This is Digital Podcast

Episode 2 Transcript

Rissa (00:01):

Welcome to This Is Digital, a podcast about leading with digital to win in the marketplace. I'm your host, Rissa Redden, partner and chief marketing officer at West Monroe. West Monroe is a digital services firm. We are thinkers and makers who bring hands on experience and technical know how to get things done and to deliver lasting value. On this is digital. We'll be talking to experts about how to go about not just doing digital, but being digital. We'll be sharing stories of digital successes and digital failures. This podcast is for business leaders like you who don't want to miss out on the opportunities that digital holds. With that being said, I am thrilled to introduce our guest author and former Harvard professor John Sviokla. John, welcome to the podcast.

John (00:42):

Thanks, Rissa. Lovely to be here.

Rissa (00:45):

John, please introduce yourself for our listeners today.

John (00:49):

Oh, sure. My background professionally started when I was a professor at Harvard Business School in the area of technology and, and marketing and statistics. And we're very early on in the, we're trying to look it back in the eighties and nineties on the impact of AI and digitization and so forth. And I was always curious about what was the difference between humans and machines and how do we know? And so that birthed the whole career on the economics of digital economics of symbol work. Then I joined a consulting firm that was putting that to work called Diamond Technology Partners, that was headquartered out of Chicago. That was fun. We, you know, did all kinds of stuff. Publicly traded company. I was on the board and such. Rode the.com wave up and down, made some good investments, some bad ones. And then we sold our shelve to Price Waterhouse Coopers. So got to scale it there, do things more globally and visually, and now retired from there. And we work at a place called Manifold the Advisors which is part of the Manifold Group, which is a venture holding company, basically living on both sides of digital transformation. One is on the investment side, how do we create the disruptors? And on the other side, how do we defend the dinosaurs from the mammals?

Rissa (02:00):

And John, what piqued your interest in digital? What was it about digital that captured your attention?

John (02:07):

Yeah. Well, I went through the door of what's the difference between human thinking and machine thinking, and how do you know, right? And then that broadened into really without getting too fancy, like a whole worldview on how the symbolic description of reality, what I call computable reality changes. Everything we do changes how we think, changes the economics of businesses and so forth. Just to make it a little more concrete, to give you what I, an idea of what I mean by that is that if you think of the self-driving car that we have right now the, the car itself was largely computable. And you know that because we had a high level of knowledge of how the car worked, the fluid dynamics, the electronics, all that good stuff. And you could actually computer model a car pretty deeply.

John (02:55):

And many of its systems. However, the, the cars driving environment was not very digitized. And so when Google went to do the self-driving car, the first thing they did was they digitized the cars driving environment. And then we could use all the knowledge we have of physics and fluid dynamics and radar and frequencies to compute the driving environment. So we can compute the car, we can compute the driving environment. All of a sudden we have this new functionality. And I think that's the fundamental thing that's been happening since 1938 when Ellen touring and Alonzo Church separately, but at the same time came up with the idea of a universal symbol machine.

Rissa (03:37):

A few years ago you wrote an article claiming that we were in the bionic era. Yes. Could you tell us a little bit about what that is and why that's important?

John (03:45):

Sure. yeah the we're not separated from our technology or, or what we do, and, and people notice it with smartphones and so forth. But it's really been with us for some time. And, and there, you know, there's an old saying, I think in anthropology about how, you know, humanity shapes their tools and then the tool shape us, right? So this has been going on since fire and agriculture and so forth, but with symbol systems computers, right? Because the, the big difference between traditional automation and digital automation is that when you automate a task, you not only automate the task, but you also get a symbolic description that you can do other stuff with. So, like our conversation right now, this is digitized and we're going back and forth, but in addition, it's got our locations, it's got the tone of my voice, it's got all this derivative stuff. I think that it's kind of a vertical stack of value that gets built automatically because it's symbolized, right? And that's true of, of everything, you know? And so what that allows is new forms of capital. So in the bionic era, before the bionic era, we maximized natural

capital, human capital, and financial capital. And I understand I'm oversimplifying all kinds of stuff, right? There's a whole argument about colonialization, blah, blah, blah, blah, blah, right? Okay, let's just, let's stay within the, set that

Rissa (05:08):

Aside,

John (05:08):

Simple. Yes, set that aside, right? I get it. You know, shared stock company, you know, terrorize, lots of places. Anyway, the, so three kinds of capital. Once we have a symbolic description, we birth behavioral capital, network capital, and cognitive capital. So what do I mean by that? Behavioral capital. What is Google? Google is a company that maximizes my behavior. What am I searching for? Cognitive capital, What's the algorithm that's going through? They're computing my desires and how I look like other people and so forth. And network capital. How many people can I get to in a bigger network's better? When you go to a symbolic base, when you exploit your virtual value chain, when you digitized, that's a bionic transformation. And, and to get out of Google and something like that, you take a company like United Rentals, Okay? United Rentals is tagging every asset they have so that they can know where it is.

John (06:06):

They can know if it's working right? They can do predictive behavior, all that stuff. So now they're starting to get some cognitive capital that is predictive analytics, right? Starts to get in there. I get network capital. How many generators do I have in the northeast area? And I get behavioral capital. What's the usual usage pattern of this? I can, you can even look at things like, I know that there's technology out there where you can look at the behavior of the device by looking at how it draws power. So the, the power profile of electrical usage and electric motor is a leading indicator of whether that motor is going to have a problem. So now I have behavioral capital because I can look at, and I don't know for sure if United's using that behavior, but I can now map the behavior of the device as well as how it's used, as well as the behavior of the renter. All of these are new forms of capital that amplify my physical capital, my financial capital, my human capital, just as. And, and that comes down really simply. I can utilize it more. I can fix it before it gets expensive. I can have the right number of assets in the right number of places. Just really simple stuff that come out of those bionic attributes.

Rissa (07:15):

How does computability change the relationship between humans and machines?

John (07:20):

I think it changes the relationship between humans and machines very deeply at at least two levels. One is the physical interaction, well, physical kind of a funky word when you're talking about symbols. Well, whatever this interaction, right? How, however we describe this, right? The

because it gets very intimate, customized, and so forth. I mean, if you said, if you look at, you know, what's going on with Facebook, Alibaba, TikTok, you know, WhatsApp, you name it, right? The algorithms are essentially computing my expectation structures and my individual cognition. John, just in this, maybe you should see this. So it's completely changing my interaction patterns with the device and, and the information environment it provides and, and the things and so forth. And this has got lots of, you know, the, the most obvious thing is when I'm in a mood for X, it suggests Y or when I'm going to move for X to make sure I buy X, it gives me blah, blah information.

John (08:23):

It takes me down a path and so forth, right? So it's the excitation or manipulation of my desire and my attention. So that's, and that, that's happening all over the place. I mean, you go, you know, buy gas, now they're putting, you know, BP TV in front of you. That's just another example of, you know, hey, here's a, here's a slice of attention I can go get. So I think there's that, that's at the individual level. And that goes deep along everything, how I search for things, you know, social proof, you know, I, I just bought a new coffee grinder, you know, talking about two seconds because I looked at all the social proof stuff. So, and so rates this, Here's the user rating bank, bang, bang, done. So does that, and it, and it goes, it makes things easier, faster, better, usually cheaper, although that gets funky anyway.

John (09:11):

So does that, So it's computing's individual cognition in the context of desire, usually for sales. That's the economic model. Then there's another whole set of things at the social level that if you look at the, there's a wonderful set of research that began at Harvard Business, I mean, at Harvard College and Columbia on the birth of what, what's now called mathematical sociology. So look at a group. How can I mathematically calculate the matrix of individuals and how they interact with each other? And there's a seminal piece of work in 1976 called block modeling. There was a two part paper published in the American Journal of Sociology by Harrison, White guy named Boorman, I forget the third author. And they said, Everybody talks about the social graph now. Like, who do you know? And all that other stuff. And the, an analysis that they do, that all began in 1976 when a physicist who was Harrison, is a great guy since passed away.

John (10:11):

Harrison said, Look, man, I'm not going to be Einstein, right? I'm 30, you know, and I'm an okay physicist, but you know, so he kind of looked there and said, Where's an easy place to make a difference? And sociology, you knows, kind of on its back for a while. And you know, it was a long time since stir time and you know, Max Var. And so they hadn't come up with much. And so he said, How about sociology? So he looked at it and he applied mathematics to human organization. And what the implications of this are is you look at, you know, the unbelievable, you know productivity of something like Facebook's advertising things where they can give you

a like audience. Well, how do they get that? They get that by analyzing the social graph, right? And understanding, okay, I like this.

John (11:01):

I do these kinds of activities. I look at this kind of media, that's a complex profile of me as a puzzle piece in a jigsaw puzzle, right? And so they're computing that. And they're computing and, and you've seen the stuff around, They're also computing. How do you go viral with a message, right? How do you do a meme? And then how do you make that meme hit enough places in the global network? So it flips over and they're using, you know infection mathematics, right? To basically say, how can I, how can I get the transmission rate high enough and fast enough so that metastasizes, so it becomes the global mean. And the intelligence communities are using that in disinformation people and media people as well. Well, that's computing the social cognition of the global network, right? So I think it hits at least two levels. Individual computing, what's in here, expectation, structures in time and computing are social interactions.

Rissa (12:31):

John, tell us, when you talk about computability, what do you mean?

John (12:37):

Well, I call it the law of computability. And it goes like this, which is there, you need to understand whatever it is that we're curious about. Let's call it the phenomenon of interest. So a task and activity is something, the phenomenon of interest. How much knowledge do we have of that phenomenon times how digitizes that phenomenon equals computability. And let me dive into a little bit the level of knowledge, because you can go, you know, into thousands of years of history and professions of knowledge. Let's keep it simple. There's four levels of knowledge. I don't know anything.

John (13:15):

I can categorize it and describe it. That's the first level. I can correlate it. A goes with B, B goes with C, I can show causation. A causes B, B causes C. Okay? So those are the three levels of knowledge. And, you know like categorizing something, when you look at a Jackson painting, can you really categorize one versus another? There's not even a language system to make that happen, right? Causation I mean correlation, you know, we know that, you know that usually when people buy this product, they also buy that product, but we really don't know the causation underneath that causation. Ge when I'm doing a flight simulator, I can actually know that this movement in the Aron is going to cause this kind of airflow is going to do this to the airplane, right? Causation on a physics level.

John (14:12):

So something becomes computable when you have a high level of at least correlation and then causation and a high level of digitization. An example that we have talked about in the past is this notion of the self-driving car. Okay? The self-driving car, the, we had a high level of knowledge of how our car drives, but we had very little digitization of the car driving environment. So that's where it went to. And so more and more things are getting computed. Social cognition usually went from not computable, some correlations like old style marketing, broadcast marketing, things like that. I'd correlate, Hey, I ran this advertisement. This is what happened to sales of razors in that category. Now we're getting close to causation. I put this message in front of John, John clicks on this and he buys this. That's a much close to causation than correlation. So that's why advertising has just completely been revamped because we've gone from correlation to causation.

John (15:53):

When we're talking about the law of computability, think about Google self-driving cars. The car itself was largely computable and even the car's environment, we had a high level of knowledge. So in the car it was highly digitized and highly and high level of knowledge equals computability. The cars driving environment, we had high level of knowledge of, you know, how things the physics and so forth of what happens with a car in its environment. But very little digitization. We didn't know how to map out the car's driving environment. So when they put the lidar on top and started to compute a digital representation, then the driving environment became computable bang. We have a self-driving car. Another example of computability is advertising 20 years ago versus today, advertising 20 years ago was at the level of correlation. I spend this amount of money supporting this brand and this category, This is what happens. I use Nielsen's, this is what comes out of the supermarket. You know, I put this money in Gillette razors, here's the return correlation. Now here's an ad on Facebook, here's an ad on Google. John looked at this video, he went to this ad, he went to Amazon, he bought this thing. That's causation. So I'm starting to be able to do causation, which is why advertising has been completely revamped over the past 20 years because the people who are competing only on correlation can't compete with the people who are using causation and correlation a higher level of computability.

Rissa (17:25):

Now you, you're exactly right. It's fascinating to me when you think about digital billboards that you walk by, but you're being geo fenced and, and you're served up and ad and then you click on the ad and go visit a website. I mean, that gives you so much more information about who's looking at you, how they're finding you. It's, it's so different than it was years ago. You're exactly right.

John (17:45):

Absolutely. And then the race of computability, it's like the old joke about the bear. I don't have to be faster than the bear. I just have to be faster than you. And the same thing is true on

computability. If you're in an industry that has very low computability and you can figure a way to do it, you think about Uber, I mean, they just crushed they crushed taxes because they took a little bit of computability and added it to assets and, and so forth. And, you know, that's, that's amazing. And then you know, I have a friend who is buying old style apartment buildings that are good cash on ca. Yes. Yeah, there was, and actually it's not an airplane. What this is, it's an individual with a flying pack on the back. They, they come by every once in a while.

John (18:29):

They like the bluff. I think they like the bluff because of the, the, the airflow, you know, up in a, we're about 30 feet above. So anyway, yes, we can do it again. So another place that you can do computability, Oh, sorry. The most important thing in computability is to remember that you don't have to be the best at it. You just have to be better than the competition. Just like the old joke about the bear, I don't have to be faster than the bear. I just have to be faster than you and

Rissa (19:03):

Fast, John. I'm very fast

John (19:04):

<Laugh>, I, I'm not betting against you.

John (19:07):

The <laugh> not to find somebody slower than me. The and so I have a friend who is buying up apartment buildings with some partners. And what he's doing is that he's taking apartment buildings that are good assets and he's just putting in the base digital stuff. So he's putting in better payments, he's putting in better availability. He's put in, you know, digital descriptions of the building. So he buys a good asset and he just does the most basic stuff around, you know, modern payments, modern profiling, modern marketing. And he's, you know, he is got practically no downside risk cuz he buys a good asset. And then he takes that incremental investment in invested services in marketing. So he has better occupation occupancy rather. And if you know anything about real estate that those last few, it's like an airplane, those last few apartments that are rent and rented. And if you can keep that, you know, occupancy high, that is worth tremendous amount on the return on asset. Especially if you're the equity holder. Not that that holder, cuz it all goes to you.

Rissa (20:12):

John, a question for you around digital. If you were to describe what digital means to somebody who was unfamiliar, somebody sure alien lands tomorrow, how would you describe digital?

John (20:24):

The way I would describe digital is that there's a thing and then there's an information description of that thing. And digital makes the information description of that thing better, faster, cheaper, recombinable reusable creates new assets. We talked about in the bionic world, you create behavioral, cognitive, and network assets. Those are only available in digital. So it turbocharges symbolic descriptions of reality. And at the end of the day, symbolic descriptions are reality are the main thing that separate us from the animals.

Rissa (21:11):

John, I've seen you post recently quite a bit about ai. Are organizations missing out on ai?

John (21:20):

Well, I think that the idea of AI gets way overblown and, and as somebody who spent a lot of time trying to define it and understand it and so forth, artificial intelligence as a definition is when vacuums collide. Okay, <laugh>, you can't define artificial and you really can't define intelligence. And putting those two things together doesn't make it any more specific. So forget that for a minute. Artificial intelligence as a label is very, very useful for describing a set of techniques. And that's really important because how we extend our technique portfolio is a big deal. Like when we invent the statistics, everything in business changed, right? And I think the invention of statistics actually was much more important than AI will ever be. And AI rides on a bunch of statistics anyway. But if you look at, if you look at business pre statistics and post statistics radically different, right?

John (22:17):

Risk planning you know, capital allocate, all that stuff. So with ai, I think that people are focused too much on technique and not enough on differential competitive advantage. That's why I like computability better. I may or may not use the statistic of, I mean, I may or may not use the technique of AI to get a computable advantage. I might use plain old statistics. I may just use better sensors. Hey, instead of predicting it, I'll just put a sensor out there like they do at Climate Corp. Where they do satellite based crop insurance. They have a sensor on the ground in a statistical model, and then they pay based on that and they don't have to send out a claims adjuster. Well, doesn't have to be ai right? Just be statistics and a sensor. So I think people focus too much on the technique and not enough on the advantage.

Rissa (23:13):

John, much of your career focuses on how technology impacts company's lives and society. Sure. What's the most surprising thing that you've observed over your career?

John (23:24):

Oh the, the thing that surprised me the most was social media. It's funny because I had studied mathematical sociology, so I understood the interplay of networks and how that mattered. But the human propensity to spend so much time and effort and attention in social media and the

importance of that and how it then drives behavior was just something I didn't, didn't see to the massive extent that it is. I understood what the, the, the economic dominance of those networks, especially if you don't enforce any trust right now, you know, Facebook should be broken up. There's no question in my mind it's a monopoly. And I mean, the only places that's not a monopoly is where it's been kept out by the politicians, Russia, China, right? And but forget that for a minute. Just the economies, a scale of a network are unbelievable. They want to take all markets. But the, the amount of time that people would spend and its importance in their lives and how much it, it really defines their self to some people that I found that didn't expect the, the Google phenomenon, you know, the dominance of the digital players, the, the fact that, you know, the five of the top four, you know, five of the top six most highly capitalized companies in the world are digital companies. That didn't surprise none of that surprise me. Facebook surprised me.

Rissa (25:00):

And why do you think that people do give it so much of their attention? What's your theory?

John (25:07):

I think it's a, I think it's a combination of a bunch of stuff. I think first of all, I think that the we have a mentality in this country of around behavioral rights and cognition, rights and network rights that reminds me of like 13th century England for property. So my understanding of 13th century England, I'd probably get some of this wrong and interview viewers wants to correct me with the facts is fine. But, you know, the king basically owned everything, right? And you could have grazing rights and you could have rights of way and, you know, you could fish or you could take this many deer out of the king's forest, but the king owned everything. And maybe the duke, if, you know, some Duke helped them keep in power, right? All right, well, King and Duke dig, Google King, Google, you know, Duke Facebook or King Facebook, right?

John (26:00):

They own everything in their digital environment. And I understand the click through things have been defended up the Supreme Court and all that stuff. But that's nuts that we don't have other kinds of stuff. And why is that the case? It's because we don't have any primitives to describe property. I'm a big believer in property that property and human rights go together. Property and the ability to trade those and, you know, and the ability to hold, to have society protect your property rights, right? Well, we have, we are like in 13th century England, you know what I would like to do, Rea is look, I would like a transaction, right? That says, I'm going to talk to Rea on this thing. And you service provider, you software provider, you don't have access to recombine that you don't have access to. My geography where I am, what time I did it, the tone of my voice.

John (26:50):

All of those are separate rights. Just like in property, there's mineral rights, there's air rights, there's water rights, okay? Somebody had to invent those so we could dislodge them from the king and then we could trade them in markets, you know, starting with the Magna Carter coming through, you know, the shared stock company and you know, the kind of work that the Brits did and the Dutch, you know, we have to invent new primitives cuz I don't, I want to be able to get hold of those rights. And so I think the fundamental economic conception is a physical conception, not a digital conception.

Rissa (27:24):

Okay. And do you think that that's something that will shift over time? I mean, is that where blockchain changes the game because there's greater transparency?

John (27:34):

Well, I, I believe that we need an intellectual discussion that talks about what are these primitives, Okay. And there's, I think that the discussions I've read and seen so far are, are not fundamental enough. They're trying to take the old industrial model and bring it onto this and say, Oh, it's too complicated. Hey, you click the, you know, you click the, you know, the attached to the way they call it the shrink wrap, you know, contract, right? So forget it. Well, so first I think, because you can't make progress if your thinking is wrong. So first I think we need a fundamental thing when we have that. I think that sets the stage for different parties of interest getting access to that. So let me give you a specific, for instance, I think that retailers are nuts to use Amazon's aws, they're just nuts. I think any retailer like Walmart, I don't know if Walmart uses Google Voice or Amazon Voice Alexa, but if they're doing that, they are crazy because they are using their behavior of their customers to give those providers first in the demand chain access. So I would hope that some of the people who really, when they understand computer computability of reality and digital will start to say, Well, wait a second, it's not in my interest. I have a lot of power, market power. It's not in my interest to have this stuff embedded in my supplier.

Rissa (29:07):

Well, is that, is that not having a true understanding of the value? Is it that, is it thinking the, the way in which people are, are approaching the value chain of their business? Or what, what's contributing to that? What people, what are, aren't people saying?

John (29:20):

Sure. I think that there's at least two things. First of all, there's just what you said, which is that the, the just now you're starting to get some executives who've been grown up in digital. But you know, I used to teach in a business school, and I still think that what we teach about digital economics and symbolic economics and the economics of symbol work is just insufficient. You know, I mean, you know, you know, for example most, most understanding in economics, quality, you know, marginal cost, returning capital, all those stuff is based on a normal

distribution. Well, digital economics are not normally distributed. They're hugely skewed. If I have a few people with the right tools and the right access, I can have 10 people do the work of 10,000 mm-hmm. <Affirmative>. And you know, Google, Facebook looks at Google and says, I mean, Facebook has <laugh> almost 200,000 customers per employee.

John (30:15):

Think about that. I mean, that's nuts. You know, I mean, and, and so, and they look at Google and say, those, those folks are bureaucratic, you know? So digital economics aren't taught, right? Symbolic economics are not taught. And there's some design stuff too. You know, we have the, the fundamental design conception of work design comes from Frederick Ka, who worked with is a, you know, the father's scientific management. He worked with Ford to basically, you know, our whole management thing is simplify, centralized, standardized, right? And then extract the knowledge from the worker to management and then leverage that. And it's been great. Look, this shirt costs, you know, one 10000th of what it might have cost or this cop, you know, all because of scientific management, that's not bad. But symbol work is not that. It is at the high end. It's smart people who are trained doing a complex interdependent task.

John (31:16):

And you're trying to raise the collective IQ of those people, okay? That's completely different than decomposition standardization. And you can see it in organizations because senior executives don't let the technology group reconfigure their work. So their organizational power, they just push away. It's like, oh yes, you know, Thanks John. Yeah, maybe I'll do that. Maybe not. You know, and you can see it, you can see it in sales organizations, right? People don't adopt and the organization adapts around them. They don't talk about the fact, the reason they're doing that is cuz they have too much organizational power to jam on them. Okay? So Tailorism stops at the top. But the problem is we don't have a design ethos up there, right? The guy Doug Englebart, who died about a year and a half ago, the father of personal computing. I mean, if you listen to a and k, the guy who invented, you know, object oriented programming and overlapping windows, all this good stuff.

John (32:07):

The he says, looks, the Isaac Newton of personal computing was Doug Englebart and Englebart had the augmented knowledge workshop. He said it's about the col raising the collective IQ of skilled people doing complex interdependent urgent work. And he had a design ethos that looked at the human being, the language system, the method, the technology and training h l t, which was, which gave us the personal computer, the mouse, he also meant the mouse. Anyway, all that stuff, that's a long winded answer to say, I don't think people understand, They're not taught the fundamentals of, of digital economics and symbol work, which is where most of the value in economics is going today. So I think there's that. I think the other thing is that I think

that we haven't confronted the, the i the tremendous social implications of allowing the strip mining of our symbol world in our behavior world.

John (33:16):

What do you mean by that? By two corporations? Well, I think that I think that the traffic pattern in my town is a public good. It's not a private good, okay? But there's no discussion of that. It's assumed that, oh thanks Google, and, and I love the Google private good. I use it all the time. I'm not saying that, but there's no notion that hey, you know, that's actually a public good from like a lot of different dimensions. When, when the, you know when Google did their street view, right? They went and they collected all kinds of stuff. There's over 22 lawsuits in tw there's lawsuits in over 22 countries that Google's been fighting about their illegal capture of context information in particular wifi addresses. Okay? They said they weren't doing it. The guy who's running Google Street View was an expert on capturing wifi addresses funny, funny choice.

John (34:16):

And 22 different countries have brought suit against them because they have proven, they have evidence that they are collecting way more than the street data. Okay? They're just strip mining the public sphere and they have a very conscious strategy for doing this, right? They go and they do it. They know it's not legal, They fight a retreating battle, they obfuscate, Eric Schmidt denied they were doing it. You know, it's just, so you have these companies just Facebook, I mean, when Facebook had that thing with Cambridge Analytica, any developer I talked to says everybody knew you could get all of social graph information. That's baloney. You know? So they are, they're and what's more important to me is we don't think of it as a public good. Right? Right. And, and, but it is cuz it affects all of us. And, and just, and, and, and if you go back to the founding fathers, I mean, let me be in the originalist like Anthony Scalia maybe it, he, he, he was like an originalist until he wasn't.

John (35:24):

But anyway the you know, I've got to think that the founding farthest, when I thought about property, didn't think that it was okay to take my image, my location, my movement, and then pass that to the government. You know, and metadata, they say metadata's not important. It's like, okay, well John calls, you know, a porn hotline at two in the morning and then orders X, y, Z on, you know, whatever website. Oh, that's not, I, I don't mind if people know that. Yeah, I do. That's metadata. You know, it's like, hey, I'm, I'm calling this, I'm repeatedly calling this other person, you know, three in the morning, you know, when my wife's phone is. No, you know, that's metadata. Okay. It's like, come on. Metadata is not just, you know, you know whatever. We're probably going to have to do that again. The guy just went back the other way. Yeah.

John (36:19):

Is this the kind of stuff you want? I mean, I don't know.

Rissa (36:21):

Yeah. No, no. And I, so I would love to shift now to the book. So I would love to, to hear what prompted you to write Sure. Self made billionaires and Renee is coming on.

John (36:35):

We had two folks fly by. Yeah.

Rissa (36:40):

The ask the question again. I hold please, John. I thought I had something on here about it, but you wrote a book, John, could you tell us a little bit about your book?

John (37:02):

Yes. The book's called the, the Self-Made Billionaire Effect, How Extreme Producers Create Massive Value. And I just got curious about, you know, how do people create huge amounts of value and study value a lot, looked a taught business, you know, been a consultant for many years and they get interested, Okay, well, just like you look at the extremes in anything, you can learn something. So I wanted to look at these self-made billionaires. And so what we did is we profiled all the self-made billionaires we could get access to. And we there, at the time there were about 1400 in the world. And I was surprised that the majority of billionaires are actually self-made. And so you see a, you know, increasing ability to, to create and hold onto value very early. And we looked for what those, and we looked for ones that we could profile pretty clearly from public information.

John (37:58):

And then we did a deep dive on about 200 of them. And then we get interviews with about 16 individuals and then tried to do an inductive study, you know, generalize, Okay, what had happened? Cuz there's a bunch of things out there about, you know, is it the first child? Is it the last child? Is the middle child? Is it somebody who grew up poor? And we found none of those things were true, you know, didn't matter if they grew up poor, didn't. And the just as many, you know, grow up middle class or rich, relatively rich, and we defined self-made billionaires taking at least 10 million and going at a hundred x at least. So if you start with 10 million, you had to make a billion. So and what we discovered was more about habits of mind, like the kind of things that they thought about and the way they looked at the opportunity.

John (38:43):

And one of the most striking facts of the book was that four, out of five of these billionaires, 80% made their money in highly competitive contested markets. Water, coffee, pizza, construction. And so when you step back and you look at that and say, Okay, you can be a self-made billionaire in a mature market, that means to me that value creation and maturity is a point of view problem, not an economic reality. Mm-Hmm. <affirmative>. Okay. So to any of

your listeners who are immature markets, the reason they're not winning is they're not creative enough. Okay? That's an important thing. I'm not saying it's easy to be creative, I'm not saying it's easy, but it's not because there's not opportunity there. Anything can be differentiated. Anything can be redesigned as far as we can tell from the book. And then in terms of habits of Mind, it really is about a combination of thinking and doing together. And we saw this both in terms of the majority, 60% of the self-made billionaires, we were able to identify a creative duo. So, and you see this in rock and roll, right? You know, yet Jager and Richards,

Rissa (40:00):

I was, I was wondering if that's where you were going, John, which musician is he going to bring me here with this conversation? Yeah.

John (40:06):

Okay. I'm,

Rissa (40:07):

I'm rolling. Stones. Yes.

John (40:08):

Yeah, I'm, I'm, I, I like Richard's solo stuff better than Jager. Solo stuff is just got awful in my opinion. But, but they're obviously better together. It's also true in science. Madam Cury and her husband really worked together. It's true in the arts. You know, Theo Van go helped his brother Vincent. Now Vincent died poor, but he never even would've kind of had his act together without Theo. And so, in many walks of life, you see this combination of what we call the producer, the person who does more of the environment setting and design, and the performer who compliments that. Now, this is not thinker, doer, If you look at the work of Steve Jobs when he was working first with the Wosniak and then with Ivy you look and Jobs is down in the details of the Gorilla Glass. When he is doing the iPhone, he has this whole thing where he goes to the CEO of Corning and, you know, finds out about Gorilla Glass and Right.

John (41:05):

So he's in the details, but he's got the compliment of Ivy helping make it happen, making it real, coming back to him, pushing back, working together on that iPhone. And so it's really this producer performer pair you know Bill Gates and Steve Baller. Baller was an absolute disaster by himself, right? And so you, you often see these combos and what you see happening is, again, it's not thinking and doing because the, the second attribute that we, we saw, so there's that producer performer pair, you have this empathetic imagination. So it's understanding what the needs are, but also imaginably how you might solve them. So it's not horseless carriage, right? It's a new solution to a set of issues or imagining a new possible future. So that's really important inventive execution. So how you do it is related to what you do is related to how you do it, right?

John (42:01):

So what happens in a lot of big companies is people say, Okay, great, you folks go think something up and then we're going to come back here and then we'll implement it in our system, or we'll have somebody else implement it. We didn't see that ever work because the implementers used the traditional stuff. Give you a specific example of a buddy of mine pitched a complete eco, really genius concept around the Eco hotel to a major hotel chain. And he said, That's great, you know, we've got most of that covered. We have the, we have the local menu, this, that, the other thing. But you couldn't deliver that. You couldn't deliver his concept by using their traditional procurement, their traditional manufacture, their traditional construction and so forth, Right? It's like the way I think about it is like having a bouquet is the, you know, is the empathetic imagination.

John (42:49):

And if you put it through an existing business, it's like taking that bouquet and sticking it through a fan mm-hmm. <Affirmative>. And you can look at all the stuff on the floor and say it's the same bouquet, but it's not. Right. And that's what happens when people get death by a thousand paper cuts, right? So you have that they have very rational risk takers. They're more concerned about being able to play again than winning every time. And if you, if you know about payoff curves in capitalism, they're, they're skewed, right? If, if Bill Gates' height was his wealth, his head would hit the moon, right? And so it's not a normally distributed game. So they know that. And then they, they're really good at paying attention to things for long periods of time, but moving when the time is right. I've seen so many times, even in my own career, I've, I've studied some stuff too early. I can take you through some of those, but they're painful, but being too early is just as bad as being wrong. Correct. And so they, but the other thing that corporations often do and bureaucracy is often do is, Okay, well we can't do anything about it, but, but they don't have a way to pay attention to it without spending

Rissa (44:00):

A lot of money. No. Managed to the quarter, you know, quarter end and, it really becomes challenging to take a longer term view.

John (44:07):

Absolutely. And, and even to pay attention, even if it doesn't cost you a lot of dough. So rationally it's like not much money, but it's like, oh, that's off focus. Right? And then you get consultants who I won't be mean enough to name, who say you should cut everything, but the core, it's like, well, yeah, maybe.

Rissa (44:25):

John, a question for you about the book. In the book you talk about where people can be successful and that a lot of the people that you talked to started their own enterprises. Yes. And

I'm curious, you know, to get your perspective on that from a talent perspective that Yes. Could these companies have kept them or was there a way to harness their amazing capacity for production?

John (44:48):

Yes. Well I think the great, the great managers and the great industrialists understand this, there's a wonderful quote from John d Rockefeller Senior where he says, The ability to motivate men is a commodity that can be purchased just like rubber or sugar, and it's the commodity for which I'll pay the highest price. Hmm. Okay. And you look at something like John Chambers at Cisco, okay, what did John Chambers do? He would, he would fund, he would, people would go outside the organization, he'd fund them through Cisco Ventures, they'd build up their company, he'd buy them back and bring 'em back into the company. You look at Warren Buffet, what does Warren Buffet do? He picks talent, he backs them with capital underneath Berkshire Hathaway. You look at Walt Disney, What did Walt Disney do? Walt Disney actually, he bought the land in Orlando himself and then he sold it back to the corporation and he kept talent around that for helping to make the park. So if you're as an executive, you have the degrees of freedom to do it. If you have the courage to use them.

Rissa (45:49):

That's great. You know a little bit off topic, John. You mentioned Mary Currie and I love a book called Radiant, which is about her collaboration with Lo Fuller. Lo Fuller was a dancer out of Chicago and performed at the Folie Bje in Paris and worked with Mary Currie on her costumes. And a lot of her set design strategies are, you know, all things that we use to this day. Wow. Isn't that great? But it was an interesting story of collaboration between the two women.

John (46:17):

Yeah. Oh yeah. You see it all over the place and you know, and I think I, I also think, I didn't want to get too cosmic, but I also think when you're doing new things, there's something about the intimacy of having someone you can trust but is still has a different perspective to come back and forth. Cuz a lot of times being an entrepreneur in a existing space, especially it's like blue ocean swimming, it's very different than swimming along the coast. Or it's like having a, a blank sheet of paper. There's a famous story about Jato, the Renaissance painter who you go on the Cistine chapel of, first set of panels is Jato, right? And the you know, then I think it's Rafael next and then Michael Angello above. Anyway the you know, he said that the Pope wanted to know, you know, if you, he wanted some samples of his work. So legend has that, He took out a piece of Vem and he draws the perfect circle free hand, and he goes, give that to the Pope. And, you know, drawing stuff freehand isn't easy. And so a lot of times I think it's about having the intimacy of another person who believes in you, but can push back on you and, and believes in the ideas, but can push back on it. I think that dynamic is super important.

Rissa (47:32):

Absolutely. I think it, it forces you to be better and in a really constructive, interesting way. But I think getting that person, the chemistry needs to be there and the trust needs to be there. It's an important relationship. Well, it is. John, this is, this has been, Oh, sorry, go ahead.

John (47:50):

No, I was just going to say that the, the unfortunate thing in corporations is that we rarely promote duos. We promote individuals or teams

Rissa (47:58):

Well. And I think one could argue how well do we promote teams that the incentives can be tricky to manage to, to reward teams in a way that feels fair or it feels meaningful. True. Well John, this has been delightful. Thank you so much for joining our podcast. This is Digital.

John (48:16):

It's my pleasure, Rissa, and good luck with the podcast. You're doing really important work as I think that this digital transformation is central to the entire economy and to our lives in general.

Rissa (48:27):

Thank you.

John (48:29):

Thank you.

Rissa (48:34):

Oh God, yes. Sorry about that. Thank you Renee, for the prompt. John, for people that would like to stay connected to you and to follow what you're up to, where is the best place for them to go?

John (48:44):

Sure. The best place would be to go to LinkedIn cuz I update that pretty well. And that would just be, you know, LinkedIn slash in slash Sviokla. I also have a personal website.com and of course the work that we do at Manifold Group is where we're spending most of my time. So it's manifold.group and we have lots of new intellectual property and thinking about computability and digitization and what it means for value creation all the time.

Rissa (49:14):

Thank you.

John (49:15):

Thank you.

Rissa (49:19):

All right. Well John, I'm standing between you and happy hour, so thank you very much for spending your afternoon.