**REID HOFFMAN**: (VOICEOVER) Prior to going to China, when I go other places from Silicon Valley, I would say, "Oh, you're in slow motion, like, you're moving slowly." Because one of the things we've really learned here in Silicon Valley is that speed and speed to scale really, really matters.

You go to China and you go, "Oh, we're in slow motion."

**[MUSIC]**

**KEVIN SCOTT:** Hi, everyone. Welcome to *Behind the Tech*. I'm your host, Kevin Scott, Chief Technology Officer for Microsoft.

In this podcast, we're going to get behind the tech. We'll talk with some of the people who have made our modern tech world possible and understand what motivated them to create what they did. So join me to maybe learn a little bit about the history of computing and get a few behind-the-scenes insights into what's happening today. Stick around.

**[MUSIC]**

**KEVIN SCOTT:** Hello everyone, welcome to Behind the Tech. I'm Kevin Scott.

**CHRISTINA WARREN:** And I'm Christina Warren, senior cloud advocate at Microsoft. And today, we're going to hear from the author and entrepreneur Reid Hoffman.

**KEVIN SCOTT:** Yeah, I first met Reid when I joined LinkedIn. He was the co-founder and executive chair when I was there. And I think people know Reid broadly as a member of the PayPal mafia. He's sort of a legendary angel investor. He's a partner at Greylock.

And over the past several years, he's written three really interesting books and has sort of gotten himself fairly deeply involved with all things AI. So, I'm super happy that he's on the show today.

**CHRISTINA WARREN:** And he's also host of the podcast, *Masters of Scale*.

**KEVIN SCOTT:** Yeah, everyone should go listen to *Masters of Scale*. It was more or less the entire inspiration for this podcast. So, I saw how much fun he was having doing his own show, and one of the things that he does with Masters of Scale that's like really clever is these were conversations with people that he would have been having anyway, and he figured out a way to go have the conversations and to tape them, and then he does an amazing job sort of packaging up those conversations with a bunch of, like, really cool production. But, like, he was totally my inspiration.

**CHRISTINA WARREN:** That's awesome, I love -- I love knowing that. And so we've had a big list of amazing guests already on the podcast, but I wanted to ask you, you always ask our guests about how they began their careers and what was the first technology they encountered, or the first program them learned, you know, their educational background, stuff like that.

And it's always really fascinating because people have really different stories each time. But I'm just curious, like, why do you think that it's important for people to hear these stories?

**KEVIN SCOTT:** You know, when I was younger, I always thought that there was only one way to become a technologist, that you had to look a particular way and to have a particular background and to follow like a fairly particular path and like that was the only way to get the permission to go do interesting things and like the highest probability way to be successful.

And I'm old enough now and lucky enough that I get to interact with tons and tons of super-interesting technologists. And once you get to know these folks, you will discover that there is no one true path, like everybody's journey is so dramatically different. There are some commonalities in there, like obviously like you at some point have to get your spark ignited, your interest for tech somehow or another motivated.

But, like, what ignites the spark and what captivates each individual about tech and sort of draws them into this journey that they're ten going to be on probably for the rest of their lives is different. And I think that's a super-important thing to share with the world, especially at a moment in tech where I think it's more and more important than ever to have as broad a swath, as diverse a swath of humanity as possible involved in the creation of these technologies that are increasingly influencing our future.

**CHRISTINA WARREN:** I totally agree. And I really can't wait to hear about Reid's early days and what he's up to right now.

**KEVIN SCOTT:** Yeah, because he has a super-fascinating journey, just like everyone we've talked to on the podcast so far.

**CHRISTINA WARREN:** All right, let's chat with Reid

Coming up next, Reid Hoffman. Reid is an investor, author, and entrepreneur. He's a legendary angel investor, cofounder and executive chairman of LinkedIn, author of three books including his most recent, *Blitzscaling*, and now a partner at the venture firm Greylock.

**[MUSIC]**

**KEVIN SCOTT:** Super glad to have you here today, Reid. Welcome to the show. And we have tons of stuff to talk about.

So, I typically start these interviews by going all the way back to people's childhoods and, you know, it's sort of interesting how people find their way into their careers in technology. So, like why don't you tell us a little bit about like your first contact with technology as a kid?

**REID HOFFMAN:** So, like many young boys, this was when the TRS-80, so called "trash 80," and Commodore 64 and all the rest had come out.

 **KEVIN SCOTT:** Yeah. I think you and I are almost exactly the same age, so we have a mirror experience in some ways. (Laughter.)

**REID HOFFMAN:** And I literally was just begging my dad to get a Commodore 64, and --

**KEVIN SCOTT:** And your dad's a lawyer?

**REID HOFFMAN:** Lawyer. And he was, like, it's an indulgence, you know, it's like, you know, it's too much money. You know, take three paper routes, right, you want to do this? You know, go figure this out yourself. But then what happened is one of my friend's parents bought him a Commodore 64, so I just go over there all the time. Right?

**KEVIN SCOTT:** Yeah. And what was it about the Commodore 64 in like these, sort of first-generation of real, like, commodity personal computers that sucked you in. Was it gaming? Was it the complexity of the device? Was it something else?

**REID HOFFMAN:** So, gaming was definitely interesting. There was kind of this weird Star Fleet Battles game that was kind of, you know, picking out which quadrant you were in, and so -- and that was kind of fun and different. But, I think I probably put most of my time, and some of the programs are literally on the cassettes in those Commodores.

**KEVIN SCOTT:** Yeah.

**REID HOFFMAN:** You're, like, whoa. Like, like, it's well before floppy drives. Which are now -- people are like, "What are you talking about?"

**KEVIN SCOTT:** Yeah.

**REID HOFFMAN:** And it was actually, in fact, a lot of what was basic programming, so you didn't have a lot of complexity but doing stuff with language interaction. Like, the fact that you could make a language interaction program.

And I hadn't done, you know, like Eliza or anything sophisticated or interesting like that, but like where you could have like kind of mimicry or you could like have it be like the, "I am the oracle," you know, "Consult me and then you could, you know, program in interaction."

**KEVIN SCOTT:** That's really funny because one of my favorite first games was not graphical. I remember the TRS-80 game, and I think it was called Empire.

And it was like one of these sort of term-based text games and it was like totally engrossing. And the gaming stuff was what really drew me into computing. I sort of liked-- not just the games, but sort of the mystery of how are these things made?

**REID HOFFMAN:** Yeah, the whole world. Yeah.

**KEVIN SCOTT:** Yeah. And so from there, one of the things that you got interested in was like just strategy games in general. So, tell us a little bit about that.

**REID HOFFMAN:** Well, so, I mean, when people ask me, it's like, "Oh, how did you learn strategy and business and so forth?" And they're thinking I'm going to answer MBA or something like that. It's, like, no, no, all goes back to Avalon Hill games when I was a, you know, a pre-teen and a teen.

You know, just like until very recently, most often, the most interesting opponents were actually human opponents --

**KEVIN SCOTT:** Yeah.

**REID HOFFMAN:** -- versus computer opponents. And so I kind of got tired of kind of the computer game stuff. And the Twitch games never really interested me that much. I had Down Cycle on the computer games, and so what I would do is get together with my friends and we'd play these very rich kind of strategy games, mostly military games, where like the rule books are literally like an inch thick because it's like, well, actually, in fact, you're mastery of knowing how the rules played out in different combinations was part of how you could play surprising tactics within strategies, you know, on your opponents, your friends you were playing with.

And so I spent probably three or four years obsessively just doing that and fantasy role-playing games, and that was like every spare cycle was those.

**KEVIN SCOTT:** Right. And what was your favorite fantasy role-playing game?

**REID HOFFMAN:** Well, it's this thing called RuneQuest, which is a D&D variant.

**KEVIN SCOTT:** Yeah.

**REID HOFFMAN:** That I think I adopted because the office and the people who I met at that office were near -- were in Emeryville, which was near Berkeley, which is where my home was.

And so I could go and interact with them and actually helped them edit a scenario pack, so if you actually -- the reprint of RuneQuest that was just made like last year actually has a credit to me.

**KEVIN SCOTT:** Nice.

**REID HOFFMAN:** Which is kind of entertaining. (Laughter.)

**KEVIN SCOTT:** That's awesome.

**REID HOFFMAN:** Because I was actually working with them on it. I mean, all the credit is due to them, but I would go by the office, I'd suggest things to change the rule set in the scenario pack.

**KEVIN SCOTT:** And how old were you? 12?

**REID HOFFMAN:** 12, yeah.

**KEVIN SCOTT:** Yeah, so that's sort of incredible, actually. And that was --

**REID HOFFMAN:** Obsessive kid.

**KEVIN SCOTT:** And that was all you, like, so it sounds like your dad wasn't -- so you just sort of figured this out?

 **REID HOFFMAN:** Well, my dad was initially extremely opposed because what it basically was, was you and all these geek boys are sitting around. And I don't see what the future of this looks like, I don't see you preparing for your economic future, it looks like you're avoiding reality to me.

And it was when from the game company that produced RuneQuest was called the Chaosium, and when I brought back a check from the Chaosium from some of the work, he flipped a bit. He went, "Oh, this is positive, well, maybe this is good." Like, "Maybe you'll be a game designer and you'll be working on games, okay, keep going." (Laughter.) But super negative beforehand, and then moderately positive afterwards.

**KEVIN SCOTT:** So, in a way, that was sort of your first entrepreneurial thing?

**REID HOFFMAN:** Yes. Yes. For sure.

**KEVIN SCOTT:** So, you're like doing something non-trivial, sort of pushing against opposition from, you know, folks who are like economically and, you know, otherwise like supposed to be wiser than you and like you just sort of do it anyway.

**REID HOFFMAN:** And it was definitely in the, you know, like things we share as, like, I have a fascination on this, and I just am going to do this.

 **KEVIN SCOTT:** Interesting. And so you go from doing this strategy gaming obsession as a pre-teen and a teen, and like you eventually end up at Stanford and you're a symbolic systems major. Like, is that like a direct line? No. So, like, tell us a little bit about that journey.

**REID HOFFMAN:** So I gave up fantasy role-playing games I think roughly-- probably roughly when I was like, no, no, I should get serious about, like, you know, like going out on a date.

**KEVIN SCOTT:** Right.

**REID HOFFMAN:** And sitting around with a whole bunch of my friends geeking out on RuneQuest is not actually, in fact, going to be conducive to this.

**KEVIN SCOTT:** Right. (Laughter.)

**REID HOFFMAN:** But like that weird alien crew over there, we stay away from them.

**KEVIN SCOTT:** Yeah.

**REID HOFFMAN:** And so I went to boarding school, the Putney School in Vermont, which taught me a bunch of interesting things -- blacksmithing and --

**KEVIN SCOTT:** Wow.

**REID HOFFMAN:** -- and woodwork and art. Yeah, like, so --

**KEVIN SCOTT:** Oh, I had no idea.

**REID HOFFMAN:** Yeah, there's this whole like "maker" thing that you do that I did as a high school student.

**KEVIN SCOTT:** That's fantastic.

**REID HOFFMAN:** Yeah. Drove oxen through the woods, did maple syrup farming. I mean, there's a whole bunch of different stuff.

**KEVIN SCOTT:** That's sort of amazing. And this is all in the '80s, right?

**REID HOFFMAN:** Yeah. Yeah.

**KEVIN SCOTT:** Yeah, I mean, so like blacksmithing is sort of a thing right now, but like it was not a thing in the '80s.

**REID HOFFMAN:** No, yeah, and I was literally picking, what's the thing that I will probably never get exposure to again? Because I always have that as, like, "What's unique here?" And it was like blacksmithing. I have no idea what that is, I want to learn that.

**KEVIN SCOTT:** That's awesome.

**REID HOFFMAN:** And then, went to Stanford. And I went to Stanford -- I've always been something of a student of decisioning and decision-making. Because we go through our lives decision-making all the time, and people don't realize, like, well, that's one of the things that everyone should work on becoming more expert in.

**KEVIN SCOTT:** Right.

**REID HOFFMAN:** Because we do this constantly. What's your schedule for the day? Where are you going to travel to? And then big decisions, jobs, you know, marriages, all -- like tons and tons of stuff.

And, yet, like, no one studies it systematically. They go, "Oh, you just do it." You're like, "No, no, no, no, it's just like running. You don't just do it, you can actually get a lot better."

**KEVIN SCOTT:** Right.

**REID HOFFMAN:** I hadn't done any of the reading or academic work yet to do that. I was like, "How the hell does one make a college decision?"

**REID HOFFMAN:** Because, you know, it's like people say, "Well, do you like big colleges or small colleges or do you like the tech program or do you like the --

**KEVIN SCOTT:** Or even like what you want to major in or be as an adult.

**REID HOFFMAN:** Yeah. Yeah.

**KEVIN SCOTT:** Like, that's a really daunting thing when you're 18 years old.

**REID HOFFMAN:** Yeah. You're, like, "I have no idea." It's like, "Pick for the rest of your life right now." You're like, really?

**KEVIN SCOTT:** Yeah. (Laughter.)

**REID HOFFMAN:** Like, ah! And so I went, okay, I can't make that decision. And one of the things I'd learned was can't make the decision, so what I'll do is I'll shrink to what's the first year? I'll compare on what the first years look like.

**KEVIN SCOTT:** Right.

**REID HOFFMAN:** Right? And I went, Stanford had the program called "Structured Liberal Education," which is two-thirds of your freshman year is with -- I think it's about 100 other people where you're together from Tuesday through Thursday, 2:30 to 9:00 p.m., you're all together. You're in seminars, you're listening to lectures.

There's always a movie each week that you watch the movie to talk about like an art film. It's everything from art, to philosophy and economics, from the Greeks to the moderns. And it was like, I want that.

**KEVIN SCOTT:** Interesting.

**REID HOFFMAN:** That sounds really interesting. So, I just went and did that. And my theory was -- and I still, like, obviously, as you know, I'm very oriented towards how do we strengthen public intellectual culture both in the U.S. and the world, which is who are we and who should we be as individuals in as society? And have a discourse about it, talk about it.

**KEVIN SCOTT:** Yeah.

**REID HOFFMAN:** To get better, right? To learn together. And that's why I was attracted to SLE, and that's what I thought I was going to be. Like, I thought I was going to be a philosophy professor.

**KEVIN SCOTT:** Well, you know, when I was thinking about this conversation that we were going to have today, I've heard you on many occasions say that at one point in your life, your goal was to become a public intellectual and to sort of serve this purpose of helping to ennoble humanity, like in the true sense of the word "ennoble."

And I just sort of wonder, like, you must have made that determination that this is what you wanted to do when you were like 19, 20, maybe younger?

**REID HOFFMAN:** Yeah.

**KEVIN SCOTT:** How on God's earth as a 19- or 20-year-old person do you decide to go do that? Because that's an unusual thing in seriousness to want to gravitate towards, like, somebody might like as a flippant thing say, "Oh, yeah, like, I'm going to -- like, I want to be a public intellectual, like, I want to be an influencer, I want to be famous." And, like, that's not what was motivating you at all.

**REID HOFFMAN:** Yeah, it was definitely nothing about fame, which I still have no positive bit towards. I mean, obviously, I've became a little bit more famous, but it's no intention, no work towards it. (Laughter.)

**KEVIN SCOTT:** Right.

**REID HOFFMAN:** I think it was two things. One of the joys of Stanford overall, was, oh, my God are there a lot of amazing people, interesting people here.

I learned a tremendous amount from the amazing different students. Like, this one's a concert violinist, and that one's an Olympic swimmer, and this one -- oh, my gosh, you -- all these amazing -- like I'm really focused, I am dedicated to how do I get to my top potential? And, potentially, how do I help other people get to their top potential? And so there was that part. And then the structured liberal education, you know, how does the weave of actually, you know, politics and economics and culture all come together? And what does that mean in terms of these systems? And then, all of a sudden, I'm going through this program, which is nicknamed "SLE," at Stanford, and I'm like, literally it's like weekly epiphanies. It's like, "Oh, my gosh, that's amazing, I never understood that.

And it alters your perspective on your role in the world, on humanity's role in the world, on what the world looks like and what's there. And it's like, more of that, please.

**KEVIN SCOTT:** Yes.

**REID HOFFMAN:** And I thought not just for myself, but that's how we make progress. So, I wanted to participate in that. I wanted to help make that happen.

**KEVIN SCOTT:** And so it's interesting in the sense that a lot of these sorts of decisions -- like, I had a different path. I decided when I was 17 years old that I was going to be a computer science professor coming from a family where neither of my parents went to college and, you know, was just sort of like this weird abstract thing.

And like I was even more specific than that. Like, I was really interested in compilers and programming languages and like that's what I wanted to do. And I like think about it in retrospect, it seemed like this absolutely obvious thing that I wanted to do, and looking back at it 30-something years later, it's like, wow, that was really a peculiar thing for a 17-year-old to fixate on.

And like part of it was people -- I just came into contact with these really amazing computer scientists at the Science and Technology High School, and like just sort of the people I was interacting with and it's like, wow, like, this person has revealed this world to me that's totally fascinating and I want to be like them and I want to do for other people what they did for me.

**REID HOFFMAN:** Yep. And the other thing that was amazing for me at Stanford, so I talked about the students, but I met some professors there -- and, because, you know, both you and I going through our high schools, like, oh, we're super smart, I'm very smart, you know, because you look around and you say, "Well, I've got intellectual capability and it's not arrogant, it's just I am smart."

I went to Stanford and I met people, like some of the professors, Peter Galison and Jean-Pierre Dupuy and I went, "I am never going to be as smart as you. Ever."

**KEVIN SCOTT:** Right. Yes.

**REID HOFFMAN:** Like, I could train my whole life and it's never going to happen.

**KEVIN SCOTT:** Yeah.

**REID HOFFMAN:** Okay, so, smart is only part of the thing. What else am I doing? (Laughter.)

**KEVIN SCOTT:** Yeah, yes. And so you declare symbolic systems at some point, which -- explain symbolic systems to folks.

**REID HOFFMAN:**  It’s a combination of kind of psychology and philosophy and science and it's like what is that way that we understand it ourselves and what are the ways that we talk to each other and we get there? So I was going to create my own major because Stanford actually has a pretty good program for doing that. And then as I started doing it, I literally read the, oh, we're creating this new interdisciplinary major called Symbolic Systems. And it's kind of a combination of cognitive science and artificial intelligence.

And one of the things it allowed you to do was to declare your own concentration. So, I made a new concentration, so as opposed to a new major, called computation and cognition because it's like, well, what are the things that we learn from computation that make us better cognitively? And what are the ways in which cognition is like computation?

**KEVIN SCOTT:** Right.

**REID HOFFMAN:** Was the thing that I was like, okay, that's the -- that's what I want to work on.

**KEVIN SCOTT:** And was that influenced at all by the -- like Hoftstadter's book had come out, so yeah, that was -- yeah.

**REID HOFFMAN:** And I'd been planning on re-reading it recently~~.~~

**KEVIN SCOTT:** I should do the same thing. It's been a long while. And, like, that was book was amazingly impactful.

So, in some ways, it was a little bit of a brave move I think at the time to choose an AI-ish discipline, because we were in AI winter in the '80s. So, like there had been this sort of period where the hype around AI had gotten well past our ability to execute on it in the '70s and early '80s, and then this bubble popped. And a bunch of companies went bankrupt and a bunch of academic careers got ruined. And when I was in grad school in the '90s, it wasn't the thing that you chose as your field of specialization.

So, I've always found it somewhat remarkable that so many people in your cohort chose symbolic systems at Stanford, because it was not anything remotely like the obvious decision that it is now, where everybody wants to get an AI degree or like some degree that's related to AI.

**REID HOFFMAN:** I think it was the people who are like, look, we don't want to do -- now, a bunch of CS majors thought it was CS light --

**KEVIN SCOTT:** Yeah.

**REID HOFFMAN:** -- so, they're like --

**KEVIN SCOTT:** -- of course. (Laughter.)

**REID HOFFMAN:** Yeah, so they're like, you're getting away without doing the hard stuff like compilers. (Laughter.) Like, you're doing -- like Jeffrey Allman for example, said that to me. (Laughter.)

**KEVIN SCOTT:** That's funny.

**REID HOFFMAN:** Yes. And look super good.

**KEVIN SCOTT:** And I could easily have said the same thing.

**REID HOFFMAN:** Yeah, of course. (Laughter.) But the attraction was -- some people were fascinated by AI, thought AI was nearer term, then, still had the belief that were -- where it was generally winter.

But for me, it was I want to understand cognition.

**KEVIN SCOTT:** Yeah.

**REID HOFFMAN:** Right? And maybe we can create silicon substrate machines that can do a lot -- all, some particular shape, maybe we can't, but we know we have cognition, and I still want to understand it.

**KEVIN SCOTT:** And then from there, you go to Oxford to get a master's degree in philosophy. You were a Rhodes Scholar.

**REID HOFFMAN:** Marshal.

**KEVIN SCOTT:** Marshal scholar.

**KEVIN SCOTT:** And that was like a pivotal point. So, like, you know, you had this big transition right around this time where it's like my vision of becoming a public intellectual is going to maybe need to be something different than I imagined it. So, what happened?

**REID HOFFMAN:** So, I concluded that the -- one of the problems in the AI cognitive science field is no one had a real concept of what cognition was. They were doing psychological models of like features like, how would memory degrade and so forth? But, like, really, how are we doing cognition?

And similarly, like, we're building intelligent devices, but we don't really have a good theory, like, it's only until relatively recently we've really been thinking about this, that we've advanced the theory past like the Turing Test as, like, "Oh, this is the theory." And you're, like -- that's a hard thing to measure.

**REID HOFFMAN:** And so I was going to go do that. And the what happened is -- and I thought philosophy might be it. So, I went to go study philosophy at Oxford. And what I realized was that the professional, scholarly you know kind of pursuit of philosophy was not these kinds of questions I was looking at.

So, what I -- here's the essential insight I had. Like, you said, okay, abstract, what a public intellectual is, at least in the theory then, which is a person who creates media objects to help us as individuals in society reflect on who we are and who we should be.

Those media objects may be books, they may be essays, obviously now we have podcasts and all that stuff.

**KEVIN SCOTT:** Yeah, they could be TV shows like Carl Sagan, like, is one of my favorite --

**REID HOFFMAN:** Yes.

**KEVIN SCOTT:** -- public intellectuals. Like, his books and TV shows and documentaries were, like, hugely impactful.

**REID HOFFMAN:** Exactly. And so if you said, "Well, what if the media object was software? What if the software was the medium that we're interacting in?" Almost like Marshall McLuhan. And what if you actually could power that medium with a commercial model? Now, I have learned a lot since then. This is all my pre- any experience with business.

Being a little bit of an academic snob saying, "Oh, those problems are easy, like, these abstractions that I'm working on," and getting in to be like, "Oh, no, I learned a ton." It was a great gift in my life to do that. And I was like, I should go work on software. And my thought, by the way, specific thought at Oxford was there was these things called personal information managers. You know, once upon a time, now baked into phones and other things.

And I was, like, well, what if we reconfigured them with a theory of human nature, a theory of how we relate with each other and what that would be like and what would that product be?

And so taking my theories of human nature and applying it to this product, that's what I should go do. And then I came back, and I looked around and said, "Oh, the online revolution is happening. Online is what I should do."

**KEVIN SCOTT:** And so, you didn't jump straight into entrepreneurship, did you? So, you were at Apple for a little while?

**REID HOFFMAN:** Yeah. I wasn't really thinking I'm an entrepreneur. I was thinking I want to create these new products that have this kind of public intellectual impact. And so, I had some product ideas.

So, I went to some VCs and they said, "Well, have you ever shipped commercial software?" And I was, like, "No." And they're like, "You know, before you ask us for money, maybe you should learn how to ship software, right?"

**KEVIN SCOTT:** Yeah.

**REID HOFFMAN:** Well, that's a reasonable, good idea.

**KEVIN SCOTT:** Yeah.

**REID HOFFMAN:** Right? And so, you know, always been a fan of like the Mac and so forth.

And so I was, like, "I'll go work at Apple on this thing called e-World," which everyone assumes was electronic world, it was actually Employee World, because it was a derivative Apple Link.

**KEVIN SCOTT:** Oh, interesting.

**REID HOFFMAN:** Yes, exactly, it's all these obscure facts in history. And they were going and trying to compete with AOL, even though they basically licensed AOL, so retrospect business brain going, "Oh, that's a terrible plan."

But it was the getting online and these people knew how to do software, knew how to do online, knew how to do interfaces, all learned how to ship software there.

**KEVIN SCOTT:** Right.

**REID HOFFMAN:** And that was my first real job.

**KEVIN SCOTT:** And then from there, you start a company.

**REID HOFFMAN:** Yes. No, I went to Fujitsu to learn product management.

**KEVIN SCOTT:** Gotcha.

**REID HOFFMAN:** Virtual Worlds product called Worlds Away because, again, the social dynamic of this medium was the thing that I was kind of playing in. And then from there, went to go start SocialNet.

**KEVIN SCOTT:** And, like was it this thing that you were always planning to do and like you were sort of, you know, like your VC suggested, you were accumulating the chip, so you got permission to go do it? Or did you like have this moment where you're, like, "Oh, my God, like, I'm so frustrated I'm not going to be able to do the thing that I want to do inside of this corporate construct, like, I have to go start a company."

**REID HOFFMAN:** So, I was always willing to do the products within a company. I had a set of kind of ideas of how I wanted to help participate in making individuals in society better, and kind of using the public intellectual theories, if not explicit writing in order way of doing that.

And that was a little bit of the, well, I'll try it at Apple and I'll try it at Fujitsu, but I was definitively trying to pull out the set of skills that would be necessary to understand which are good products, how do you ship them, how do you go to market with them? What are the things -- the go to market, I mostly learned from startups.

I didn't realize how important the V.0 to V.1 is. One of the things I realized going with SocialNet was I had learned a lot of the V.1-to-V.2 game, and the V.1-to-V.1 game. But I didn't realize it was totally new to go V.0 to V.1. Like, I hadn't done that yet at a company or anything else, and that was a -- you know, learning experience, which is usually lots of blood, sweat, and tears on the floor (Laughter.) Right.

**KEVIN SCOTT:** Yeah.

**REID HOFFMAN:** And so, I'd always kind of wanted to do these kinds of products. And it was kind of like, great, I'll go do it by starting a company.

And I was kind of more naive. Like the kind of questions about, like, oh, yeah, well, you just market a product and then you have advertising, you charge something for it, and you don't really need to think about it. And it was the entrepreneurial experience that made me realize that, actually, in fact, especially for online, but generally, one of the really core skills in entrepreneurship is really thinking how the business and the business model comes together.

**KEVIN SCOTT:** Right.

**REID HOFFMAN:** And even if it's a classic, oh, it's an enterprise, an enterprise sales force, you're really thinking through in a lot of detail about what that engine of the business looks like. And you got technical architects and all the rest, super interesting. Need to go to scale, but you also need to align it to the business model. And I didn't really start figuring that out until SocialNet.

**KEVIN SCOTT:** Yeah. And that's sort of an interesting learning to have because I think one of the things that a lot of people do is they have a thing that they're trying to accomplish that requires a multi-disciplinary team effort. And it's just -- seems to be human nature that you sort of look at the thing that you're interested in and are expert in, and you just sort of assume that that's the important part and like the rest of the stuff is either easy or that, you know, and this is one of the things about your book, *Blitzscaling*, that I think is so fascinating is really it's sort of a systems theory thing that you've got to get right.

Especially in these modern companies, where things can move so fast. And you can't walk into these situations allowing your ego or your biases to inform too much of how you're structuring a culture, a team, a company -- like even the product itself.

**REID HOFFMAN:** Yeah.

**KEVIN SCOTT:** So, SocialNet, what was that experience like?

**REID HOFFMAN:** Well, a lot of the entrepreneurial aphorisms that I'm known for came from the brutal learning experiences. Like if you're not embarrassed by your first release of your product in a consumer company, you released too late.

**KEVIN SCOTT:** Yeah.

**REID HOFFMAN:** That's an emphasis on speed. That was because we spent a year thinking, "We're designing this perfect thing," and we lost part of the market window opportunity, lost the learning opportunity. And you're like, speed, speed, speed, speed, right?

**KEVIN SCOTT:** Right.

**REID HOFFMAN:** And embarrassment, okay, minimum viable product. That's part of what minimum viable product means. You're actually kind of embarrassed. You're like, well, it doesn't really do very much, okay.

**KEVIN SCOTT:** Yeah. (Laughter.) But you're getting feedback.

**REID HOFFMAN:** But you're getting feedback and you're learning-- because there are very few product geniuses in the world who can kind of go, look, I can labor behind the curtain, and when I reveal it, it's coherent and everything fits together and is wonderful. Very, very few.

So, for the rest of us mere mortals, it's learn and iterate and improve.

**KEVIN SCOTT:** Yep. Yep. Yep. So, after SocialNet, it was LinkedIn. And that was 2003, right?

**REID HOFFMAN:** No, it was PayPal in between.

**KEVIN SCOTT:** Oh, God, how did I forget PayPal? (Laughter.)

**REID HOFFMAN:** Yes.

**KEVIN SCOTT:** Hugely important. (Laughter.)

**REID HOFFMAN:** Yes. A little small company. (Laughter.)

**KEVIN SCOTT:** So, yeah, you are part of this like very famous cohort of people who went through a really interesting set of experiences at PayPal together. And so you basically ran strategy and a handful of other things at PayPal.

**REID HOFFMAN:** It was a number of things. So, when Peter and Max pulled together the company, they decided they'd each have the person they were closest to who had entrepreneur and business experience to be on the board.

So, for Max, it was this guy named Scott Banister, and for Peter, it was me. We were part of the founding board of directors on it.

**KEVIN SCOTT:** Yep.

**REID HOFFMAN:** And there was a whole -- like we could spend hours just going through the PayPal journey.

**KEVIN SCOTT:** Yeah.

**REID HOFFMAN:** And then what happened is I decided -- because SocialNet, I had learned a bunch of stuff that I would do differently, and I kind of felt it needed to be restarted with a unique distribution model, because I actually think one of the things when you're thinking about consumer Internet is you actually have to co-build the product and the distribution model together. That was one of the things I learned that's a specific consumer Internet thing.

And that was what I thought we needed to do. And the board is, like, no, no, all we need to do is television advertising. And I said, "Well, I disagree, but I'll help you hire a CEO, I'll help you hire a new head of product. I'll help you hire this stuff and then I'm going to go off and do other stuff."

And so I went to Peter and I said, "Hey, I'm going to go start a new company." Because I had an idea like LinkedIn, like binding the value of the product, the DNA of the product, together with the distribution model, and you put the two of the things together. I'd seen *Six Degrees*, and that had given me a lot of inspiration.

And so I was going to go do this, and Peter said, "No, no, don't do that yet, come join us. Join us full time." I was, like, well, you guys are already down the road, you've discovered your payments use case on eBay and a bunch of other stuff. And that's great.

He's, like, "No, no, no, we don't have a business model, we're probably going to sell the company. And you have a lot more managerial experience than anyone else in the company, so you come join."

And I joined as COO, but then what happened is because I wasn't really there for career progression or, "Oh, what's my title?" It's literally, like, "Peter, what do you want me to do?" He was, like, "I want you to go solve this problem." Okay, I'll go solve that problem.

**KEVIN SCOTT:** Right.

**REID HOFFMAN:** Right. And so I was the kind of minister without a portfolio working on everything from banking regulation to business development deals, to helping Max with some of the fraud stuff.

**KEVIN SCOTT:** Right. And what was maybe the most interesting thing that you worked on there that you can talk about? (Laughter.)

**REID HOFFMAN:** Well, as you know, there's tons of stuff.

**KEVIN SCOTT:** Yeah.

**REID HOFFMAN:** I would say-- well, I was in charge of the whole eBay relationship, which obviously since they owned a competitor, was a mostly enemy out of the "frenemy" relationship.

**KEVIN SCOTT:** Right.

**REID HOFFMAN:** But that was kind of like trying to convert it from enemy to frenemy was the kind of key thing and how do you do that?

I'd say probably the one that had the steepest learning curve was -- and this is kind of a classic, there are many, many stories from PayPal that were kind of classic with the entrepreneurial journey and entrepreneurial learnings.

So, Peter came to me and said, "Okay, you know that we thought that banking was going to be our business model." Like, “Uh-huh.” Like, and you know what we've been applying for banking licenses, telling banking regulators that it's okay, they don't need to regulate us, because we're in the process of applying for licenses.

And I'm, "Uh-huh." And he's like, okay, so I wanted you to go back to those banking regulators and tell them it's okay that we're not going to be a bank and that we're withdrawing our application and we're not going. And you're like, so, you want me to go to the regulators and say, you know, your concern for protecting the financial system and the consumer, and that we had previously been acknowledging that we're a bank, we're now no longer acknowledging we're a bank, and these aren't the droids you're looking for, there's nothing to see here.

That's the mission you're giving me? He's, like, "Uh-huh." I'm, like, okay. So, what defines a bank?

**KEVIN SCOTT:** Wow. (Laughter.)

**REID HOFFMAN:** So, that was kind of the "Oh, God." And there were a lot of "Oh, God," moments that Peter handed me, but that was one of the ones like I had no idea like what banking regulation looked like, what the law looked like, what the definition of a bank was.

**KEVIN SCOTT:** Yeah, and like that's probably one of the things where I'm guessing even your early experience with these crazy strategy games really starts to -- because like that's exactly what you're doing. Like, you're trying to sort of maneuver around inside of a complicated set of rules to accomplish this objective that's important for your company.

**REID HOFFMAN:** Exactly. And the key thing, there's a long story, but the key story was the regulators get their mandate by, we're protecting consumers. So, what we did is we figured out, and John Muller who was on my team-- the GC work for me, and John Muller is awesome, figured out that there was this thing called the posit brokers, that if you put in money in a bank on behalf of an individual, it's still FDIC insured and protected.

The FDIC had already done that regulation. So, we went to meet with the FDIC to pitch them on we would like to slightly modify your regulations about pass-through protection, but here's all the things, and let's talk about how it's all protected by the current banking system. Because then when I would show up to a regulator and say, "Look, we're not applying for a bank anymore, look, the consumers are protected. What are your other concerns?"

**KEVIN SCOTT:** Right. That is exactly sort of the heart of brokering a good deal where, you've got this thing that you need to accomplish, but the counterparty also has an equally important to protect the consumers.

**REID HOFFMAN:** Yes.

**KEVIN SCOTT:** …that's a like critical mission that they're fulfilling, but trying to like get into this space where you can do a deal where, legitimately, like you both can win, that's the only way to do a good deal.

**REID HOFFMAN:** Yeah.

**KEVIN SCOTT:** Like, both parties have to be able to win, to like be true to the mission that they're on.

**REID HOFFMAN:** Yeah, one of my favorite books, as you know, is *Non-Zero* by Robert Wright.

**KEVIN SCOTT:** Yeah.

**REID HOFFMAN:** And non-zero-sum games is one of the really key things that part of our evolution of our society.

**KEVIN SCOTT:** So I want to talk a little bit more about this because it's like one of the things that excites me most about AI is I think AI can be one of these instrumental things that turns a bunch of zero-sum games into a non-zero-sum game.

So, like for folks who aren't steeped in game theory, like what's the difference between a zero-sum and a non-zero-sum game?

**REID HOFFMAN:** So, fundamentally, it's roughly does the pie grow or not? Right? And in a zero-sum game, it's whatever I win, you lose, right?

**REID HOFFMAN:** So, if there's 100 units, if I get 52, you get 48. If I get 55, you get 45.

**KEVIN SCOTT:** Right.

**REID HOFFMAN:** A non-zero-sum game is we figure out a way that, well, actually, I may still get 55, but maybe you get 50. Right? And so the pie grows.

**KEVIN SCOTT:** Right.

**REID HOFFMAN:** And I actually think one fundamental part of ethics that should go across all ethical systems, all value structures is we should prefer non-zero-sum games.

**KEVIN SCOTT:** Correct.

**REID HOFFMAN:** Right?

**KEVIN SCOTT:** Yeah, that's one of the points that I make in this book that I'm writing right now is that when you're thinking about how you apply AI, like you should pick important zero-sum societal problems and try to figure out how to put a set of incentives and policies in place to convert those zero-sum social good things into non-zero-sum games through the use of AI.

**REID HOFFMAN:** Yeah.

**KEVIN SCOTT:** And, like, health care potentially is one of them where we have this very interesting system right now where we have a finite amount of our gross domestic product we can spend on health care. You can spend all of it -- I think you're the one who actually said this to me, you can spend 100 percent of GDP and still not solve the fundamental problem, which is we're mortal.

And so, it's this terrible zero-sum game in a sense because you're always having to decide, you know, what the tradeoffs are. And like anything that we can do technologically to create abundance in this system to like get better diagnostics cheaper for everyone, to like be able to sort of influence things in a way where you're getting better healthcare outcomes for everyone, like, we should be doing. And it's like hard to do without some flavor of technology, like whether that's AI or something else.

**REID HOFFMAN:** Yeah, that's what progress looks like. That's the universe we all want to be in because we'll all be better off.

**KEVIN SCOTT:** And so this book, *Non-Zero*, that you referenced, I think the subtitle of that is like the *Arrow of Human Destiny* or something.

**REID HOFFMAN:** Yes.

**KEVIN SCOTT:** And it's like a really powerful -- like people should go read it.

**REID HOFFMAN:** Yes.

**KEVIN SCOTT:** Because it's one of the things that gives you a framework for being hopeful about technology in the future.

**REID HOFFMAN:** Yeah.

**KEVIN SCOTT:** Let's talk a little bit about *Blitzscaling*. Why did you decide to write this book?

**REID HOFFMAN:** So, I was in London I think around 2013, 2014, and I was on a panel of Silicon Valley people. And they were asking, "What's the secret of Silicon Valley?" Because part of what's amazing is where we're recording this, we're about 30 miles from where we're sitting is about half of the NASDAQ.

Silicon Valley, four million people round up, right? That's all the people, not the tech people, the tech people is a small fraction of that.

**KEVIN SCOTT:** Right.

**REID HOFFMAN:** How is it that that happens? And so the classic Silicon Valley story is, well, we have an entrepreneurial culture that kind of downgrades the fear of failure, we have tech universities, venture capital, tech companies. We have people who immigrate here from around the U.S. and around the world in order to come do this, and you have enough interesting shots on goal that you create all these amazing, big things.

**KEVIN SCOTT:** Probably all necessary, but not sufficient.

**REID HOFFMAN:** Exactly. And in particular, now that particular story is true in 100 other cities in the world, not including China.

**KEVIN SCOTT:** Right.

**REID HOFFMAN:** (Inaudible) China. So, what you're saying is when they kind of -- you do the little checklist and you say, "Oh, well, I guess what we just don't have is enough entrepreneurial culture. We're too afraid of failure.”

And you're like, maybe your culture is a little bit more punitive to going out and failing versus getting a job at a bank or a big company or whatever else, but it's really not that different anymore.

And so we're doing actually a disservice to these entrepreneurial environments by saying, "This is it, that's the story." And I said, okay, well, what is the real story that really makes Silicon Valley go? And it's actually the speed to scale.

**KEVIN SCOTT:** Yeah.

**REID HOFFMAN:** And it's the living playbook from the network. Like, one of the reasons why when someone says, "I want to do a software company." I say, "Well, if you can come do it in Silicon Valley, it's a very good idea."

**KEVIN SCOTT:** Right.

**REID HOFFMAN:** Right? Because the network helps you.

**KEVIN SCOTT:** Yes.

**REID HOFFMAN:** It's the amplification of the network. And why is that? What are the benefits of the network? What's the knowledge set? What's the learning curves we're on?

People don't really realize, like another classic one is during the Internet bust, like a whole bunch of the world went, see, we knew those Silicon Valley people were crazy. They didn't understand unit economics and business models and look at like Webvan, that was dumb. You know, and da, da, da.

And we did, oh, yeah, we learned Webvan was dumb, we shouldn't do more of those. But we also learned other things. Like, we learned, oh, actually, in fact, spending a lot of capital to get to scale really quickly in what are these modern markets, what we call Glengarry Glen Ross markets, first prize, Cadillac, second prize, steak knives, third prize, you're fired. Before you understand your customer acquisition costs, before you understand your long-term value, before you understand your unit economics, actually might be the exact bold, right strategy.

So, we started doing free products, freemium, like, I remember the whole discourse around Facebook was, well, how would you ever make money off that, because that's only college kids. And you're like, well, there's lots of ways that may play out.

And so they're like, oh, gosh, they raised money at like a billion dollars pre and so forth and how, you know, like, it's like, well, actually, in fact, because it's play that forward and work out the business model later.

**KEVIN SCOTT:** Yeah.

**REID HOFFMAN:** Right? And you can actually do that and that actually can be good strategy.

**KEVIN SCOTT:** Right.

**REID HOFFMAN:** And so went look -- look, on these types of plays it works, on those types of plays it's dumb. And that kind of learning is the kind of thing that helps entrepreneurs around the world.

**KEVIN SCOTT:** Yeah, and part of it, too, is the density of like all of the like weird specialties you have to have when you're scaling up a company, which is, you know, something that you definitely saw at LinkedIn.

Like, LinkedIn, it was sort of like this interesting thing, like you and I met when I joined LinkedIn to run engineering and operations there. And you know, one of the things that I often describe to people is like LinkedIn was on the launchpad for a while, like, trying to sort of figure out like how to get growth tipped over where it reached a critical mass where the monetization engine works, and then you hit the knee of this curve, and then it's like a rocket ship that's going almost vertical.

And you have this really short period of time to go in, like put all of your sort of scale infrastructure in place, like fix all of the sort of technical and process and culture debt that you may have accrued, and like if we weren't in a place like Silicon Valley, like we probably would have tipped over and died, like, right about the point where, you know, the business started looking good. (Laughter.)

**REID HOFFMAN:** Yes, exactly. Where suddenly you go, "Oh, we actually got something."

**KEVIN SCOTT:** Yeah.

**REID HOFFMAN:** Right.

**KEVIN SCOTT:** And then, you know, like if you aren't able to like very quickly like pull in these, people in like large numbers of, you know, the right types of sales folks, the right types of BD folks, the right lawyers, the right marketing people, the right engineers, you know, you could just sort of collapse under your own success.

**REID HOFFMAN:** Yes, exactly.

**KEVIN SCOTT:** Yeah, I'd love to hear your impression. Like, the book has been out for…

**REID HOFFMAN:** About six months.

**KEVIN SCOTT:** Yeah, six months now?

**REID HOFFMAN:** Yeah.

**KEVIN SCOTT:** So, one of the things that's striking to me is like how vibrant the entrepreneurial scene is in China right now, like, in Shenzhen, Shanghai, Beijing, and "vibrant" is probably a remarkable understatement of what's going on there. They get blitzscaling, right?

**REID HOFFMAN:** Yeah. Well, we call it "land if blitzscaling" in the book, as you know.

**KEVIN SCOTT:** Yeah.

**REID HOFFMAN:** And actually, in fact, one of the things -- credit to the Chinese entrepreneurial ecosystem and the hustle and everything else, prior to going to China, I would go places and I'd say, "Oh, you're in slow motion, like, you're moving slowly." Because one of the things we've really learned here in Silicon Valley is that speed and speed to scale really, really matters. What are the things you can throw overboard to move faster? How do you make decisions faster? How do you -- like all these things.

You go to China and you go, "Oh, we're in slow motion." (Laughter.) Right? And that's kind of a weird and startling effect because when I went to visit Lei Jun, the CEO and founder of Xiaomi, I think it was that it had 4,000 employees. And he said, "Oh, you Silicon Valley people, you're lazy." And I'm like, okay, I haven't been called lazy before.

I'm curious, I'll bite on the next sentence. And he's like, "Well, here at Xiaomi --" this is when they were 4,000 people, "Our policy is nine-nine-six." 9:00 a.m. to 9:00 p.m. six days a week you're discoverable at your desk. Right? So, next time you come back and visit me, let's meet on Saturday at 8:00 p.m. in the office. (Laughter.)

**KEVIN SCOTT:** Wow.

**REID HOFFMAN:** And I was, like, okay, like, look, we try to work smart, too, but that's impressive.

**KEVIN SCOTT:** Yeah. Well, the intensity, I mean, like I don't know whether-- so, I had a professor in grad school who -- he liked to joke around that his students worked 9:00 to 5:00 twice a day. And like he actually wasn't joking. I don't know whether that like working that amount of time is actually productive, but the intensity is something.

And you know, maybe the availability thing even is like the more interesting part of it.

**REID HOFFMAN:** Exactly.

**KEVIN SCOTT:** Because things move so fast sometimes when you discover, oh, like this is the idea, this is the thing that works, like, this is the critical deal or opportunity that you've got to jump on that you just sort of need to be able to, like, muster all of your energy to go after these things when they present themselves.

**REID HOFFMAN:** Yes.

**KEVIN SCOTT:** Super interesting. You know, it’s another book that I think folks ought to read is Kai-Fu Lee's *AI Superpowers* book.

**REID HOFFMAN:** Agreed.

**KEVIN SCOTT:** I don't agree with all of his conclusions --

**REID HOFFMAN:** Agreed.

**KEVIN SCOTT:** -- but if you look at it as a piece of reporting about the state of the Chinese entrepreneurial community, like particularly around what's happening with AI companies, like it is quite factual and like a very good thing for folks to get themselves acquainted with.

**REID HOFFMAN:** Yeah.

**KEVIN SCOTT:** So, let's talk about AI.

In a sense, like you -- you know, from the time you were a relatively young man, declaring symbolic systems as your major at Stanford, to now, like, a lot has changed in the field of AI.

And you are super heavily involved, like you've invested in a bunch of AI companies, you are on Stanford's Human-Centered AI Institute's advisory board and helped get the whole thing kicked off, like you are like recently announced like you are on the board of Open AI, -- and like, you know, things that, you probably can't even talk about, just this huge amount of your time is getting absorbed by, like, these varied aspects of what's happening in the AI economy and in the sort of scientific discipline right now.

At what point did you decide that this was something that needed to take as much of your time as it is?

**REID HOFFMAN:** So, I grew up in my academic thing in the AI winter, so I kind of went, okay, this AI stuff is not going to work. Even though I was, by the way, David Rummelhart and parallel distributed processing, David Rummelhart was one of my advisors.

**KEVIN SCOTT:** Yep.

**REID HOFFMAN:** Some of the stuff that led to the deep learning, I was involved in when I was an undergraduate.

**KEVIN SCOTT:** Yep.

**REID HOFFMAN:** And so what happened is I started hearing right now, oh, there's interesting stuff going on, and then you know, I have a relatively periodic dinner with Elon Musk. And Elon started kind of staying, "You need to get back into this. You need to get back into this." And to Elon's credit, I was like, no, no, no, no, all right, fine, I'll go take a few meetings.

And I went, "Oh, we are now in a period where there's really, really interesting progress, and actually, in fact, there could be bad implications for, like, just take, we have to understand data for racial bias and other kinds of things, whether it's credit scoring and parole, you know, like what's going on with robotics, how's it going to transform industries? Like, every industry is going to get transformed.

It's like okay, wherever this path leads to, it is going to be like the electricity revolution, like, we are going to have major, major technological transformations because of this. And so like I have a unique set of skills. I understand the commercial stuff. I understand technology stuff. I understand the multi-disciplinary stuff. I've done philosophy.

I should start getting involved to try to help catalyze this the right way. And I just started meeting people, started figuring out, like, what are the places where I could have a catalytic and positive impact for what the outcomes for humanity and society are.

**KEVIN SCOTT:** And so what are some of the key concepts that you're thinking about right now for how we should be influencing what's happening either in academia or industry for positive social human benefit?

**REID HOFFMAN:** Let's see, two things. So, one is to realize that while our natural reflexes from evolution always go to fear and worry first, to realize that there's massive opportunity and that we're playing for that. And that opportunity could be like what you were mentioning earlier, medicine. It can be -- actually, in fact, if we transform a whole bunch of productivity, that can do anything from like what your book could be describing, which is that allow creativity and innovation in rural towns. Like, there's enormous amount of great things that can happen.

**KEVIN SCOTT:** Right.

**REID HOFFMAN:** We should play for those, and we should not lose sight of that's what we're playing for.

**KEVIN SCOTT:** Right.

**REID HOFFMAN:** And so that's kind of a -- look, how do we maximally benefit? How do we become better, public intellectual, through this?

And then think about like, okay, how do we steer around -- not stop, but how do we steer around the pitfalls? Like, what do we say, well, look, if we're going to have a whole bunch of displaced driving because of autonomous vehicles, what are our ideas about what to do about that and have a healthy society where people have paths to better lives and what are the ways we help with that? What are the ways we facilitate?

And so part of the reason why, you know, you were part of the task force, thank you, for -- and part of the advisory council for the Stanford Human-Centered AI is, like, well, how can we catalyze across industry, across government, across academia to say, "These are the ways that we steer towards good outcomes and avoid bad outcomes."

**KEVIN SCOTT:** So, I think you're spot on, Reid. And I'm really glad that we have someone like you thinking about the pros and cons of AI the way that you are. I know that I certainly have benefited from our many, many conversations about AI over the past several years. And for that, I am super grateful.

So, I think we are well and truly out of time. (Laughter.) So --

**REID HOFFMAN:** We could go for hours.

**KEVIN SCOTT:** So, thank you so much for being on the show today.

**REID HOFFMAN:** Always. Thank you.

**KEVIN SCOTT:** Cool, awesome.

**[MUSIC]**

**CHRISTINA WARREN:** Well, thanks for joining us for Behind the Tech. That was Kevin Scott speaking with Reid Hoffman. So, one of the big concepts that you and Reid were talking about is this idea of blitzscaling and how China is this land of blitzscaling.

**KEVIN SCOTT:** Yes.

**CHRISTINA WARREN:** What are kind of your thoughts around that? Because it was striking to me, you know, he was talking about how big the entrepreneurial scene is in China is now, and how the U.S. is kind of in slow motion. What are your thoughts on that?

**KEVIN SCOTT:** Yeah, look, I think folks should go out and read *Blitzscaling*. It's a really fascinating book, and I think from a phenomenological perspective, describes a lot of the set of network effects that make Silicon Valley work the way that it works.

Folks should not read the book and sort of think about blitzscaling as a set of value judgments. It just sort of describes a phenomenon. And you know, it's really interesting that the set of phenomena that it describes are in total effect in China right now.

So, if folks ever get a chance to go visit the big entrepreneurial communities in China like go to Beijing, go to Shanghai, go to Shenzhen, it's really remarkable what's happening there.

In a bunch of different ways, they have a level of hyper competition that's unlike anything that I have ever seen in my entire life, where you will have dozens of companies sort of swarm around an idea, furiously compete with one another, and then one of them will pop out and it will be this sort of very refined, very good thing that serves the need, that little -- you know, I don't know whether you want to call it -- it's almost like Darwinian evolution that happens at this massive, accelerated scale.

And there are just some great companies that are emerging out of this ecosystem in China right now. And it's something that people should pay fairly close attention to because I think what it means for the rest of the world is a lot of the technology that we're going to be using in the future is going to come from these companies in China.

**CHRISTINA WARREN:** It's interesting you talk about that because you know Reid was talking about how there are all these kind of like little mini zero-sum games.

**KEVIN SCOTT:** Yeah.

**CHRISTINA WARREN:** And that's kind of what you're saying. You know, you have all these companies in China who are competing against each other and maybe one will come out that will be really refined and be really breakthrough, but they're not afraid to go up against each other~~.~~

**KEVIN SCOTT:** Reid has a funny term to describe this. So, he calls them "Glengarry Glen Ross" markets (laughter) from the famous --

**KEVIN SCOTT:** -- famous movie from my childhood, I'm guessing it was made before you were even born.

**CHRISTINA WARREN:** No, it was not. It's one of my favorite films. I love David Mamet's writing work, it's great, so -- (Laughter.)

**KEVIN SCOTT:** And that's sort of the way that a lot of these markets work, especially in the Chinese consumer Internet. It's really like a winner-takes-most sort of dynamic that plays out, which is like one of the incentives for folks just so furiously competing with one another because the first prize is so big.

And, you know, the other thing, too, about these companies is they scale so fast. I mean --

**CHRISTINA WARREN:** Yeah.

**KEVIN SCOTT:** The U.S. startups, you know, they're sort of ramped to 100 million customers can, you know, be a journey of multiple, multiple years. And, like, there are many, many great businesses that get built that never get 100 million customers.

**CHRISTINA WARREN:** Right.

**KEVIN SCOTT:** You can get 100 million customers, it's not easy in China --

**CHRISTINA WARREN:** Right, but you can get it because it's a billion people.

**KEVIN SCOTT:** Yes.

**CHRISTINA WARREN:** You know, Didi Chuxing, or I guess now Didi Group, you know, with ride sharing I think is a great example of that.

**KEVIN SCOTT:** Yes.

**CHRISTINA WARREN:** You know, I mean, like, Uber dominated, but Didi came in and just like, okay, just with this one market, we can really do what you did overnight.

**KEVIN SCOTT:** Yeah, the other book, Reid and I talked about it in our conversation that folks should go read is Kai-Fu Lee's *AI Superpowers* book, because it's another book that describes the phenomenology of what's going on in Chinese entrepreneurship right now. His focus is mostly on AI because that's the investment thesis of the fund that he runs.

But it's really a good portrayal of what's going on there. And like another interesting thing that's happening in the Chinese entrepreneurial market is like they've really mastered this sort of digital-to-physical divide.

So, like, they are very good at making these companies where you might make an order or take an action on your mobile phone, and then there's this giant logistics network powered by human beings that sort of fulfills the thing that you just requested, whether it's order delivery or ride sharing or, or, or -- like, they're very, very good at that.

**CHRISTINA WARREN:** Yeah, it's interesting to think about if we look at the last 40 years really being driven by Silicon Valley and what that's does as an impact to the world of what the next 40 might look like if it's not dictated by that, but it's dictated or at least influenced by other parts of the world.

**KEVIN SCOTT:** Yeah, and I'm still very, very bullish and hopeful and optimistic about the American tech scene, so Silicon Valley and here in the Puget Sound area, which is another, booming tech scene. And in New York City.

And, in fact, like, the thing that I think can happen as technology is sort of progressing and like the platforms that we're building empower more and more people to build more and more interesting things using technology that, hopefully, we can sort of spread this innovation engine throughout all of the United States because, like, one of the things that I spend a ton of time thinking about is like how do we get more tech businesses, more tech-powered businesses bootstrapped, up and running, growing, and into their own mode of hyper success in rural middle America?

**CHRISTINA WARREN:** I totally agree. Okay, so, I think that we need to wrap up for today.

**KEVIN SCOTT:** Indeed. So, I hope everyone enjoyed the interview with Reid. Reid is, as I'm guessing people can tell, is one of my very dear friends.

I could have spent hours chatting with him. I'm sort of little bit sorry that we could only open up this, like, very narrow window into what is a very interesting journey through tech. But, maybe we'll have him back on in the future.

**CHRISTINA WARREN:** Definitely. And tell all of your geek and non-geek friends about this show, because this is a great show, whether you're into tech or business or just culture and the things that are driving us, because these interviews are so interesting.

**KEVIN SCOTT:** Exactly. So, please help spread the word and don't forget to subscribe, see you next time.

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