into perspective, all of the
tweets in the world were being displayed on these big screen TVs, that were positioned around the conference hall. Just one feed, moving kind of slowly, every Twitter user. I was briefly in the top 100. I was very proud of that, until Ashton Kutcher came along and just kicked my head right off.

**Mike @ 35:19:**
I never cracked the top 100.

**Tim @ 35:22:**
You only needed like 500 at one point. Then it was gone.

**Mike @ 35:26:**
I should have been Mike at Twitter but I was like, “Oh, come on. How far is this gonna go?”

**Tim @ 35:31:**
But there’s so many people who have that story. They’re like, “I just chose HawaiiSteak5.0 as my user name because it’s not gonna become anything.” Then there like, “Now, I’m stuck with that for the rest of my life.”

I ended up getting an email from Hugh, and he was like, “Hey, if you meant it, we have an overflow room that had a cancellation, a sponsor isn’t gonna do their shtick. So, if you want it you’ve got 45 minutes.”

**Mike @ 35:52:**
So, you blew up at South by too.

**Tim @ 35:53:**
I did and what was really funny about it is, I was so nervous. I was so nervous, it was my first presentation really about the book, and it was before the book came out. The book came out in April 2007, this was in March, and I was staying at a friend’s place because I couldn’t, I didn’t, I wasn’t going to pay for the hotels. They were all sold out. Also, if you get a room, it’s like $1,000.00 a night during South By, so I stayed in my friend’s house, and I would go in his garage, and I rehearsed my talk in front of his three chihuahuas, and I’ll explain why.

A, my friend had other things to do, and he had real jobs, so he wasn’t going to be there, but the chihuahuas, you had to be at least 10% Tony Robbins to keep them engaged, and these dogs …

**Mike @ 36:39:**
Is that your secret? Is that your secret?

**Tim @ 36:43:**
No. Well, if I could be 10% Tony Robbins, I’m doing pretty well.

**Mike @ 36:45:**
If you were in Tribe of Mentors, that would be your talk, like it’s a chihuahua?

**Tim @ 36:48:**
My secret trick for networking is first, practice with dogs because they don’t care about the content so much, but if you’re monotone, they just kind of go, “unt,” and then turn around and walk away, so I was in the garage and I’m kind of doing this hand wavy stuff to keep them engaged.

**Mike @ 37:04:**
I totally believe this.

**Tim @ 37:05:**
Oh, no it happened. I remember the garage, and then I go to the event, and I had all these fancy slides, and everything prepared, and what happens? Blue screen of death, my computer dies, and so I’m like, “Okay, well I guess I’m going to have to do this without any of my prompts,” and I did it, but I had rehearsed so much that I had it in my head, and yeah, so Hugh, also one of those people, to this day, if Hugh ever asks me, “Hey could you help us with X, Y, or Z at South By, it’s like, “Of course, of course I will” because it’s just like that one opportunity.

I also want to emphasize one thing because people will say, “Well, the luck was there,” with Twitter at the same time and it was absolutely lucky, but it’s like every year there is something to draft on, like every month there is something like that, that you can draft on, you just have to look for it.

**Mike @ 37:52:**
Well the other thing is kind of, I guess, we talked about grudges earlier, to me the opposite of having a grudge is like to enjoy seeing somebody do well. When I was a founder, you’re just trying to do real company stuff, and make the company happen, and you’re like, “Okay, we’re going to go on this ride and hopefully it works out,” but one of the fun things about being an investor is you get to see people do well. You get to see, like Logan and John, from Lyft, ate beans until they raised their seed round, and when we had our first board meeting, Ann looks at the financials and says, “You guys aren’t paying yourselves minimum wage, and that’s illegal in California.” They’re like, “We have to fix that,” and now, people talk about how much money Lyft has, and how Carl Icahn’s invested in Google capital, but I remember them when they were eating beans, right?

It’s just fun to see them do that well. It’s fun to see you do this well. It’s like we had no reason to think The 4-Hour Workweek was going to be that big a deal. You hope it will.

**Tim @ 38:59:**
We had a lot of reasons to believe it wouldn’t be a big deal.

**Mike @ 39:01:**
It’s just like every time I see, I’ll get a call from somebody like a reporter that says, “Hey, would you do a quote for this article about Tim and some major publication,” I’m like, “Wow, he’s just killing it. That’s awesome.” It’s just fun to see, it’s a lot more fun to spend your energy on deriving joy from that, and seeing your friends do well, especially friends that are worthy of doing well, and won’t be changed by it. That’s a lot more fun than remembering who wasn’t nice along the way.

**Tim @ 39:31:**
Yeah, that’s a drag. I’ve been working on the grudge piece. I don’t have many, but it’s good to see you...

**Mike @ 39:37:**
Yeah, like the Arab Spring, or when I would pick up Sloan on a play date, my daughter, Sloan, and the parents of the play date would say, “Is it true you invested in Twitter? I saw them on Oprah” and then the Arab Spring happened, and I was like, “Wow, this company’s kind of working. We got a chance to do well on this one.”

**Tim @ 39:57:**
You mentioned your daughter. I want to bring up something that I’ve thought a lot about since you mentioned it to me, and as context for folks, what I’ve really tried to do in the last, at least five years, is
to look at the lives of people I look up to in a holistic way before modeling them. What I mean by that is, it’s tempting to look at, say the business success of person X, and then replicate everything they do, but all you may see is one tiny piece of the puzzle, and then in actuality they walk around in shambles in every other capacity, so I’ve tried with the interviews and the books, and Tribe of Mentors to really look at things holistically.

I remember asking, and I asked, even though I don’t have kids, I asked parenting advice of friends a lot, because I’m curious to see how they look at it. At one point I asked you, we were on a hike and I asked you what advice you would give to a new parent or someone thinking about becoming a parent, and please correct me if I’m getting this wrong, but …

**Mike @ 41:05:**
Your version’s going to be better.

**Tim @ 41:07:**
To my recollection, there were two main points that you made, and there could be more, but you said, “Number one, really teach your kids and train them to be optimists because without that, you’re lost and with that, you can at least look for or see solutions,” and silver lining and so forth, and then the second part was, “Remember that your kids owe you nothing. They didn’t ask to be born. You chose …”

**Mike @ 41:33:**
You did remember, wow.

**Tim @ 41:34:**
I do remember. It was meaningful. It really made an imprint, and that your job is to give them love. It is not their job to give you love.

**Mike @ 41:42:**
That’s right. I chose to have them. They didn’t chose to have me.

**Tim @ 41:45:**
Right.

**Mike @ 41:46:**
They owe me nothing. I find it helpful to think about that, but the hope part, I think is important for them. The way I look at it is, unfortunately, unless we solve some breakthrough problem, we’re all going to die, so you can chose to be defeatists about that or you can chose to say, the fact that we get to live at all is just this huge gift. I think that one of the things you can do for your kids is you can help them feel optimistic and happy about the fact that they have the gift to be alive, and that don’t be defeatist about this world. You had the gift of today, and as long as you have the gift of today, you’re on the path. If you can give your kids the gift of being optimistic and hopeful about the future, and grateful that they have the time they’re going to have, I think that’s helpful for them.

Kids, they get judged and all of us are unkind to ourselves in our own mind, and we’re judged by people all the time, and it’s easy to just forget that today’s a gift, be grateful for that gift, be optimistic that tomorrow’s going to be another day where you have another gift.

**Tim @ 43:07:**
When your kids, or say one of your entrepreneurs, I mean startups are full contact sport. People take their lumps in major ways, and bad things happen all the time, whether it’s with your kids or some of
the founders you’ve worked with, when they’re going through a really rough time, what do you say to them? You could give a specific example, or just a general principle, but I’d be curious to hear how you’d think about that.

Mike @ 43:39:
Well, these founders that we’ve worked, some of them are just extraordinary. I’m reluctant to say we had much of an impact. I think the thing that sometimes I’ve done, that I’ve been proud of is like when they’re in the depths of despair, you know. Entrepreneurship is like this, where there’s no even path, and there are times where you just, everything is against you, and you’re just like, “How did I get myself into this? This is so terrible,” and I think I’ve been better than most at those times at saying, “You’ve got this.”

Tim @ 44:22:
How do you, how …

Mike @ 44:25:
Sometimes they need to hear that.

Tim @ 44:28:
Is it just the words, or how do you deliver it? What makes it stick?

Mike @ 44:31:
No, I tell them, “Look,” Twitter, we couldn’t keep the servers running. We couldn’t decide who the CEO was. Twitch, it was Justin.tv. We didn’t even know what Twitch was.

Tim @ 44:43:
That story’s incredible.

Mike @ 44:44:
Chegg was Craig’s List for colleges and then Facebook decided to compete with us, so we pivoted to textbook rentals and we only had 30 days left of cash. NGMoko, we had 45 days of cash we pivoted from app downloads to free to play, and Lyft started out as Mride, and when we launched Lyft we weren’t even sure it was legal. I’m like, “Guys, I’ve seen way crazier than this. You got this.”

Sometimes a founder needs to know, “Look, entrepreneurship,” like I like to say, “I like to invest in people I would enjoy getting in trouble with,” because it happens every time. When you’re in trouble with these people, what’s it going to feel like? Is it going to feel like, “Okay, it’s us against the world or is it going to feel like, oh how did I get myself involved with these people,” and so I like people where I’m like, we’re in the fox hole together, screw the rest of the world and what they think. We’re right. They’re wrong. Let’s rock and roll. That’s kind of, I think that we’ve been … I like to …

When I was an entrepreneur, one of the things I learned is my early customers, they didn’t just buy what I was selling, they bought because they believed what I believed. We were in on a secret together. When I work with founders, I like to say, “I’m in on a secret with …” I believe their secret. We think the rest of the world’s just wrong, we think we’re right and we’re going to prove it. So, when stuff goes wrong, we’re like, “It’s just a setback, speed bump, whatever.” But, in the end, it’s like we still believe in our insight, we’re right, let’s prove it. Let’s prove it.

Tim @ 46:29:
What about for yourself, if you could think of in the last decades, could be anything, but could you give us an example of maybe a tough time that you went through and how you found your way out of it, or
what helped you find your way out of it? Could be any facet of life.

**Mike @ 46:48:**
Gosh. There’s a fair number. You know, Liz and I broke up. We’d been married for 17 years and things didn’t work out, and that just felt like I really failed as a person and I was about to fail as a dad. You know, like what else was there if I failed at those things, then what could I even think I was successful at. That was a tough time, but, fortunately, kiddos turned out okay. I tried the hardest I could to navigate that time the best I could. You know, kids turned out great, and Liz and I get along just fine. You win some, you lose some, but at that point in time it just felt like everything I had done in this life was screwed up and I’d just totally blown it.

**Tim @ 47:47:**
How did you not just succumb to the depths of despair and stay there?

**Mike @ 47:53:**
Yeah, some day, you know, we need to have some more wine and talk about this, ‘cause I know you’ve said that you’ve struggled, right, at times, with feeling depressed.

**Tim @ 48:03:**
I have, yeah.

**Mike @ 48:04:**
I’m like the worst person to talk to depressed people, because I just don’t understand the concept. It’s like I’m not judging, right? I’m just like today’s a gift and I have to make the most that I can out of it. If it doesn’t work out, make the most out of tomorrow. By the way, I don’t look at that, like I don’t think that my way of thinking is better than your way of thinking. It’s sort of like you’re leaner than I am, you can probably run faster, jump higher, I don’t sit there and say, “Give me your legs,” right? I just realize that we’re all different, and I realize that I’ve had a few blessings in life and one of them is to be grateful for every day, and for that to be the high order bit. No matter what’s happening, I’m like, “You got to have today.”

**Tim @ 48:55:**
Was that just a life raft that you had throughout that entire period, that each morning you’d remind yourself of? How did it manifest on a daily-

**Mike @ 49:01:**
It’s just ever present, it’s just obvious to me. It’s like breathing oxygen.

**Tim @ 49:07:**
Man, I need to borrow your code. All right.

**Mike @ 49:09:**
But I don’t say that as like listen to me and my advice, I’m so smart, it’s just I was lucky enough to be configured and wired that way.

**Tim @ 49:18:**
I want to make a suggestion to everyone in the audience, and this is based on observing Mike over and over again. When someone says to you, “Well, you can explain it to me. I’m not a fast thinker, I’m from Texas,” when someone pulls that, you should really be careful. I actually borrowed that from you, and I was like I think I can use this ‘cause most people think people from Long Island are idiots. Great. So, I’m going to be like, “You’re going to have to explain it to me again ‘cause I’m not clear. My
brain doesn’t move that fast, I’m from Long Island.” Everyone’s like, “What?” So, thank you for allowing me to steal that.

Mike @ 49:52:
I’m glad I could help you act simple.

Tim @ 49:55:
I wanted to bring up, and this is actually something we have not spoken about publicly or privately before, but Commander John Boyd.

Mike @ 50:06:
Yeah.

Tim @ 50:07:
Can you explain who Commander John Boyd is and why you’re a fan?

Mike @ 50:14:
Yeah. Commander John Boyd was a flight instructor for the air force. There was this expression that in a simulated dog fight, he could beat any pilot in like 30 seconds or some outrageously quick amount of time. People were like, “How does he do that?” He taught this form of combat, which was about moving very quickly. So, if you place yourself in the time I was reading about John Boyd, it was also when I was working with Eric Ries and Steve Blank. Eric Ries was a consultant at Floodgate before he wrote The Lean Startup. He’s famous just like … I have this magnetism for famous future to be authors, I guess.

We were talking, and we’re like, “Something really important is happening here - offshore labor, search engine marketing, opensource software, broadband penetration, global markets - and it seems like you can get a product to market for less money, you can do it faster.” Steve Blank started talking about this guy named John Boyd. John Boyd was this flight instructor in the air force and he could beat anybody in a dog fight super fast. Boyd’s fundamental insight was that sometimes you can win a battle purely by being faster.

It’s like let’s say you’re in a Russian MiG and I’m in an F16, and I make the wrong move but you haven’t moved yet, then I make the right move before you’ve moved yet. Just the mere fact that I was able to make a move and course correct before you made your countermove means two things. I can get in the right position relative to you, but, more importantly, it’s very disorienting to you ‘cause you don’t know where I am. I was here, now I’m there. The philosophy of John Boyd that was inspiring to me back in 2005, and one of the reasons I started Floodgate, was, I was like, “You can do this as an entrepreneur and an investor.”

The F16 fighter jet was designed to John Boyd’s spec. An F16 doesn’t fly faster than a Russian MiG, but it changes directions faster. The F16 fighter was a system, it wasn’t just the plane, which could change direction faster, it was the mind of the pilot. The mind of an agile pilot with an agile plane will beat a Russian MiG all day long. So, I was like, “That’s what’s going to happen with startups.” That’s why 500,000 is the new 5,000,000, and that’s why we need to go fund these agile entrepreneurs. They’re going to be able to force multiply, and the big competitors who’ve raised a bunch of money are going slower, doing waterfall development, they’re going to be disoriented by how fast these companies move.

What I really learned from Boyd was kind of this idea that if you are a speed based competitor, you can be wrong but still be right quicker, which makes you right.
Tim @ 53:17:
Right. Which translates very directly to Blank and Eric Ries, and-

Mike @ 53:23:
That's right.

Tim @ 53:24:
... minimum viable product and iterating. You could be totally off base in the beginning, which a lot of
your biggest hits have been in the beginning.

Mike @ 53:30:
Right. 93% of our exit profits have come from pivots. So, you know, you look at that and you say,
“Gosh, when we invest, should we even care what the business is?” I mean, it's a legitimate question.

Like Cruise Automation automation, right? That's one of our recent wins. You know, Kyle had started
Twitch, we made a bunch of money on Twitch, and he starts this company called Cruise. It's like a roof
rack that does autopilot self driving. I'm like, “Kyle, that's a bad idea because you're going to have 20
customers in the world. There's only 20 car companies that matter, and they have concentrated
buying power, and they can design you out unless you're like 10 times better, and there's going to be
competition,” blah, blah, blah.

So, six months later, he's like, “Okay, you're right. The roof rack idea was dumb. I've got this new
idea.” I'm like, “What's your new idea?” He's like, “I'm going to make Nissan Leaf self driving.” I'm like,
“Then what are you going to do?” He's like, “Well, you know, there's a lot of ways you can monetize
that. You can do a fleet of cars, you can sell the cars to people, you can do …” So I'm like, “Okay, let
me get this straight, Kyle. Now you're just going to compete against everybody. You're going to
compete against Uber and Lift, and Tesla and GM, and everybody, Bosch.” He's like, “Yeah, but, you
know, I'm passionate about this. I've been doing this since MIT as my research project. I just think this
is the way to go.”

I sat there and I thought about it, and I was like, “You know, this guy made me 84 times my money last
time I wrote him a check, I think I'm just going to write him a check.” So, I go to the partner meeting at
Floodgate, and thank God we don't have a voting system. I say, “You know, I think I've decided I'm
going to do this Cruise deal.” Everybody reads me the riot act, and they're like, “Mike, come on. I
understand that a business model can be vague, but you cannot even articulate a path for this as a
business, and neither can Kyle.” I was like, “No, but you don't understand. He's an awesome founder,
he's got incredible insights, he's very passionate,” blah, blah, blah. Everybody just is like, “Talk to the
hand, this is stupid,” whatever.

We had two new venture partners who became partners, Ryan and Arjun. Six months later they get
bought by GM for more than a billion dollars. Ryan and Arjun go, “Boy, it's really a shame we talked
you out of this Cruise deal,” and I said, “Oh, we funded Cruise.” So, I'm just like, “Of course we funded
it.”

Tim @ 55:55:
I secretly have secret voting rights on every deal.

Mike @ 55:57:
No. At Floodgate, there's no voting system. It's just somebody has to pound the table. If somebody
pounds the table and says “I will take ownership of this. I am responsible for the outcome of our
returns" the deal happens. But if everybody around the table is an A- and says “I think this is a good
deal for you to do Tim, or you to do Ann, or you to do Ryan, or you to do Arjun” but nobody says “I will
pound the table. I am irrationally in love with this.” It doesn’t happen. We kind of think that in the super
early stage, kind of love conquers all. It’s like when you’re going through all these times, you’re getting
all this trouble, it’s your love for the idea and the founder that will cause you to overcome whatever you
face. You have to have enough authentic love and passion for the idea and the founders that you’re
willing to pound the table and say “I will defend this. I will defend 140 characters or less, even though
people say it’s stupid in 2007.” Right?

Tim @ 56:56:
You just need one person who is in some cases irrationally exuberant and willing to defend the idea?

Mike @ 57:03:
Yeah.

Tim @ 57:04:
For a go signal.

Mike @ 57:05:
For sure.

Tim @ 57:06:
Then, this is really fascinating to me.

Mike @ 57:10:
Yeah. We’re not exactly a private equity shop.

Tim @ 57:12:
No, but, it strikes me that some of the best investors I know have a similar or close cousin approach to
that. If they have somebody who’s willing to just put it all on the line, who’s already been vetted
because they were hired as a partner, it’s like “Okay kid. It’s all on you then.” But if they’re really willing
to go to fight for it-

Mike @ 57:36:
By the way, if you’re a partner at Floodgate, yeah, you pound the table, but guess what? We keep
track of the deals you did. If you lose tens of millions of dollars with no returns, it’s nothing personal,
but you just don’t seem to be cut out for this. Right?

Tim @ 57:49:
You’re not allowed to pound our table anymore.

Mike @ 57:51:
Right. When I pound the table for a deal, I know just as much as any other partner that I am taking
ownership of pounding the table. We’re going to all help each other. We’re not going to say “Yeah. I
told you so.” But, it’s like if I pound the table, I’m saying “I care enough about this idea that I am willing
to have some of my track record and credibility be tied to this.”

Tim @ 58:12:
How do you differentiate? If you look at for instance, 93% of the returns coming from companies that
pivoted. When you are observing a founder, or trying to help, just by way of giving the most
convoluted question possible.
Mike @ 58:30:
Okay.

Tim @ 58:31:
The question I get a lot is how do I know when to persist with my idea? How do I know when to quit? How do I know when to pivot? That’s a hard question to answer.

But, when I spoke with Marc Andreessen a while back for the podcast, he said “Sometimes people pivot so often it’s like every time I see them it’s like watching a rabbit go down a maze. It’s like every two days it’s a different company.”

Mike @ 58:52:
Yeah. It’s like they think it’s a mulligan, not a pivot.

Tim @ 58:54:
Right. How do you help guide or even assess a good pivot versus someone who’s merely unfocused?

Mike @ 59:05:
Yeah. You know, it could be that I’ve just had a string of crazy beginner’s luck. That is a very real potential factor.

Tim @ 59:16:
Yup.

Mike @ 59:17:
But the way I see it is that you are right not because people agree with you. You are right or wrong based on whether your first principle’s thinking is right or wrong. If I see a company where it’s not working, but I still believe in the first principles of the idea, I say “This is great. We still believe in the first principles and we know more than we knew a year ago.” That’s a fundamental advantage. Like, why would we not want to double down on that? Whereas what happens too often is you say “This doesn’t work. It doesn’t have traction. We’re not going to be able to raise money. Forget about it.”

The problem with that is that if you live with the results of other people’s thinking … It’s like if somebody really smart, like if … I guess if Reid Hoffman says to me “This is a bad network effects idea because it doesn’t conform to network theory in these ways.” I’m like “okay. That’s data.” He’s the smartest network effects guy I know. The best first principles thinker about network effects I know. I offered a first principle to him that he said “You’re wrong on first principles.” I’m like “Hmm. I probably ought to listen to that.”

But if somebody like with Chegg, like when we did textbook rentals, people said “Oh people tried that before with Varsity Books.” Like, who gives a shit? That was five years ago. Five years ago isn’t today. To me, it’s about what are just your first principles reasoning behind why you’re excited about something and are your first principles reasons being refuted or doubled down on? Because to me, the valid definition of a pivot is the first principles are still true, but you learned something from the data on the ground that caused you to double down on a new aspect of that that nobody else knows.

Tim @ 1:01:20:
Got it.
Mike @ 1:01:22:
But that may just me be giving a good explanation for why I got lucky. That is perfectly reasonable point of view for you to take.

Tim @ 1:01:29:
Yeah. I mean, it's certainly possible. I would tend to assess it as certainly a component of skill, but if you're looking at then, let's just take you have the first principles. Maybe then you have strategy. Then you have tactics and you have tools. You could look at a stack. Are the first principles in your investing experience mostly spotting converging trends that people haven’t spotted before? What would be an example of first principles as it applies to one of these companies?

Mike @ 1:02:00:
Will you surf? Do you surf?

Tim @ 1:02:02:
Poorly.

Mike @ 1:02:03:
Poorly? I surf even more poorly. But like, I like the metaphor of surfing because you can be a skilled surfer. But you don’t really control surfing. Right? You can sort of control the board-ish, even if you’re good, you can only barely control it. But you can’t control the wave. I look at ... To me the magic that animates the technology industry is a combination of Moore’s Law and Metcalf’s Law. I think we all benefit from the magic of Moore’s Law and Metcalf’s Law. It’s like, literally as powerful as the ocean waves below you when you surf. I look at it like the job of a start up founder is to surf a valid wave. The wave is usually bigger than the company. Right? When we invest in Lyft and Cruise, we had this belief that network capitalism is supplanting vertically integrated corporations and that there would be network transportation. Just like I believe there’s going to be network real estate, network manufacturing. All this stuff.

We believe that those gathering waves are more powerful than any one company. The job of the tech entrepreneur is to leverage the awesome, massive power of all of the fury of the ocean beneath him of Moore’s Law and Metcalf’s Law. Just surf into the beach. Give Moore’s Law enough time, it will breach the advantage of any incumbent. Give Metcalf’s Law enough time, and it will create an insurmountable mode. Google tried to take out Twitter with Jycoo. Didn’t work. Didn’t matter because Twitter had a network effect. To me, the tech industry is magical. There’s been tulips in the past. There’s been the crash of 29. There’s been the real estate bubble. There’s bubbles all the time. There’s manias all the time. But tech is animated by two valid exponential forces that are super powerful. They are the asymmetric attack vector of the entrepreneur. They are the rock in David's slingshot. I look for founders who have some type of fundamental contrarian insight about where a wave is about to gather. Then, hopefully they have the stuff to surf it. If they do, I’m like “Hey let’s rock. Unconditional love. Let’s go.”

Tim @ 1:04:19:
Well, you gave me some related advice really early on. I remember-

Mike @ 1:04:23:
Do you need anymore by the way?

Tim @ 1:04:24:
Any more wine?
Mike @ 1:04:25:
Are you good? Yeah.

Tim @ 1:04:26:
I think I have a wine deficiency, yes. I would love some more wine.

Mike @ 1:04:29:

Tim @ 1:04:30:
Thank you. You gave me some advice. I remember it was at a restaurant in Palo Alto. There was an event gathering. Reid Hoffman was speaking. I was attending and we were having wine, much like we’re having right now. We were talking about some deal I was flummoxed by because I had certain primitive parameters for investing. I was getting somewhat ridiculed for my simplistic parameters. Like, I need to be a power user of the product. I need to … It needs to match with the demographic, sort of core audience that I have, and I got lot of flack for it. I remember you said to me “Well, if those are say” you didn’t use these words then, but your first principles. Your first criteria. “You’re going to make, in some cases, really good investments when people are poo pooing the idea but it perfectly matches your criteria.”

Mike @ 1:05:24:
Based on first principles.

Tim @ 1:05:25:
Right. Based on first principles. Conversely if it doesn’t match your first principles, and you’re getting into a deal because it’s closing tomorrow but we can peel you in or whatever. If you’re just following some consensus, however small, but it doesn’t conform to your first principles, that’s where you’re going to lose your money.

Mike @ 1:05:40:
Yeah. This is where people talk about social proof. I think social proof is bullshit. I think that it’s … My favorite example is actually an Elon Musk example. I don’t know if some of you may have heard this-

Tim @ 1:05:54:
I thought you were going to say I think some of you may have heard of him.

Mike @ 1:05:56:
Yeah. Yeah.

Tim @ 1:05:57:
Fair to assume. Yeah.

Mike @ 1:06:01:
Yeah. So, he talks about Space X, and most people think Space X is like a better NASA, but that’s not true. You think about a rocket, what 0.3% of the cost of the rocket is the fuel. The rest of it is what gets burned up in space, what doesn’t come back. Elon says, “Okay. If you could have a reusable rocket, you could maintain 99.7% of the value of the rocket by bringing it back to Earth. If you could do that, you could have a two-orders magnitude improvement of the economics of space travel.” That’s first principles thinking. Or, when Ev says, “If 10 million people write micro blogs, that’s 10 times more. The burden of proof is on people who are negative.”
I don’t have to see the business plan to say, “That’s an insight I can get behind,” right? Conversely, I’ll see plenty of business plans that look incredibly straightforward, and I eliminate them immediately because they’re just not exponential enough and they’re not first principles enough. My whole business isn’t about how often I lose, it’s the magnitude of the rightness when I win. So, when I win, I have to win super freaking big.

Tim @ 1:07:16:
This is such an important point because it applies to life and not just-

Mike @ 1:07:20:
Well, it depends. If you’re a PE guy, you don’t want to lose-

Tim @ 1:07:23:
Private equity.

Mike @ 1:07:24:
… you don’t want more than private equity, you don’t want to have more than like a 15% loss ratio.

Tim @ 1:07:29:
Sure.

Mike @ 1:07:30:
You want to take out risk and you want … But I’m not a risk taker outer, I’m a luck multiplier, right? I’m not asking what can go wrong because I’m investing when it’s worth zero.

Tim @ 1:07:41:
Right.

Mike @ 1:07:42:
I’m asking what could go spectacularly right is a rare event. I only have to be right a fair number of times as long as the idea has the exponential awesome power to just take us to the promised land.

Tim @ 1:07:57:
Well, this is part of what appealed to me about the startup game as you explained it to me, because it’s a hitch driven business. You can be wrong a lot, but if you have decent rules that have some basis in reality-

Mike @ 1:08:14:
Maybe, yeah.

Tim @ 1:08:15:
Maybe. As long as you’re … We don’t have to get into portfolio theory and stuff, but as long as you’re investing enough in these bets that they can say return the fund or whatever the parameters might be, it’s a fun game, and certainly a dangerous one. But, let me ask you this, because I remember how impactful … And then we’re going to go to audience Q&amp;A in my pink basket that I brought. If you were teaching, you can pick the age, it could be college freshman, college senior, high school senior, doesn’t really matter, graduate school, if you were teaching a class on entrepreneurship, so you’re not teaching people how to be investors-

Mike @ 1:08:57:
So, we do now, we teach one at Stanford.
Oh, you do?

Yeah.

Well, that makes this easy.

Yeah.

So, what do you teach? What are the sort of differentiators of the class?

What we try to do is help people understand that there are things that we can learn from these prime mover entrepreneurs who create massive abundance, and it’s about more than just having a good product. Product, market fit, clearly important, but designing the company, what’s your culture, are you going to define it upfront or just kind of let it happen, what’s your category, are you going to design your category or just let it happen, are you going to chase revenue or are you going to accumulate a track of customers.

We try to emphasize a couple of things. One is great businesses truly are valuable, and so we should try to think about building a scalable business with the truth of value in mind rather than what’s the latest fad and how do we raise money, or what’s a paper unicorn or any of that stuff. But then the other thing that we worry about some is that you look at some of these companies and the problems they’ve had with their culture, and a lot of these people come from Stanford or the top schools, and it’s like how do we have some impact where if only one person who might have gone off the rails is a founder in that dimension doesn’t. Because we’re like, you know, culture matters, building company foundation matters, how people treat each other matters, and some of this stuff is like a Blockchain transaction. You get it wrong, you can’t go backwards. Or, like the metaphor I like to use is like the Hertz rental car parking lot: If you back up, the tires explode.

Some of this stuff you can’t really back up, and so getting it right the first time, there’s a lot of counter-intuitive lessons, and it’s more about just having a good product. It’s about designing a company and a category in addition to the product, and having a point of view about how you’re going to bring abundance to the world, not just get rich. So, the class is sort of about that, and about just like … Oh, the other ideas that … If you’re a prime mover, you don’t just have to be a tech entrepreneur. You could be the French Laundry guy, Keller, Thomas Keller.

Thomas Keller.

You can be Elvis Presley and you invent rock and roll, or you can be Albert Einstein, you could have a theory, or MLK had a dream. But, it’s sort of the idea that we try to express to people is find your gift and express it your way. Entrepreneurship is only one way to express that gift. But, if they learn anything from the class, it’s not be an entrepreneur like these people. If entrepreneurship happens to be your calling, great, here’s what great people do, but figure out your calling, figure out your gift. You
don’t have much time, don’t live someone else’s life, don’t live by somebody else’s thinking. Live your gift and actualize it to the fullest.

**Tim @ 1:12:19:**
How do people who hear that, and I’m sure you go into much more detail in the class-

**Mike @ 1:12:26:**
Yeah, there’s 13 lectures.

**Tim @ 1:12:27:**
No, no, 13 lectures, but for those people listening, if they wanted to place to start, just to get a toe hold, and they say, “God, I want to do that, I just don’t know what my gift is,” what would you say to them? What are the sort of whispers through the ether they should pay attention to, or any indicators-

**Mike @ 1:12:41:**
I’d say spend time with awesome people and work on things with them, and you’ll find it. But, most people, most people fail to find their gift, not because they can’t find it, it’s because they’re too busy worrying about what other people think.

One of the things that I find … One of the things I find inspiring is that … I wrote this post one time, I was surprised that … I called it Finding Billion Dollar Secrets. The point that I was trying to make was that billion dollar secrets are everywhere, it’s just that people aren’t looking to pick them up off the ground, they’re looking at each other. They’re looking at status, they’re looking at, hey, when I was in high school I got rewarded for giving the teacher the answer to the questions the way they wanted it. Then I went to the right college and got the right graduate degree, and got the right job at the right company, and lived in the right neighborhood and had the right designer kids and sent them to the right designer schools, and was in the right country clubs, driving my right designer car.

They get focused on … Peter Thiel would probably call this mimetic behavior, right? This idea of peoples’ desires being defined by the people around them and what’s going to make a good impression on the people around them. The best entrepreneurs I know, they’re just like, “Screw all that. I know why I’m here in this world. That secret on the ground, that’s my gift. I’m picking it up, I’m doing this.” That, to me, that’s the thing I’d tell my 20 year old self, my 15 year old self, my kids, is like figure out your gift. Your gift. It’s not the world’s opinion of your gift, it is yours. It belongs to you. Figure out the gift that belongs to you and express your gratitude for the time you have by offering that gift.

**Tim @ 1:14:42:**
I love it. You guys can see why I’ve bugged Mike so much over the years with questions. Speaking of questions-

**Anonymous @ 1:14:56:**
Speaking of questions, can I add one more?

**Tim @ 1:14:57:**
Sure. Oh, boy. Wow, this must be … This is like the Willy Wonka Golden Ticket of questions.

Thanks. Oh, wow, look at this. Oh, look at that, rogue questions givers. All right.

**Mike @ 1:15:12:**
I hope a lot of these questions are for you.
Tim @ 1:15:14:
I had no idea what was happening, this is exciting.

Mike @ 1:15:16:
I'm going to learn a lot more from your answers, I think.

Tim @ 1:15:18:
I know, this is like the improv jazz of question receiving. All right. I'll start with the first one and then we'll kind of bounce between these. Oh, God, a two part question always. Which, by the way, means two questions.

Where would you have moved besides Austin? There are a few places I looked. I looked at … I love Austin, I've wanted to move there since I graduated from school, I just didn't get the job at Trilogy Software, funny story. Founder of Trilogy-

Mike @ 1:15:47:
Was my roommate in college. I could have helped you out. I could have hooked you up.

Tim @ 1:15:51:
I know, I didn’t know what to do. I was lost, a babe in the woods. So, Boulder, Colorado, I’m a huge fan of Boulder. I also looked at BC. I really like British Columbia and areas up in Canada. Sorry Americans, thank you.

Mike @ 1:16:09:
Whoa.

Tim @ 1:16:10:
There were many different places that I considered, but Austin has this gravitational pull for me, so I ended up there. Which, changed my mind on the significance of fiction versus nonfiction. Really, it was because I had onset insomnia and I did not want to turn on my problem solving apparatus by reading business books and so on before bed. I found that fantasy; Dune, Ender's Game, Stranger in a Strange Land, The Name of the Wind. Read that, but be prepared to wait like, 17 years for the last of the trilogy.

Mike @ 1:16:40:
Have you ever read The Count of Monte Cristo?

Tim @ 1:16:43:
You know, I haven’t.

Mike @ 1:16:44:
Oh my gosh, speaking of a book about grudges.

Tim @ 1:16:46:
Since we're on books, what books do you most recommend or gift to other people?

Mike @ 1:16:55:
Gosh, lately I've liked, there's a woman named Bronnie Ware, she wrote a book called The Top Five Regrets of the Dying. She was a hospice nurse who would spend time with people in the last 90 days of their life. She would learn like, what their regrets were. Sometimes she'd learn what their happiness
There was an example of this woman who was from a super rich family, and she decided to marry an artist and the family ex-communicated her. She’s like, 32 years old, she gets cancer and she dies. She hasn’t heard from her family in years, and her mom comes to her at the end and says, “You know, to be honest, I was just jealous. You were living life on your own terms, and I’ve got all these obligations. I don’t even like my life that much, and I was just kind of pissed off that you could go marry some artist and be this happy. I realize how wrong I was.” This woman who’s dying says, “I have no regrets. I got to be with the person I wanted to be with. I would have loved to have lived longer, but nobody knows how much time they’re going to have. At least I got to have the time that I got the way I wanted to have it, the best I knew how.”

Then they would have another person who, the opposite was true. They would be dying and they’d say, “Promise me, Bronnie, that you will not live life according to other people’s thinking, because I lived my whole life trying to please other people. If I could have it over again, I wouldn’t do that.” She does a great job of having the example of the person who did it well with no regrets and the person who’s like, “Fuck, I’m dead now and, like, I could do it over again I’d do it different.” It's motivating to say, “Gosh, you know, how am I measuring up against those five things?” I like that book, because it kind of takes people out of the here and now and kind of forces you to confront a broader set of issues.

**Tim @ 1:18:59:**
Yeah, I think for me in the last few years, I had a lot of death, friends pass away in the last two years, including Terry Laughlin, rest in peace, who’s in this book, just a few weeks ago. I found it really in an odd way reaffirming to familiarize myself with death and grief and grieving, in almost a preemptive way. I mean, one of my favorite people, I’m sure you’ve spent time with him, Matt Mullenweg, incredible entrepreneur, but first and foremost, just a beautiful human being. He lost his father in a very unexpected way and he recommended On Grief and Grieving to me. I think it’s a very useful exercise to familiarize yourself with the details of death and people passing.

**Mike @ 1:19:51:**
I learned at lot of this from Julie, who’s the love of my life and puts up with me. You know, she’s helped all these people who have had cancer, and so as a result she ends up seeing a lot of people pass. You know, I think more than anybody, she taught me that in the last bit of time you have, all the shit falls away. Right? All the expectations, all the external stuff. You just hope that when that time comes, you’re like, “I did the best I could. I did it the way I could.” That’s why I find that book helpful. It’s not because I’m preoccupied with dying, I hope I live a long time. It’s like, when the time comes, I want to say, “I did it my way. I did the best I could. I honored the gift.” That’s a good book. There’s business books too, but we’ll do that some other time.

**Tim @ 1:20:56:**
I think that’s a good place to move. All right, is everybody cool … Well, if you have to leave you have to leave. People cool with going a little longer? I’m having fun, I hope you guys … All right. Here we go. This is a left turn from what we were talking about, but I’m curious to hear your answer. What emerging technologies or theoretical technology, that could really go wide, do you believe are most promising for anti-authoritarian disruption?

**Mike @ 1:21:27:**
That's a leading question.

**Tim @ 1:21:28:**
Similar to how Bitcoin disrupts government control of money, maybe, I’m very interested in crypto and Blockchain. You mentioned Blockchain earlier, so I’m going to …

Mike @ 1:21:38:
It’s too bad we don’t have Naval here.

Tim @ 1:21:40:
Yeah, that’d be awesome. I would be curious to hear first your thoughts, just general thoughts on crypto and Blockchain, and then any other emerging technologies that you think are promising for anti-authoritarian disruption.

Mike @ 1:21:54:
Okay, so I hope this isn’t a shaggy dog answer, but …

Tim @ 1:22:01:
I don’t even know what that is, but it sounds good.

Mike @ 1:22:03:
Shaggy dog stories, like a really long story that never ends. For better or worse, I’m a little bit of a history buff when it comes to business. I took this class when I was in business school, and only Harvard Business School would have a class called The Coming of Managerial Capitalism. It was a fascinating class because …

Tim @ 1:22:22:
Sexy name, rolls off the tongue.

Mike @ 1:22:24:
For example, like, in the year 1820 there weren’t any companies in America with more than 100 employees. You know, because you had people trading, selling muskets or fur. If you were a really big monster company, you were like a spinning loom in Waltham, Massachusetts and spinning yarn and fabric. Well, then the railroad and the steam engine come out, and that changes everything.

What people don’t realize about people like John Rockefeller and JP Morgan and Andrew Carnegie, like, imagine you’re doing Standard Oil and you want to compete with a guy in Pennsylvania on oil prices. You don’t just whip out your cell phone and call the branch manager and say, “Hey, lower the prices. Run this guy out of business.” I mean, there’s no accounting. There’s no org charts. There’s no salary managers. We don’t even have the telegraph yet. We don’t have shit. Right? Like, Rockefeller is building a company against that backdrop.

Then, JP Morgan’s like, “Well, there’s nobody who has enough money to own a transcontinental railroad, so maybe I should do this thing where you create these fractional units of ownership of a company and we’ll call it stock.” You’re a blacksmith in 1820, and somebody says, “Do you want to buy stock in a railroad?” You’re like, “What good does that do me? Stock in some random company, doesn’t exist, why would I want that?” What happened was, the modern corporation emerged and it drove the standard of living of humanity 13-fold from the year 1820 to 2000. The richest man in American in 1870 was Cornelius Vanderbilt. He didn’t have flushing toilets. He didn’t have running water. He didn’t have electricity. You can have all those three things now and be defined as poor.

I look at it and I’m like, people say capitalism is screwed up. I’m like, what are you talking about? I’m like, it’s a freaking miracle. In 1800 you had to work one hour to get six minutes of reading light. Today you work one hour, you get 300 days of reading light. It’s a miracle. You know, there’s a lot of stuff that
is wrong with how people are practicing capitalism, but free trade and voluntary, “I have this to offer, you have that to offer, we get to trade without somebody interfering,” that’s not the problem. That’s not the problem we have. Well, what I think is happening today, and this is where Blockchain gets in …

Tim @ 1:25:02:
I’m hearing a little Texas …

Mike @ 1:25:04:
Sorry for this…

Tim @ 1:25:05:
No, no, no.

Mike @ 1:25:06:
I believe that Blockchain and things like it, and Moore’s Law and Metcalfe’s Law are the fundamental animating forces of what I like to call networked capitalism. I believe that some day, value is going to be created not by creating a large company where you have a lot of employees that work for you and produce a lot of stuff, but instead it’s going to be the people who create and curate software defined networks.

I think that Tesla is a software network defined car company. I think that Apple is a software network defined phone company. Nokia thought they sell widgets. Apple thought, “No, we sell software defined phone." The bet between Tesla and GM has nothing to do with who’s selling more cars. It’s that, will Tesla figure out manufacturing faster than GM figures out how to be a software defined network capitalist company?

Okay now back to Blockchain. There’s a book I like a lot called, The Wealth of Networks, by Yochai Benkler. I read it about 10 years ago, and it influenced my investing a lot. One of the things that Benkler talked about was, we’re going to move from the Tragedy of the Commons to the Wealth of the Commons. Then examples he used back then, he had Digg in the book, actually, and he had examples of user-generated content in open source software.

Well, what if, just like the stock market was a new way to practice capitalism for the modern corporation, animated by the railroad and steam engine, that is a new way to create abundance. Because you couldn’t have had a national railroad unless you had a stock market. You couldn’t have said, “Hey, who has enough money to build a railroad?”

There was no one person who did. So now, I believe, that Crypto has the opportunity to create the Wealth of the Commons, and rather than a centrally organization equity capital structure, you have a set of people who contribute to a project, on their own volition. Of the other people, their peers in the community, judge their value as compelling, they get rewarded.

So it’s kind of like the Wealth of the Commons, but I find it easier to think about Crypto, not through the lens of, “Oh, so are you going to invest in a Crypto company. How many shares are you going to own?”

That’s wrong. That’s like asking how many dollars am I going to own in the transcontinental railroad. No, stock units are a new thing.

Tim @ 1:27:35:
Yes, it’s a different unit.
Mike @ 1:27:36:
Crypto tokens are a new thing. They are a new way to create wealth. They are a new way to leverage the wealth of networks rather than vertically integrated, top-down owned companies. I just believe that 100 years from now, tokens or something like them will be one of many ways that a enterprising capitalist can create abundance in the world, and the more ways we can create abundance, the better.

Tim @ 1:28:03:
Does that obliterate venture capital as we know it? Or does it just reconfigure so that you guys are investing in the pickaxes?

Mike @ 1:28:10:
Yes, so like, I don’t really, it’s funny, so like, I’m friends with Vinny Lingham who did Civic, and the first time we met he’s like, “Hey, ICOs make you irrelevant, but I’m happy to give you the courtesy of my time.”

And I’m like, “Vinny, look I’m just not afraid of what’s going to be done to me. The question I ask today, is what would J.P. Morgan do if he was alive?”

J.P. Morgan wouldn’t be like, “Oh, how am I going to get disrupted? Oh gee.”

He’d be like, “How can I play offense with Crypto? And how can I create new businesses rather than …”

You know, like, Elvis didn’t say, “I’m going to disrupt Jazz.”

He wanted to create Rock and Roll. When I look about Crypto, I’m like, “What would Elvis think? What would J.P. Morgan think?”

I think disruption in tech start-ups is kind of bullshit. None of the tech start-ups I’ve invested had people who say … You know, Logan and John didn’t say, “Death to taxis.”

They were like, “Ride sharing is going to be awesome. It’s going to bring people together and make things better.”

Disruption happens after you win, almost by accident. It doesn’t happen because you try to defeat taxis, it happens because you transcend taxis. So like, whenever people say, “I’m going to disrupt something,” I’m like, “Well, you’re not a real entrepreneur,” because entrepreneurship comes from love and creation, not from anger and disruption, and what am I going to attack.

I’m not going to get disrupted by Crypto any more than the next guy will. Jamie Dimon might. By the way, I’d be happy to debate him any time and anywhere about it.

Tim @ 1:29:47:
Ooh, I like this. There’s a rumble in the jungle with Jamie Dimon. I can’t wait for this to happen.

So, just so nobody gets fired, I did get the wrap up smiley face sign, but I’m going to temporarily ignore that. I apologize. Just so that everybody knows, somebody has done their duty, and I’m going to continue for a few more questions. And then we’ll wrap up. I appreciate … everyone okay with that? Cool?
Because I’m having fun with my bud, Mike.

Oh my God, all these questions. I wonder if this is the same person. What nascent tech could most disempower the state? Where do you see tech potential for removing government control over the individual? Holy shit, we’ve got a bunch of tech-enabled anarchists in here!

Mike @ 1:30:29:
By the way, this is one of the reasons I like ‘The Wealth of Networks,’ is that ‘The Wealth of Networks’ potentially creates the opening to reestablish the idea of trade as a voluntary activity between people. The government’s role is not to own everything, or legislate everything, or give everybody handouts, or free Scooby Snacks, it is to protect the rights of people. That’s why, I believe the valid role of government is to protect the rights of people. What we’ve allowed our government to do, is have unsound practices with how they create, how they treat money.

So the Fed is jacking with the money supply, and it’s hurting honest people by … if we want to explore that, we can, but the Fed jacking with the money supply is picking the pockets of the Middle Class, and it isn’t right. Crypto has the opportunity to say, “Money should have a price just like everything else. Just like we need to separate politics and religion, we need to separate politics and economics.”

Tim @ 1:31:30:
Oh my God, we can get on so many rabbit holes…

Mike @ 1:31:38:
Yes I know, I’m bad. I know.

Tim @ 1:31:39:
It’s great. Man, I can’t wait for the rumble in the jungle with Jamie Dimon, it’s going to be great. I want front row tickets.

All right. What were the traits you had early on that made you successful? I’ll just leave it at that. That’s from Geetnesh… I’ll leave the last name out, just so I don’t have to get permission for keeping you in the podcast.

Mike @ 1:32:02:
I just think that I was lucky that I was born with parents who were just really good to me, and inspired me in ways that were surprising that I didn’t understand at the time. Like when I was in the third grade, my dad bought me this book called, “How it Works, Illustrated,” for my birthday. It was all these diagrams on how product, how does a dishwasher work, how does a-

Tim @ 1:32:26:
I know this book.

Mike @ 1:32:27:
It’s a great book.

Tim @ 1:32:28:
It’s a great book.

Mike @ 1:32:29:
Awesome. He writes in the front, “I know this is a little bit advanced for a third grader, but it’ll make you think differently about life, and someday you’re going to invent things that are going to be in a book like this.”

It’s like, “Who has parents like that?”

I didn’t decide that. Just like, when you’re a parent, your kids owe you nothing, it doesn’t mean you can’t be grateful when you get lucky and have good ones.

**Tim @ 1:33:00:**

Here, here.

**Audience @ 1:33:03:**

What’s your answer, Tim?

**Mike @ 1:33:04:**

Yes, I’m curious about that too.

**Tim @ 1:33:06:**

You know, I also think in a lot of ways won the parent lottery. I wish I could give a better answer, but the one thing my parents did … there were a few things my parents did that I think were very helpful in retrospect. Now it’s all, kind of post hoc analysis, so who knows. I would say, number one, I wasn’t, it’s not like, we did have a flushing toilet and electricity, so it’s not like my parents were well off. We didn’t have a lot of extra cash floating around. My parents had made more than 50 Grand or so a year, combined. Anyway, the point was, two things. Number one, is they said, “No, you can’t have the new bike. Can’t do it. Can’t do this, but,” they said, I mean, maybe this was by necessity, not by engineering, that they said, “The one thing we have budget for is books. So, if you really want a book, we’ll figure it out.”

So we used to go to the remainder table in this bookstore in our local hometown and pick books. I remember to this day some of those books, just like you do. “Fishes of the World,” was when I wanted to become a marine biologist for ten plus years, because of this book. Bought it for whatever, 70% off, and I carried it with me to school every day, because the playground for me, I was a really small kid, born premature, got the shit kicked out of me, like, weekly, until sixth grade. So I would stay close to the teacher with this book. I remember, I don’t know, I’ve never talked about this. I remember this one teacher, substitute teacher, not my real teachers, because they knew me, but the substitute teacher said to my mom, “You know, you shouldn’t let him bring that book to school. He’s going to destroy it.”

My mom’s like, “What are you talking about? He’s not going to destroy that book. It’s the most important book he has.”

They were very good at training us to want books. So that was a key. And then the second was, my parents, and my mom in particular, were really good at exposing me to a lot of stuff. It was free stuff. It was like, “All right, we’re going to take a trip to the aquarium when it’s free. We’re going to go to the beach. We’re going to collect black sand with a magnet, and I’ll try to explain what magnetism is.”

My mom threw so much against the wall, and every once in a while, something would stick, and then she would just put everything behind it.

**Mike @ 1:35:31:**

Yes, me too. Like, I had read some book and I said, “Well the best example of this dinosaur bones is
in the Museum of Natural History in Washington DC.”

My mom would say, “Well,” we lived in the Princeton New Jersey at the time, “there’s a Museum of Natural History in New York.”

I’m like, “But that’s not where the biggest one is.”

And that’s where, sure enough, we’d be going to Washington DC to see the biggest din … Carolyn Maples, if I was interested in dinosaurs and that’s where I wanted to see the biggest dinosaur. By golly, we were going to the Museum of Natural History in Washington, DC. And maybe while we’re at it, we’ll go to Gettysburg and learn something about the Civil War. But it was a … One other thing that I think is good, and then onto the next thing, but my dad also told me, “Don’t have heroes.” And I think what he meant by that was that hero worship is a form of not thinking for yourself because heroes, first of all, a lot of times they’re kind of a story and you don’t really know what they’re really like, and what really happened, and why they decided what they did.

But the other thing is, defining yourself relative to somebody else’s accomplishment or how somebody else acts causes you to not spend the time to discover how you can be your best self. And so it’s okay to respect the way somebody thinks, or it’s okay to respect a talent that somebody has that you could learn from. But that’s different from saying, “Oh, my gosh. Bill Gates is awesome. I want to be like Bill Gates.” Because Bill Gates is awesome. Right? He’s awesome at being Bill Gates, but you need to be awesome at being you.

Tim @ 1:37:10:
Yeah.

Mike @ 1:37:11:
And like having a hero can cause you to drift away from that, so my dad was always very … Whenever somebody famous on TV, Ronald Reagan was president when I was young, he’d be like, “Be very careful not to have heroes. You don’t know their whole story.” He’s like, “He may be a great person, but don’t have that person as a hero. Figure out what you admire that they do and try to understand that. But don’t say, ‘I want to be like that person’, ever.”

Tim @ 1:37:39:
That’s a good guideline.

Mike @ 1:37:40:
Yeah. It’s pretty good. It’s pretty good. I don’t know how he figured that out.

Tim @ 1:37:43:
This is a question from anonymous, very nice handwriting. What would you put on a billboard? It could be … I don’t know if you answered it in the book.

Mike @ 1:37:55:
I did. Yeah.

Tim @ 1:37:56:
You did, so let’s hear … It could be that or it could be something else, but how would you answer that? What would you put on the billboard that got out to millions and billions of people?

Mike @ 1:38:04:
There’s two things. One would be, “Integrity is the only path where you’ll never get lost”, and that’s the one that I put in your book. And then the other one would be, “Think for yourself always.” And thinking for yourself doesn’t mean don’t listen, but it means be willing to have first principles and you are right or wrong not because of how powerful the person is who challenges you. You’re right or wrong based on whether the content of your ideas and first principles is right or wrong. And you should seek out people who challenge your first principles like gold because they’ll make you better.

And that’s like ego is about whose right and truth is about what’s right, and if you become an authentic truth seeker in life, to me that’s kind of what it means to think for yourself. Yeah. It’s for you. It’s yours.

**Tim @ 1:39:04:**
I’m not going to follow that up.

**Mike @ 1:39:05:**
Come on. You got it. No. Everybody wants to know your sign.

**Tim @ 1:39:07:**
I know, but I’m like the broken record player that says the same thing over and over again. All right. So I would say, I’m going to give a new answer, actually I’ll give two.

The first would be, and this is advice that I got really early on that has stuck with me for decades now. You’re the average of the five people you associate with most. And Drew of Dropbox, many other people, would give similar advice. And I think it’s just so important, emotionally, financially, psychologically. It’s very important that you choose the people that you spend time with. It doesn’t have to be in person. It can be via podcast. It can be via books. They don’t have to be alive. It could be Ben Franklin. I’ve learned so much from Richard Feynman and Ben Franklin, for instance, is just two examples.

**Mike @ 1:39:52:**
And can I just double down on that? Because like … And it doesn’t even have to be five people that will help you succeed in your career. It’s like Julie, who I was talking about earlier, one of the companies that we invested in, the founder’s son was 10 years old, got a brain tumor. And so he has to be operated on in San Francisco. And Julie calls me and says, “When are you going to get here?” Like a few days later. I’m like, “Sorry. Am I supposed to … I’m in this meeting. Where are you?” She’s like, “I’m here at the hospital. Hugo’s about to be operated on. Where are you?” And I realize she never said, “Hey. Let’s meet at the hospital,” but what I realized from her was that she’s like, “What else are you doing that’s more important than being here right now? Why did I have to tell you that?”

And she wasn’t being judgemental about it. To her, it was just obvious. And so part of it is not just five awesome business people, or five Fortune 500 whatever. To me it’s more like five people who, in their own way, make you appreciate the gift of life in a more deep way so that you practice it better. And where you say, “Wow. That person changed my point of view about how to use my time.”

**Tim @ 1:41:21:**
How to use your life.

**Mike @ 1:41:23:**
Yeah.
We’re going to wrap up in a minute folks. I said I would give something new. I’ve given, you’re the average of the five people you associate most with a lot. So I’ll give you …

**Mike @ 1:41:36:**
Yeah. Another one. Sorry. I keep interrupting you.

**Tim @ 1:41:37:**
… a new one, which is a relatively recent discovery for me. Which is if you want to succeed in any holistic capacity, if you want to love the people you care for fully and have them feel that, you cannot do it if you merely tolerate yourself. You cannot do it if on some level you loathe yourself or aspects of yourself. I’ve spent decades of my life, barely at best tolerating myself. I had some bad things happen to me and I, as a consequence, decided to just hone myself into an instrument of competition, and I found validation and purpose in that, in being number one. And any joy I felt was really from observing other people experiencing joy. It wasn’t intrinsic to me.

Forgiving yourself or loving yourself is not a nice to have. It is a must have, even if you’re doing it just for other people and the people you want to express your love to most fully. You need to solve that, and there are ways to do it. There are ways to do it. That’s the good news. So I would just say, whether it’s a book like Tara Brach’s Radical Acceptance, terrible title, great book.

**Mike @ 1:43:03:**

**Tim @ 1:43:07:**
Yeah. Kamal Ravikant’s book also exceptional. That is, I think, the root cause of so many things that we can perceive is 30, or 40, or 50 different problems to solve. And in fact, there are just one or two things that happen to you that you need to unpack and contend with.

**Mike @ 1:43:27:**
Yeah. Can you double click on that for a second because I think people will sometimes say, “Hey. You should love yourself.” And they will dumb down that … They won’t understand the subtlety of what you just said and I think that’s important.

**Tim @ 1:43:40:**
Yeah. The subtlety, to drill down, I would say that … And this is borrowing from someone. Actually, it’s in the conclusion of Tribe of Mentors, because it’s that important to me. Jim Loehr, or Lare, who’s a performance coach. He’s worked with a lot of a incredible athletes. And he, L-O-E-H-R, fascinating guy. And his book, Mental Toughness Training for Sports really changed my life in high school… Don’t worry. I know. I’m getting the stink eye. I’ll make it up to everybody.

**Mike @ 1:44:18:**
Tell the whole story, Tim.

**Tim @ 1:44:21:**
Jim expressed to me when I met with him to learn how to play tennis for the first time, just in the last year, which I’d always wanted to do my whole life. He said, “In effect, the most important voice we ever hear in our lives is the voice that no one else hears. It’s the voice in our own heads.” And for my entire life, for I mean really my entire life, it’s been the most merciless, brutal coach you would never wish on your worst enemy.

**Mike @ 1:44:55:**
Yeah. Raise your hand if you said something to yourself negative in your own mind today. Yeah.

**Tim @ 1:45:04:**
And you can create, even if externally you have all of the material trappings or rewards of a financially successful career. If you have the nuclear family that everyone has dreamed of and painted in Norman Rockwell paintings, if that inner voice is just a demon on your back, you will not find the peace that you want. And nothing you buy, nothing you achieve, will provide that. There are just things you need to unpack so that voice becomes a different voice.

**Mike @ 1:45:38:**
Is it fair, Tim, to say that part of love is ... Like you can love your country without thinking it's perfect, and you can love your kids without thinking they're perfect. And part of loving yourself is like saying, “That doesn’t mean I’m perfect. I’m not going to be jingoistic about myself. It’s more about, I’m going to hold myself in higher enough regard that I’m going to do the best I can with the day that I have, and I’m going to forgive myself when I screw up honestly.

**Tim @ 1:46:08:**
Yeah. That's a big part of it. And also for people that are looking for maybe a tactical recommendation, one thing I found very helpful and I don't want to take too much time to go into it. But something called metta, M-E-T-T-A, meditation, or loving kindness meditation. I went through meditation retreat recently, which was very difficult for me, and I was practicing this. Just Google it, you'll find plenty. To convey in my meditation love and wishes for happiness to many different people who had helped me throughout my life.

I remember one of the teachers at this retreat said, at the very end I was about to walk out the door and she said, “Wait a second. Have you done any loving kindness to earlier versions of yourself who experienced a lot of pain, who maybe felt unsafe?” And I was like, “It didn’t even occur to me to do that.” I would encourage everybody here to explore that.

And I know we’re running out of time, so Mike, I have one more question and then I’ll have some closing thoughts. This is the tradition at the forum to ask: What is your 60 second idea to change the world? No pressure.

**Mike @ 1:47:16:**
Okay. Think for yourself and be kind to yourself in your own mind because 90% of the unkindness that happens in the world is actually people being unkind to themselves. And if you're going to be ... If you set out to make the world better, being kind to yourself in your own mind is probably the most straightforward, high return use of your time possible.

**Tim @ 1:47:41:**
Cheers to that. Mike, I just want to say that it's been such a joy and a privilege to know you for as long as I have and I really hope to spend more time with you. We've spent a lot of time together, but I'd like to spend more time. And I really truly believe, and part of the reason I wanted to bring you out on stage tonight, that you're one of the most genuine, un-entitled, positive people who want to also impart the gift of positivity to the world I've ever met. So I just want to thank you for that.

**Mike @ 1:48:23:**
All right. Well, it's been fun to see you do so well.

**Tim @ 1:48:26:**
You too, man. Ladies and gentlemen, Mike Maples.