Masters of Scale Episode Transcript – Daniel Lubetzky

“Building bridges to scale, w/Kind's Daniel Lubetzky”

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REID HOFFMAN: In 2017, a dream was hatched. A dream for a better, brighter future. Come, picture it with me:

> **ROBOT:** Hello, where would you like to go?
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> **PASSENGER:** Uh, take me to Massey Hall.
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> **ROBOT:** You got it.
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> **BIANCA WYLIE:** Autonomous shuttles instead of cars. Beautiful tall buildings on the waterfront. Underground garbage robots.

HOFFMAN: This Jetsons-like vision was being imagined for the waterfront in Toronto. And our guide to this glorious future is public technology advocate Bianca Wylie.

> **WYLIE:** There were these beautiful renderings and this sort of idyllic-looking neighborhood on the lake with someone in a little paddle boat, and it was, you know, the sun is setting.
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> And it was quite powerful because people would see those images and think, "Oh yeah, that looks great."

HOFFMAN: Waterfront Toronto was designed by the Google affiliate Sidewalk, which was invited by the city to help create a new neighborhood. But there was a very important question that didn't get asked properly at the outset.

> **WYLIE:** "Okay, hold on. Who wants that?"

HOFFMAN: The reason it didn't get asked was that, at first, it felt like everyone wanted this new development. Sidewalk had reached out to lots of community groups for input.

> **WYLIE:** It was kind of like, well, we'll just talk to everybody and we'll have events and we'll signal that we care about the same things that people here care about.

HOFFMAN: It seemed inclusive. But there was a problem.

WYLIE: There was opposition coming from every angle just because it wasn't coherent. It was too much at once. It was really too many things going on at once so you couldn't satisfy the public across the board at least.

HOFFMAN: Sidewalk Labs had painted a grand vision – but in the face of so much scrutiny, it began to look more like a mirage.

WYLIE: They were almost surprised that we were asking questions, like why weren't we just happy? You could feel them sort of being like, "We're here to do a good thing. Could you just get out of the way?"

HOFFMAN: Sidewalk in Toronto took a leap into the future with underground waste-sorting robots. But they failed to build the most important part of their project: a bridge of understanding between them and the community they wanted to help.

This is a trap so many nonprofits and aid groups fall into. They build extraordinary futuristic visions to solve the world's problems, without consulting the people they're trying to serve. The projects are inevitably dead on arrival. And companies fall into those very same traps. The nature of scaling a business is that you're always expanding – new customers, new products, new markets. If you don't develop that vision with the people you're building for, that future will be very short lived.

That's why I believe that to scale a business, you'll always need bridges – to new customers, new verticals and new markets. But for a bridge to last – it must be built from both sides.

[THEME MUSIC]

HOFFMAN: I'm Reid Hoffman, co-founder of LinkedIn, partner at Greylock and your host. And I believe to scale a business, you'll always need bridges – to new customers, new verticals and new markets. But for a bridge to last – it must be built from both sides.

I hope it doesn't need repeating but, just in case, Masters of Scale is all about….scale. And we mean that in the positive sense of scaling up.

But part of scaling up is scaling out. Expanding into new verticals, new markets, and – if you want to get fancy about it – new realms of endeavor.

And when you do this you're going to hit gaps in the terrain that you will need to work harder to cross. Some will be small furroughs. Others will be grand canyons. And each time you hit one, you'll need to bridge it.

A bridge is a strong structure, built to stand the test of time. It's also a statement bringing two places – and two groups of people – closer together.

But a bridge is also an investment. And if no one wants to cross it, that investment has been wasted.

When it comes to building metaphorical bridges, the same is true. You need a strong foundation. A strong structure. But most importantly, a strong desire from both sides to come together. Without that, then all the effort that was put into building the bridge was pointless.

I wanted to talk to Daniel Lubetzky about this because his whole entrepreneurial journey has been deeply tied to his drive to build bridges. And he's learned the right – and wrong – ways to go about doing this.

As the founder of health food brand Kind, he's created a product range loved by millions. And the driving force behind it is his desire to bring people together.

This desire is rooted in a glimmer of hope during one of the darkest points in history, the Holocaust.

> **DANIEL LUBETZKY:** So my dad was nine years old when the war started and around 11-and-a-half or 12 when he was sent to the Dachau concentration camp. He used to talk to us about how, when he was in Dachau and he was barely surviving when nobody was looking, a German soldier, took a potato and threw it by his feet, and the way he describes it was kind of like a rotten potato, but it was like gold to them. My dad used to tell me that when they would find insects, like cockroaches, they would eat them because they were starving. They had nothing. It was very sub-human, and then this man risks his life, or certainly his wellbeing, because he could have been punished, to throw this potato by my dad's feet, and mind you, my father at that point is already looking very sub-human. He's six feet tall and weighing something like 70 or 80 pounds.
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> And the fact that this man looked into his eyes and recognized his humanity at that time, it probably gave my dad the ability, not just to put calories in his body, but to put purpose in his decision and determination to not die.

HOFFMAN: This story is the bedrock of Daniel's passion for bringing people together.

> **LUBETZKY:** I started when I was eight years old, first by watching my dad do a few magic tricks. I started doing magic shows for birthday parties and for weddings and bar mitzvahs.

HOFFMAN: Soon, Daniel's ambitions went beyond card tricks and sleight-of-hand.

> **LUBETZKY:** When I was 12, 13, 14 years old, I remember really well putting on a Walkman, listening to Abba songs and daydreaming that I was going to use my magic

powers to have actual real magic powers to force the Arabs and Israelis to make peace. I would imagine that I would have powers to fly and I would throw fire, and I would tell them behave or else. And then they would start getting along.

HOFFMAN: Daniel never quite mastered the tricky art of throwing fireballs of righteous indignation. But he did work hard to hone his skills as a magician.

Eventually, Daniel got a chance to perform his magic in the Middle East.

LUBETZKY: In the middle of Ramallah, doing a magic show for the kids there. And it was in a very, very tough time where there was a lot of tension and a lot of bombings. And I'm a Jewish-Mexican with some Israelis by my side, surrounded by scores of Palestinian kids whose eyes are bedazzled and full of delight and wonder.

HOFFMAN: Unfortunately, creating world peace can't be done with a single wave of a wand. So although Daniel kept up his interest in magic, he decided to explore other ways of bringing people together.

LUBETZKY: I wrote my thesis on the influence of economics in resolving the Arab-Israeli conflict. And then when I was in law school, I tried to translate that theory into a legislative proposal for how businesses could invest in joint ventures. Americans be catalysts to build bridges between Israelis, Turks, Egyptians, Jordanians, Palestinians, et cetera.

HOFFMAN: After college, Daniel was awarded a fellowship to write about how building business ties between Arab and Israeli communities could help promote peace. While doing research in Tel Aviv, he had a realization. It was sparked by a sun-dried tomato spread that Daniel happened to try.

LUBETZKY: It was delicious. And I went back for more and there was no more in the store. And so I started asking the manager where I could get some and they told me the company had gone out of business.

HOFFMAN: Daniel's obsession soon led him to the founder of that failed company, and to unravel why that spread had failed – a fractured supply chain.

LUBETZKY: And the problem was that they were buying their glass jars from Portugal, and they were buying their sun dried tomatoes from Italy. All their raw materials were coming from far away lands. And I happened to be doing research, and I knew that you could buy glass jars from Egypt or Turkey less expensively. And you could buy sun-dried tomatoes from Turkey. And olives and olive oil, they were already buying from Palestinian farmers.

HOFFMAN: Daniel went to the business owner and told him his idea: he could save his business by building bridges with closer suppliers, even if that meant crossing barriers that had been built up by decades of enmity.

> **LUBETZKY:** He looked at me and said, "Okay, here's this confused Mexican Jewish lawyer that has no experience in the food industry and wants me to build a venture base that has Arabs and Israelis together." And like let's go, because he had no other options, he had gone bankrupt.

HOFFMAN: The plan worked. And not only did it save that sun-dried tomato paste. It also helped forge connections among suppliers across the Middle East. Daniel had unexpectedly hit upon using food as a way to fulfil his mission of bringing people together.

> **HOFFMAN:** And the thing that's interesting about food is food is one of the ultimate bridge buildings in humanity.
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> **LUBETZKY:** Absolutely.
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> **HOFFMAN:** Because like breaking your fast together, other kinds of things–
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> **LUBETZKY:** Breaking bread.
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> **HOFFMAN:** Yes, exactly.
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> **LUBETZKY:** Breaking bread together literally. You're totally right and it is very important, but it's not like I knew that when this venture started. It sounds very romantic and it makes a lot of sense, but that's not how it happened. It was just that I liked the damn spread so much.

HOFFMAN: Daniel had found a way to combine scaling a business with scaling his mission. He called it PeaceWorks, a "not-ONLY-for-profit." It focused on connecting food producers and manufacturers in the Middle East, and then exporting their products. It was a success – at least when it came to proving Daniel's theory about building bridges through business.

> **LUBETZKY:** When people have an economic incentive, a vested interest in preserving the relationships, then they work harder at doing it. And when they not just break bread, but shatter cultural stereotypes by interacting as equals with respect towards one another, they discover each other's humanity. And it's much harder to hate someone that you've gotten to meet. It's much harder to hate somebody that you've had dinner with.

HOFFMAN: But although PeaceWorks succeeded in building bridges, it wasn't so successful when it came to selling its products. And Daniel is up front about the reason.

LUBETZKY: I was full of grit but not enough wit.

HOFFMAN: We've talked about the importance of grit plenty of times on this show. Grit is essential for every entrepreneur. But it is not the only quality an entrepreneur needs. And this is a point that can be too easily lost.

LUBETZKY: One of the things that we talk a lot to entrepreneurs is you need to have grit. You need to have grit, but you also need to have wit. There's grit and there's wit. And if you're saying, “I'm going to go through that – pound through that wall, no matter what,” okay, that's pretty good. But what if there's a door next door and you just need to move the knob? What if there's a window that you need to open and jump through? What if you can just walk around? And so it's really important for entrepreneurs to not be so in love with the grit and not put enough strategy, discipline, and creative thinking, resourcefulness to see if you can do it.

HOFFMAN: Grit and wit are not the only two qualities that founders must balance, and they are qualities that inexperienced entrepreneurs often get wrong.

Another is risk versus intelligent risk. Managing intelligent risk means taking risk, but working out how to do so in a structured and limited way that maximizes upside.

Then there's persistence versus flexibility. Persistence is parallel to grit – where you have a vision, and you're determined to make it a reality. But flexibility has to come into play. Maybe your product isn't quite right, or the goal has slightly shifted. And, if you don't adapt, you'll fail.

This is why, when I'm considering making an investment, I give the entrepreneur pushback on their idea. I don't necessarily want the idea to change – I just need to know that the entrepreneur is open to making changes when they need to. That their persistence won't negate their ability to be flexible.

Daniel admits that in the early days of PeaceWorks he himself was a walking example of the danger of having too much grit and not enough wit. He traipsed across New York, visiting delicatessens, bodegas, and small food stores, trying to get them to stock his sun-dried tomato spread.

LUBETZKY: I would wake up in the morning, at 7:00 AM in the morning and walk down the street at the very top of 122nd and Broadway all the way door by door, store by store. And I would finish at 7:00 or 8:00 PM in Wall Street. Or I would maybe get to make my way back up, cross the street, and then go on the other side of Broadway. And I would not leave a store till I got a purchase order.

HOFFMAN: Daniel's combination of naivete and grit made him the scourge of deli owners the length of Manhattan. He was convinced that, if only the deli owners would give his product a shot, they and their customers would magically fall in love with it. But to the deli store owners, he was an annoyance. Occasionally one of them would buy a case or two of tomato spread just to get rid of him.

> **LUBETZKY:** I was so proud of myself once when I went into this shop owner's convenience store, and I walked in and said, "Oh, let me tell you about PeaceWorks and the sun dried tomato spread." Cracked it open and forced some down his mouth and say, "No, no, try it." And then he wanted me to leave. So he went downstairs in his basement and I followed him. I'm 27 years old, 26 years old and right out of law school, full of energy but no strategy. I come down into his basement and he's like telling me why he can't carry a specialty product that's $4.99 that's a sun-dried tomato spread because he carries toilet paper, conveniences and people come in for milk, they don't come in for sun… I'm like, "No, but you don't understand. This is made through cooperation between Arabs and Israelis and all that." And after literally two hours he relented, and he gave me an order for one case for $24. And I walked out of that store and I'm like, "Yes, this is what I'm going to win in life because I do not give up."

HOFFMAN: To the inexperienced Daniel, convincing that deli store owner to buy seemed like a victory. But it was the opposite.

> **LUBETZKY:** And then I walked back to the store a week later and not one of those jars had sold. And then I walked one month later and not one of those jars had sold. And then I walked six months later and not one of those jars had sold. And I started thinking, "Wow! Maybe in addition to grit, I need to have a little bit of strategy in here."

HOFFMAN: This is a classic mistake that Daniel made. He put so much effort into building a bridge with that deli owner – hours and hours of persuasion. And though he got the "win" of getting that sauce onto the deli's shelves, ultimately it was a wasted effort. And this is a key thing to remember: if you put in enough effort, you can build a bridge between any two points. But if no one wants to use it, your time would have been far better spent elsewhere.

Another misstep that Daniel made with PeaceWorks was moving too fast. Like with the deli owner, he wasn't letting people meet him halfway in his bridge building. And those bridges that he did build were fragile and easily broken.

> **LUBETZKY:** We went from three flavors at PeaceWorks to seven flavors. And then eventually, because we were just dumb, we went from 7 to 15 flavors, which included the bane of my existence. It was called [foreign language], sweet and spicy teriyaki pepper spread. So why Arabs and Israelis would be making a teriyaki sauce, it makes no sense. And if you opened it, it was like a glob of stuff. It had xanthan gum, which is natural, but it was just very gelatinous. It was just nothing like the original flavors.

HOFFMAN: It broke the most delicate bridge of all.

LUBETZKY: I said, "You know what, it's one more flavor. For some people, they might like it." I just rationalized myself with this stupid short-term greed. And what happened, Reid, is when people tried that product, it's because they had trusted my brand because I had delivered them a delicious sun-dried tomato spread and a delicious basil pesto, and then I betrayed their trust. I destroyed something beautiful that I built with them. A brand is a promise, and a great brand is a promise well kept. But I was not keeping my promise.

HOFFMAN: The first tentative bridge you build with your customers is fragile. If you immediately try to drive a convoy of trucks over it, it is liable to collapse.

LUBETZKY: Almost every product in consumer product goods can benefit from more support and more patience, but we as marketers are so in love with new products and new ideas that we try to launch too many things and don't invest to provide enough attention to our existing products.

HOFFMAN: But hold on, you may think you're hearing a contradiction – especially if you're a particularly engaged Masters of Scale listener.

HOFFMAN: There's slightly different rules in consumer software because you can kind of experiment and revise and so forth, as long as you don't destroy trust. Keeping the trust is essential. You can kind of go, "Eh, this is all right," and you can kind of ignore it, that'll work fine in software. But in the physical world, much more challenging.

LUBETZKY: In particular in the food world, and I find a lot of tech friends start investing in the food world and trying to apply the tech rules, and they just lose their shirts. Because like you said, in the tech world, you can innovate and you're giving them the free gadget and the free thing, and you're learning and there's that expectation that they're learning. And like you said, as long as you don't betray their trust, people are more forgiving of getting the product quicker, faster.

But in the consumer product goods, people will give you a shot and they will try it once. And if they don't like it, they will not buy your brand ever again. So you have to be much more obsessive. Also in the tech world, the next digital product you sell has a marginal increased cost for you, close to zero. But in the physical world, you can't play the tech rules. A lot of my friends in the physical world, follow the tech rules and say, "I'm just going to grow into profitability." I'm like, "That doesn't work in our industry." If your gross margins are wrong, you still are going to be spending that dollar, making that same gadget. Maybe the cost will go down a little bit or somewhat or significantly, but not to the point where if your gross margin structure is wrong, you can't grow your way out of a bad business model. You have to be very careful.

HOFFMAN: No, exactly. It's very well said. And it's part of the reason why it's funny. People sometimes take things I say about the consumer internet world and apply them all over. I'm like, "Don't do that. This is a consumer internet lesson." For example, if you're not embarrassed by your first product release, you've released too late. True in consumer internet, not true in food.

HOFFMAN: If the MVP of your consumer internet service is an underwhelming web page, it won't be as stomach churning as a goopy sauce. People are much more willing to give that lackluster webpage a second chance. The awful sauce – not so much.

In the world of physical goods, you really only have one shot at making a positive brand impression.

Despite those mistakes, PeaceWorks kept going for a decade – and Daniel puts much of that down to his grit. And in that decade, he also built up his wit-to-grit ratio.

LUBETZKY: Relentlessness is good when it's strategically sound, but I spent so much of my time at PeaceWorks hitting walls and just breaking through those walls and I broke through them, but it took me 10 years. So I think you need to have not just that conviction of purpose, but also creativity, resourcefulness, and look back and analyze and think through this issue.

HOFFMAN: Yeah. Completely agree. Part of the thing that I emphasize in that is also learning, because part of getting that wit is learn and adjust and learn and adjust, and having a fast learning curve is one of the most essential things for entrepreneurs.

LUBETZKY: I'm still very, very long on not being afraid of failure. As long as you then take the time to incorporate the lessons to analyze why did it not work and what can I do about it? Failure in and of itself is not good enough, but if it's going to help you plant the seeds of knowledge, then you will build some really nice trees.

HOFFMAN: It was knowledge that he would put to use in the next chapter of his journey.

[AD BREAK]

HOFFMAN: Before the break, we heard how Daniel had learned some hard lessons with PeaceWorks. Daniel took these lessons to heart with his next venture, Kind. Although it was driven by the same ideals as PeaceWorks, Daniel knew the product had to be the star. When you're building a bridge, you don't just focus on where you want it to take you; you focus on the bridge itself – making it the strongest it can be. But Daniel nearly gave up before laying the first stone.

LUBETZKY: Personally, I had a very tough time because my dad passed away that year, in 2003, and he was my best friend and my mentor and so much to me. And so I had a very difficult time with that. I was trying to launch the OneVoice Movement, this nonprofit organization to bring Israeli and Palestinian moderates together, and that was taking a toll on me. It was very hard getting it off and running. And our business was struggling. It was barely eking by, and I couldn't pay myself a salary. I barely could pay my team members salaries, and it was exhausting.

HOFFMAN: Daniel was excited by his idea for a new product – a snack bar that was as good for you as the most nutritious health food, but as enjoyable as a candy bar. But the burnout was real.

LUBETZKY: I remember sitting down with my six team members and saying, "Guys, do we do this or should we just throw in the towel?" And we went around the table and I remember so well each team member getting to vote on whether each of us goes back to look for jobs elsewhere or whether we give this one last shot.

HOFFMAN: They voted, discussed, and eventually agreed: this new product was worth the shot. They made the decision to wind down PeaceWorks and focus on Kind.

LUBETZKY: All the things that we had done wrong with PeaceWorks, we applied discipline, focus, obsession with quality, obsession with brand. Your brand has to be true. You cannot try to be everything to everybody or else you'll be nothing to nobody.

HOFFMAN: It's no use trying to connect to everywhere. Your bridge has to go between two specific points. The point you go to needs to make the strongest sense. Just as a bridge has a clear direction. For a company, that is its brand.

LUBETZKY: Very, very strong focus on defining what the Kind promise is, what it means. Literally having in each of our desks a description of what that Kind promise is and keeping that Kind promise, not deviating from it. Not trying to go down some other green pasture because there's something sexy going on in this industry and that industry. Just staying focused, focused, focused.

HOFFMAN: That promise – to make healthy food that brings people together – was still at the front of Daniel's mind. But he knew he had to find a better way to market the Kind bar than taking it from deli to deli.

LUBETZKY: Because I was barely making ends meet in the PeaceWorks years, I had trained myself that giving out products was a cost rather than an investment. So we had an $800 budget in 2008 for all samples. That includes samples we give to the buyers. And we saw it as an expense to be avoided.

Then in 2009, our sampling budget became from $800, $800,000. And all of a sudden our sales took off like crazy because we learned that our product was really good. Nine out of 10 people to try a KIND bar come back and recommend it to others.

HOFFMAN: Daniel had discovered that the most effective way to build bridges with his customers wasn't by trying to sell them on his mission; but by letting them try his product. It set them on the road to massive scale. And it got them the attention of Walmart.

LUBETZKY: We went into the Walmart stores, but we didn't know how to do the supply chain logistics. And you better know supply chain logistics when you're doing Walmart. We didn't have a team member that had that knowledge about how to manage the backend.

HOFFMAN: Walmart had reached out to Kind. It was a potential bridge to massive scale. But Daniel and his team simply weren't ready to meet Walmart halfway.

LUBETZKY: And so we would go into stores and the product wasn't on the shelves and Walmart wasn't actually managing it. They had a sub distributor for that particular segment. And the product was often in the warehouse and it was in the wrong set with the wrong type of products, and it was only two SKUs so it would get lost in the shelves. So, for a variety of reasons, it didn't last.

HOFFMAN: Daniel was bitterly disappointed, but he was determined to get Kind in order so they could try again. A big part of this was when former Playtex executive John Leahy joined as president.

LUBETZKY: He had come from a billion dollar company when he joined us, and he had had a couple of tough years. He had had an incredible career, but then he'd had a couple of years where things had not worked out. And I'm very lucky that that happened because he had something to prove.

And he gave me a shot because otherwise someone of his caliber would have not joined me. So sometimes if somebody has a great trajectory and then they have a tough moment, it's a very smart thing to invest in that person because they have something to prove and they have incredible track record overall. And John proved to be one of my best mentors and friends and partners.

HOFFMAN: He also had a key piece of advice for Daniel.

LUBETZKY: John said, "We need to be patient." I said, "John, we need to get into Walmart." He's like, "Daniel. We're not ready, we're not ready, we're not ready." And he built the different pieces that he needed to build in terms of improving awareness, in terms of improving our supply chain and logistics. And then when we got in, it became a very strong partnership until today.

HOFFMAN: The patience paid off, and Kind eventually won back that Walmart distribution. But out of the blue, a chasm opened that everyone told Daniel was impossible to cross. It came courtesy of the U.S. government regulator the Food & Drug Administration, or FDA.

LUBETZKY: And there was an obscure, to me because I had never heard of it, a provision in the FDA that apparently treated all types of fats, even the ones that are healthy fats from almonds or avocados or olive oil or olives or salmon as fat. And they sent us a letter saying, “You can't label these four products as healthy because they contain all these ingredients like almonds and coconut that have too much fat.”

HOFFMAN: Kind's identity as a maker of healthy snacks was foundational to the bridge it had built with its customers. And now it looked like that foundation was going to be taken away. The FDA ordered them to remove the word "healthy" from their wrappers.

LUBETZKY: It was a very tough day for me Reid. I don't want to over dramatize it, but it was really a tough, tough day. Because it went to the essence of who we are. And we immediately complied with their request.

HOFFMAN: But then Daniel made a move that could have burned the bridge between Kind and the FDA.

LUBETZKY: While we complied immediately in the short term, we then went back, and we filed the citizen's petition telling the FDA that their regulation was broken, that it made no sense.

HOFFMAN: It was a move that many saw as risky.

LUBETZKY: But if you go back to the day when it happened and our consultations, we were talking to our board and to people far smarter than me. And they're like, "Daniel, just lick your wounds and move on. You will not get any good out of rehashing this thing out."

And the conventional wisdom is, don't bring stuff up that's not pleasant, because you're just going to let it be aired again. And they're like, "The FDA's never going to reverse itself. That doesn't happen in government. They're never going to listen to you."

HOFFMAN: But Daniel forged ahead.

LUBETZKY: So we filed this citizens' petition. And we got an enormous amount of support from consumers, from scientists, from doctors, and even the FDA eventually reversed itself.

HOFFMAN: Daniel also had his suspicions that the FDA had been alerted by a competitor to Kind, hoping to tarnish the reputation they'd established. But instead, the attack rallied Kind's fans to the cause, who lobbied the FDA.

LUBETZKY: It was like the gift that kept on giving. Because first, when they came out with this, the consumer community was like, "What, why are you doing this to Kind?" People understood that it made no sense.

HOFFMAN: This reinforced the bridge that Kind had built with its fans.

LUBETZKY: And then it was the big announcement where they said, "Kind was right. This definition is not current with science." And they reversed themselves and suspended it.

HOFFMAN: Kind could once again describe their snacks as healthy. And there was another upside: Daniel had built a valuable bridge with the FDA.

LUBETZKY: After that happened we developed relationships that were cordial with the FDA. To their credit, the FDA was very responsive and respectful, and we developed a very good, cordial relationship with them. Until this date now, we actively consult with them on stuff, and when we think they're wrong, we'll let them know, and when we have a question, we ask them. And we now have that relationship, which we didn't even have then.

HOFFMAN: I think one of the lessons there is, anyone who knows you, anyone who knows Kind, knows that the principles of the mission and the ethics go all the way down to bedrock. And when those are there kind of adhered to, that creates natural bridges to, "Actually in fact FDA, we should collaborate. We should make sure this is the right thing for society." It creates the right kind of trust and responsibility with consumers, with suppliers.

HOFFMAN: Kind and the FDA had a common goal to improve overall health and keep bad stuff out of food.

Just as you have customer and client relations teams, Kind now has a team dedicated to maintaining that hard-won bridge with the FDA. Anytime you have to build a valuable bridge, you need to maintain it.

If done correctly, confrontation can help build bridges, as long as it is combined with kindness.

LUBETZKY: A lot of people confuse kindness with weakness. And part of the reason is that they think that kindness and being nice are synonymous, but they're very different because you can be nice and be passive. You can be nice and just not cause troubles, but to be kind, you need to solve those problems. You can be nice and be polite, but to be kind, you need to be honest. And to be honest, you need to have the strength and the courage to say what needs to be said at the right time.

And in a lot of corporate cultures, people are too afraid to disagree. I've seen this very close from a lot of companies that I respect, that I'm friends with, where they don't want to have that debate.

And then consequently, sometimes the CEO doesn't hear what she or he needs to hear. And people are afraid to give them bad news. They're afraid to disagree with them. And they end up like the emperor with no clothes, making a lot of mistakes.

HOFFMAN: Creative conflict is not being unkind. And it helps build stronger bridges. Daniel's focus and core belief in his brand has led to the Kind Foundation. He is achieving the large-scale bridge building he always believed was possible through business.

LUBETZKY: The most important thing we do with Kind today, and there's many things I'm proud of, but the most important is we created the Kind Foundation, which has incubated, what we created, which is called Empatico. Which is a program to try to enable classrooms, to teach their children empathy and kindness by connecting them to other classrooms.

So using the power of the internet for good and enabling kids in Northwest Arkansas, who have never met a kid in New York to do so, or kids in Memphis, Tennessee, that are all Black kids connect with kids in Southern New Jersey that are all white and develop friendships through those interactions. Kind of like a very modern version of pen pals, but where the classrooms are the hubs to connect the children. And there's a classroom in Delaware, they're connected to teachers in Nigeria, and it's a really cool program.

HOFFMAN: The real magic behind these bridges is their unbeatable return on investment**.**

LUBETZKY: Kindness is magical because it's one of those few forces in nature that I call a net happiness aggregator. When I do a kind act to somebody, they feel better, but I feel better too. And I actually think in my many years of thinking about this, that the person doing the kind act actually gets the more positive feeling than the person receiving it.

HOFFMAN: In November 2020, Kind was acquired by Mars, with Daniel planning to stay involved in the company. I'm Reid Hoffman. Thank you for listening.