**MoS Episode Transcript – Global Strategy Session**

**REID HOFFMAN:** I'm Reid Hoffman, co-founder of LinkedIn, partner at Greylock, and your host. Earlier this season, we tested a new format where entrepreneurs ask their most burning questions. Your response as an audience was overwhelmingly positive. What we heard back was that you found their questions as revealing as my answers.

And so that's why we've decided to do it again – and this time it's a global Strategy Session. We partnered with **Endeavor**, an organization I love, which invests in entrepreneurs worldwide. For 20 years, Endeavor has helped to create ecosystems outside of Silicon Valley that support startups and scale-ups. If you haven't heard our episode with **Endeavor founder Linda Rottenberg**, it's worth a listen. It's called "And the next Silicon Valley is…?" And you can find it at **listen.mastersofscale.com/endeavor**.

For this episode, Linda and her team connected us with their fastest-growing, high-performing entrepreneurs worldwide, a group they call their "Outliers." These aren't startups, but what you'd call "scale-ups." Several of them have hit unicorn status.

I was really intrigued by the questions I got from these global scale entrepreneurs, so I invited a guest co-host to join me, and bring some context to what we're hearing. My co-host for today is Youngme Moon, a professor at Harvard Business School and host of their excellent weekly podcast "**HBS After Hours.**"

**YOUNGME MOON:** Thank you Reid. I'm particularly excited to be part of this Strategy Session, I'm just fascinated by the questions we'll be exploring.

**HOFFMAN:** Youngme spends all her time studying companies around the world and how they're adapting to the challenges of today's business environment. She wrote Harvard's case studies on companies like Starbucks, Ikea, and Uber, and authored the best-selling book, called ***Different***. Youngme's analysis of the questions adds a whole different level to the show. Youngme, so honored to have you join us.

**MOON:** Thanks for having me on! You know, the business landscape is evolving so rapidly, it's forced us all to re-examine conventional wisdom about what it takes to be successful today compared to say, five ,10 years ago. So this is a great opportunity for fresh insight. So let's get started.

Reid, your first question comes from Guadalajara, Mexico. It's a question that's really tailor made for you, it's a practical question about the kind of hyper fast company growth that you call "**blitzscaling.**" The entrepreneur is Adalberto Flores, and he runs a direct lending company called Kueski, that has distributed more than $330 million dollars in loans.

He's facing competition from companies that are growing quickly, but with poor unit economics. He wants your take on how he should best respond to this type of competition. So his question gets to the heart of what it means to blitzscale. Here's Adal's question.

**ADALBERTO FLORES OCHOA:** Hi Reid, this is Adal Flores from Kueski. We are a point of sale financing company and a direct lending company in Mexico. We're the largest online consumer lending company in Spanish-speaking Latin America. We've lent more than $330 million in loans and we have more than 250 people working in the company. And we just raised our Series B round.

I read your book on blitzscaling and I have the following question. In this economy, we are starting to see a bunch of companies that are acquiring customers with very poor unit economics. And they're doing this because they promise to investors that eventually they're going to offer a different array of products that are going to be making their lifetime values higher, and this is how they're going to be able to justify this type of unit economics.

Now, this makes me rethink about our own growth strategy, because on one side we want to make sure that we are growing responsibly, with healthy unit economics. But at the other side of the spectrum, we're starting to see companies that are growing very aggressively and are achieving some level of scale and might achieve some level of unit economics and network effects, that might be difficult to compete in the future.

So I wanted to ask you: How do you think about this type of situation? About these companies? Do you think we need to rethink our own strategy on growth, or do you think there's something we should be careful about? Thank you very much.

**HOFFMAN:** Adal, congrats with all the success with Kueski. This is a classic blitzscaling question, and as always there's both art and science to the answer. What your competitors are doing is precisely the kind of blitzscaling move that's described in ***Blitzscaling***, which is “We actually, in fact don't have a clear certain path to great unit economics, profitable customers. What we have is a theory about how, if we can do market expansions very quickly and deploy capital for it, we can convert that into a highly valuable business.”

So we can start, just as LinkedIn started, with no revenue model, just spreading a network, and that we can then build a recruiting business on top of that. That's the theory that was then counter to the companies at the time, like Monster and other kinds – CareerBuilder and other kinds of recruiting companies – and we kind of played that out.

And so, your judgment is: Where are any of these companies potentially doing that enough intelligently that you would either need to respond or that you should be doing that as well? Because it's precisely this technique of saying a fast deployment of capital here to acquire *these* kinds of customers when we actually in fact have no good solid evidence that we can tune it to profitability – but sometimes the "tune it" is a new product line, sometimes the "tune it" is the freemium growth product that is the zero-margin leader into our other products – and that this is the set of kind of multi-step play that blitzscaling is the first part of the strategy on.

So my advice would be, first look at the ones that you see blitzscaling. See if you believe their theory – and doesn't have to believe their theory 100%. If you believe their theory 50%, that may be a reason to say, "Okay, we have to do something in this area too." If you believe their theory 5%, then you might take the risk and say – or 10% – you might say, "Well, I don't think so, but I'm going to monitor it." And if you think zero, then pay attention, but not at all. Those are the kind of defensive blitzscaling moves that you might make.

Like part of modern consumer internet strategy is if you have a customer acquisition vehicle that's essentially a low-cost investment or a zero-margin product, but is an up-leader to your other very valuable products, that can be your best marketing strategy. That can be your best ecosystem development strategy. And so if you see that when you're looking at these competitors and these companies and say, "Oh, we should do that or a version of that," that's also a good question to be asking.

Part of what's happening in this more and more connected world, this hyperconnected world where things are more local, we have more of what we call "Glengarry Glen Ross markets", where for each particular kind of product line, the rewards tend to be parallel to this movie, "Glengarry Glen Ross", which is: "First prize: Cadillac, second prize: steak knives, third prize: you're fired."

And so in that hyperconnected world, more often, more of these products, especially software products, especially products delivered through mobile, through online, through the cloud, tend to have a "Glengarry Glen Ross" characteristic. And so you really want to be paying attention to what's the way that we actually have the maximum global footprint of scale in doing this. Best of luck.

**MOON:** Any answer that evokes "Glengarry Glen Ross" is a great answer in my book.

Reid, our next entrepreneur has a different question about blitzscaling, one that gets to the human side of business. Her name is Hande Cilingir and her company, which is based in Turkey, is called Insider. If the number one rule of blitzscaling is to embrace chaos, Hande wants to know: How can she support her managers who feel exhausted by the chaos? Here's Hande.

**HANDE CILINGIR:** As you mentioned in your podcast and also in your book, *Blitzscaling*, you deemed the number one rule of blitzscaling to be embracing the chaos. These chaotic practices affect high- and mid-level managers in a way that they feel exhausted, so it becomes hard for them to manage their psychologies. How can we communicate to them that the chaos of today will bring more stability in the long term?

**HOFFMAN:** I love the way you phrased that, Hande: “How can we communicate that the chaos of today will bring more stability in the long term?”

And obviously this is a question that was very central to why I did a bunch of the work around blitzscaling, teaching the class at Stanford, writing the book, and indeed doing this podcast, “Masters of Scale”.

All companies that I've worked with, whether it's LinkedIn, Airbnb, Zynga, always have a difficult time adjusting to the chaos of blitzscaling. It is not new. They all do, and they all have to solve it. Part of the reason to do this work – the book, the podcast and everything else – is to create a shared set of media that the company can discourse around.

So people say, look, “we're the executive team. We're a product team. We're a development team and we're concerned.” Well, actually get the book, read the book, use the book as a way of talking to each other. Listen to some of the podcasts. Use that as a way of talking to each other. And the questions that you're asking as you're doing it: Okay, which areas should we allow the chaos in, which should we tamp down on it? And when do we fix that chaos? And we're making sure that people are on board with the culture of our company, how the culture of our company is evolving. Because frequently as you can hear on multiple episodes of “Masters of Scale”, culture is not static. It's always evolving and how are you evolving it in that direction?

You're exactly right that one of the things that happens with blitzscaling is organizational confusion, organizational fatigue, organizational disagreements that come about because “we don't have time to get to the broad consensus”, and “we need to move forward with some speed and frequently need to duplicate work by accident, correct work, refactor, pivot, change, and ultimately, really rebuild for getting back to stability and efficiency.” And all blitzscaling efforts ultimately return to what you might think as “business normalcy,” which is “How do we tune towards efficiency in our operations, efficiency in how we serve customers, efficiency and how we get customers, efficiency in how we operate.” And this is a speed scale within a market, within an industry.

And so the embrace chaos does not embrace all chaos. Embrace chaos is embrace the necessary chaos that allows us to just move to scale, and move with speed. And to recognize emotionally that we're going to have that, and emotionally we're going to refactor that. But because winning is getting to that scale within these markets, within these industries relative to competition. So that when we get to that scale, that's what the winning state is. And then we have to of course move back to efficiency of operations, “it's more of a marathon than a sprint.”

And I'll conclude this answer with part of the way that you use the framework to decide that we should move from blitzscaling to efficiency is, roughly speaking, when on the blitzscaling techniques that we have used, another startup or another competitor can't catch us with them. We've established it in such a way that those techniques, we have a stable business against.

There's always a risk against a blitzscaler from a different product line, a different company, either a large one or small one, that you'll have to respond to, and then you'll have to make decisions then about whether or not you shift your footing. But that's kind of the raw test of “Should we now move from a blitzscaling configuration mindset to an efficiency mindset?”

**MOON:** Okay, this next question comes from Anabel Perez, co-founder and CEO of NovoPayments, a financial tech company that's created a platform of banking accessories. Anabel is a native of Venezuela and her company is based in Miami. Their revenue is more than doubling every year and they're about to evolve from bootstrapping to raising venture capital for the first time. This is a really significant inflection point. As entrepreneurs who've been through this can attest, this kind of transition is not just about the funding specifics, it's about the fundamental change in mindset required. She'd love your advice Reid, so let's take a listen.

**ANABEL PEREZ:** Hello Reid. My name is Anabel Perez. I’m CEO and co-founder of NovoPayments. Since our inception, we have been self-funded and we have grown organically. We are in a unique position to capitalize on our technical assets, local knowledge, and presence across nine countries. We are realizing 100 percent plus year-over-year growth with our monthly recurring revenue model. To fuel our aggressive scale-up strategy we are midway through our first capital raising round, which will be used to acquire more talent, generate demand, and optimize our R&D efforts.

Reid, my question is: What advice do you have for a rapidly scaling company like ours, that has been bootstrapped and now raising capital for the first time to prepare for exponential growth? Thank you.

**HOFFMAN:** Anabel, congrats with all the success in NovoPayments, and especially congrats on having achieved such success through bootstrapping, which is really challenging.

So first, I would recommend you listen to our **Ben Chestnut episode with MailChimp,** because that was actually our specific Masters of Scale episode targeting this kind of the questions and the challenges and the ways of thinking around bootstrapping.

Now, part of what you're going to really need to prepare for is a form of culture change, because thus far when you're doing bootstrapping and you're running on cash, you're making sure that you never get over your skis. Even though you have great growth, you're being extremely disciplined on it because you know you have an envelope that could just cause catastrophic failure. And so your whole company culture will be built up around that.

Now what you're going to have to consider is “we're raising capital and we can actually spend into the red,” and spending into the red will be a different cultural calculus. Now if you're just raising capital and say we have an insurance policy, fine, that's also a good idea to do. I've done that with some of my portfolio companies. We did that with LinkedIn and the Series D. But if you're really kind of saying "We're going for it, we're hitting the accelerator" what you're now going for is a sequence of capital raises.

Because usually what will happen is it won't be just one capital raise, it'll be two or three and part of what you're doing is you're spending into that capital to change your inflection and growth rate. But then your next fundraising will become a much higher valuation and with a much higher amount of capital because you've proven out of this capital that that's the path you're on, and that the dilution from these fundraises is worth it for the overall increase in value, the overall increase in providing your banking accessories platform – a much broader platform, a much broader network for doing this and that's why you would do that particular pattern.

But the principle challenge will be is that that's a different game than the bootstrapping game. That's a game where you've got a North Star on what your business is going to be, but you're also thinking about what's the next financing round and what's the story of the next financing round? What are the things that I need to show that I am on path to that North Star and that there will be a variety of capital sources and a market availability of that capital in order to do.

And so part of when you're in this kind of scaling and blitzscaling arena as you're making that North Star judgment, because for example, the capital markets suddenly get a lot more restricted. You might say, "Well actually in fact, even though we've raised a bunch of capital, we're going to be much closer to bootstrapping, much closer to it's an insurance policy versus growing."

You're going to be on this slider where if you go all the way out to blitzscaling and you're like, “We know we're going to need to raise another round and we're already planning for that round in the round that we're raising because that dynamic is a super-fast growth with some uncertainty that we were spending into that growth because blitzscaling is, you know, prioritizing speed over efficiency in an environment of uncertainty. Therefore you're spending inefficiently capital, financial capital, human capital. “We're spending into that because that's the much, that's the rational strategy.” That's the much greater win.

And so that kind of executive decision changing culture change is the thing you're going to need to pay the most attention to in terms of throttling up and down. And whether or not you go all the way up to 10 or you throttle up to six and then you're you're measuring to whether or not you go back down to four or five or you go up to eight, you know, that's the kind of decisioning and work with your executive that you'll need to do.

**MOON:** Okay. This next question is also about bootstrapping. And by the way, this is one clue that these entrepreneurs are largely based outside the U.S. In the States – and especially in Silicon Valley – we often assume that starting a business means raising money, but outside the U.S. You're much more likely to find entrepreneurs going it alone, perhaps because they don't have connections to raise capital, perhaps because they're in an ecosystem where funding is generally less available.

So Reid, the next question comes from Sergio Fogel, who has bootstrapped a payments company in Uruguay, called dLocal. He's been very successful. The company's bringing in nearly $100 millions dollars in annual revenue, but now he's asking himself: Are there hidden benefits to taking on investors?

**SERGIO FOGEL:** Hello. My name is Sergio Fogel and I am one of the founders of dLocal. At dLocal, we help large internet companies accept payments in 20 different emerging markets where most consumers do not have credit cards. We serve the likes of booking.com Netflix, Amazon, Facebook, and Uber.

We were founded in Uruguay, and we've grown very fast and profitably over the last few years. Having started in a region where venture money is hard to get, we have always been very careful to contain costs – even if it means growing a bit more slowly. This has allowed us to maintain the same culture, frugality and energy that defines us.

However, now that we are a large company and approach the unicorn status, we found it hard to receive press coverage, which is important to reach more customers. It seems that if you received $100 billion dollars in capital, you have an interesting story for the press. If however you earn $100 billion dollars in profits, nobody really cares.

As we expand our relationships into the executive level, it would be very helpful if they would be aware from us from multiple sources, including business media. We have the feeling that having institutional money would make it easier to sign partnerships and get more business customers. My question is: Do you think that having institutional capital is important in this situation beyond the money or is it overrated? Thank you.

**HOFFMAN:** Sergio, congrats with all the success in dLocal and it's amazing how you've built such a strong business without, yet, institutional capital. And also, by the way, recently in December, I was in Uruguay for business on a bitcoin gathering for figuring out things with fintech. So I'm aware of how central Uruguay is within the kind of financial systems market, both in South America and generally.

And so I do think it's valuable to have institutional capital, but I think press is the wrong reason. I think press, you can solve. Press, you just may have to go hire the right people. And I think you're right that press people don't tend to go, "Look, you've got $100 billion in profits. There's a story that no one's ever heard from you and this is great." Because there's a bunch of businesses that are very profitable and going, the big tech companies, etc., whereas when you do $100 billion in capital, usually that's the promise that you're going to have hundreds of billions in profits as you're going. That's the prospect in terms of where you're going and what you're doing. And that's why that's a new news hook. But there's lots of ways to create the new news hook.

The reasons to think about taking institutional capital, in addition to sometimes the capital is useful, is that it builds the network around your company. That institution may be able to help you with recruiting, maybe help you with go to market, maybe able to help you with going public, maybe able to help you with strategic relationships, market entry into other geographies.

If you look at it within a Silicon Valley context, even though there are some companies that kind of initially bootstrapped very successfully, all of the ones become huge and almost all the ones that become public ultimately end up taking some form of institutional capital, because of that network connectivity. Now it isn't just the money. The money is usually the vehicle for the economics to bring the individual, the firm and the firm together to actually help you take the business to the next level, to be the right kind of later stage financial co-founder that you look for in an investor. It isn't necessarily, “Oh, I know how to operate”, but it's “How I partner with operators” and I might know how to operate as a good way of partnering with operators.

That's one of the ways that we do it at Greylock is to have people who've actually built these companies, partnering on hiring, and go to market, and product development, and strategic relationships and partnerships, and new markets, and all of that. But sometimes it's also just the right kind of partner to help you with those things. And sometimes you have specific needs like government regulatory, regional expertise, and other kinds of things.

So the right institutional investor might be very valuable, but for different reasons than just press. If it's just the press thing, I would solve it differently. But there might be other reasons why I would consider institutional financiers, but that's not just the capital. That's the, “I want this person, this institution working with me as I scale the business.” Good luck.

**MOON:** Reid, this next question comes from Nirmal Rajaram, who is CEO of one of the fastest growing restaurant chains in Indonesia. In less than five years they've gone from one store to 200 stores and to $50 million dollars in annual sales. They now have 6,000 employees and locations in 45 cities across the country. Here's how Nirmal describes their two restaurant chains.

**NIRMAL RAJARAM:** Our brands are Upnormal, which is a coffee shop which is also serving an instant noodle; it's basically a hang out joint; and Bakso Boedjangang, which is a QSR focusing on meatballs.

**MOON:** As tasty as the meatballs might be, as Nirmal describes it, his company's real differentiator is technology.

**RAJARAM:** We are one of the first ones to launch “Order at Table” and “Pay at Table” app. We engaged with wifi-based technology for CRM integration. We even have data-driven supply chain management. And we also use data-driven durations for logistics and supply chain routing. We served 18 million customers in the year of 2018 and an estimated 25 million customers in the current year.

**MOON:** Reid, Nirmal has a few questions for you and as you'll hear, they have to do with some fundamental tensions associated with identity, what kind of business is he in, and some fundamental challenges associated with pace. Let's take a listen

**RAJARAM:** With growth and more money comes more challenges per se: people, culture, competency, infrastructure, and efficiencies. The shareholders still want us to keep the “X factor” and keep us on the growth path – and still expect us to stay profitable. We are a brick and mortar business, unlike any tech-based company; this in and of itself has multitude of barriers.

As CEO, currently, I would like to bring stability and switch gears to channel our entire team’s strength towards innovation of products and services. In order to do this, we need to slow down our growth rate and be able to strengthen the pillars of foundation.

My question is: Do you think I'm right in my thought process? If yes, and if you were the CEO of this company, what would be your strategy to align with the shareholders and get their consensus? If you think I'm wrong, what would be your best course of action to maintain the same growth rate expected – and at the same time continue to address the present challenges? Thanks Reid.

**HOFFMAN:** Nirmal, congratulations with all the success with CRP group and on your various brands. This is a really great question because most often everyone thinks that what you're looking for is that unified growth rate story that's continually accelerating and growing year by year. And that's the only thing you focus on. Whereas, one of the counterintuitive rules that I put in the book *Blitzscaling* was: Ignore your customer.

And it isn't obviously to say, that ignoring your customer is a good thing. Actually, in fact, if you ignore your customer forever, you essentially go out of business, you die. But really what it was is to ignore your current customer in favor of your scale customer. And it's this artful trade-off because sometimes you say, "Well look, we have a good growth rate with these current customers, but in a year or two that will flatten out."

And actually, in fact, getting it simpler and refactoring it now, accepting a smaller growth rate right now in order to have a much longer runway to a much larger total addressable market, to a much larger kind of a margin structure and a better platform for doing other businesses, that's one of the hardest calls to make. Because most normally within a business, you'll have a bunch of people saying, "Look, this is predictable. We know it. We should continue to invest in exactly the business as it is. We shouldn't try to refactor our business."

Usually the consensus within a business to refactor the business always comes too late, because it comes when 80 to 90% of the people agree, "Oh look, we hit the wall." Right? And usually you want to do that refactoring, you know much, much earlier than that. Usually the wise thing to do when you're a great leadership is to figure it out earlier.

And so you're identifying a number of different things within this combination of the food and beverage chains – Upnormal, Bakso, and others – together with a technology business. And those two usually have different talent bases, different product cadences. You have an advantage because you have customers who are directly feeding their work process into you with food and beverage folks and are committed to deploying the technology and to doing the upleveling their gain through technology. That gives you a huge advantage.

But on the other hand, technology most naturally wants to distribute to *all* food and beverage chains. And the most natural thing is none of this is our differential edge for our food and beverage chain. And so you're encountering the product development and the cost within that when you really want to be making much more of a platform.

And so, from what you were describing, I generally do think that it's a very good question to ask: How do we simplify the platform for more scale? Whether it's a platform and the technology, which is most often a concrete way of looking at this, sometimes is a platform in your supply chain operations or platform in terms of how do your business operations most generally work? And should you actually make a major project of it and accept something of a growth rate hit for it?

And I think the usual answer is if you have a good coherent theory on that and it works, then you should accept that lower growth rate. You need to get your investors on board. You need to articulate why you're doing this for a much bigger growth rate in the future, a much bigger TAM, a much bigger operating margin, a much more effective organization, and what challenges you're navigating around. And you have to have enough confidence that there will be people who disagree with you, and your employees, and your investor base that they have enough confidence in you, that they're kind of willing to go along with you even though they may have a different point of view – and especially with employees, you can bring them on board.

And so part of this is to always be thinking about the fact that platforms age – tech platforms age the fastest because they're constantly being rejuvenated. It's like the move to cloud, move to mobile, move to artificial intelligence, move to data science. But that's also true for other kinds of technology platforms like logistics, like supply chain, even brand, right, as a platform. And so thinking about how do you have a rejuvenation, a refreshening, a re-simplification that enables faster trajectory in the future and a higher TAM is always a good question to be asking.

**MOON:** I like how you pushed Nirmal's thinking there Reid, away from the more narrow framing of "Am I a food and beverage company or a technology company?" to the broader question of "Am I building technology or a technology platform?"

And now our final question, Reid, comes from an entrepreneur in Madrid who has the kind of company that could only exist today but the kind of question that CEOs have been asking for a long time: How do you know when it's time to expand into new markets? Here's the question.

**ALEJANDRO ARTACHO:** Hey ReId, my name is Alejandro Artacho, co-founder and CEO of Spotahome, here in Europe. We are an online booking platform for long-term rentals, where people rent accommodation without seeing the housing person.

In the last year, we went from a fully centralized model with everyone in Madrid to now decentralized with nine teams across eight different countries. So my question is related to international expansion. Should we go deeper in existing markets or expand into new markets? When do we know it's the right time to keep expanding? And specifically, how should we think about international expansion as we look at both culture and growth versus margins? Thank you.

**HOFFMAN:** Alejandro, it's great to talk to you again. It was a great pleasure to actually be seated next to you at that Endeavor dinner in New York, and these are of course classic great scaling questions. So usually in these kinds of scale questions, it's a question of how do you build up your core engines so that those are a market territory that throw off economics that help you invest in other businesses, help you raise money at higher prices, and are working really well versus the need to get in other markets for competitive reasons, for building those markets to sufficient scale. Because in these network businesses, part of first mover advantage is actually first learning advantage, because what you really want is first scale advantage – and first learning, as you know, gets the first scale frequently.

So those are the framework questions that you're thinking about trading off of. So the analysis you do is is usually on these you say, okay, well let's take the top X markets – three, five, two, 10 – depending on how you're looking at it, and then say, okay, let's do the quick and dirty, not detailed, the quick and dirty analysis of market opportunity now, possible competition, availability of scale, availability of capital, availability of capital )we think) over the next two to three years.

Part of that availability is the market analysis itself which your investors help you with, but also part of it is what metrics we'll be hitting, what will be the story of the business, how does the business look like in terms of when we say, look as we get to a a critical mass business in this network business, what does the business begin to look like, what will it tune to, and this is why it's really valuable and we can tune these other businesses.

Uber is a classic example of that because part of with Uber is like, okay, this is what a mature city looks like in one of these good tourist cities or one of these good density cities and look, there's X more of them, so we should be investing in them. Now, generally speaking, usually if you have a good way to tune the margins, most investors are willing to take risks on "Is the margin characteristic 20%, or 40%, or 80% with a hope that they're getting to the higher thing?" They want the story, the theory about how you get to the higher one, but they don't need to see those margins now except say maybe in a mature market if you're going for real big growth capital.

So they tend to be much more of, okay if you show that you have margins and you can have margins and you have a theory of tuning them, most kind of blitz capital investors, most scale capital investors will be, "We get that that could be tuned more later and we know that there's a playbook for that and if you have a good theory of that, we can get there." So that tends to be more growth as a general strategy.

As part of culture, you want the culture of how do we establish the broadest possible platform because in network models like yours the network effect tends to be a very "Glengarry Glen Ross market." "First prize: cadillac, second prize: steak knives, third place: you're fired." And so the growth of we establish the network, we establish a network as platform is really key to how you play this out.

So I remember from our discussion at dinner that your business is looking really good and I have full confidence that you will make these decisions the right way. Good luck.

**MOON:** And with that, we've reached the end of our global Strategy Session. It's been fascinating. And by the way, if you found this deep dive into strategy useful, you might enjoy the podcast I host, called "**HBS After Hours.**" Each week we look at strategies and trends playing out across the world's most interesting companies. You can find us on Apple Podcasts or wherever you listen to "Masters of Scale." And with that I'll hand it back to Reid for the final word. Reid, thanks for having me on. It's been wonderful.

**HOFFMAN:** Thank you Youngme, for your co-hosting and for your own great work supporting entrepreneurs and intrapreneurs at Harvard Business School – and particularly through your podcast "**HBS After Hours.**" I love your show, and I think our listeners will too. Thanks also to Linda Rottenberg, Carmen Feliz-Taveras, and Gabrielle Wilkerson-Melnick from the Endeavor team for their partnership. And to all the founders from Endeavor who submitted their questions.

If you want to learn more about Endeavor – or any of these extraordinary, fast-growing companies – head to **Endeavor.org**.

And if you're a startup incubator or accelerator and you'd like to work with us on a future Strategy Session for your entrepreneurs, email us at **Hello@MastersofScale.com**.

I'm Reid Hoffman. Thank you for listening.