

Venture Capital and the Art of Disruption – #323



James Taylor

James Taylor's
SUPERCREATIVITY™
PODCAST

**VENTURE CAPITAL
AND THE ART OF
DISRUPTION**

SEBASTIAN MALLABY

Sebastian Mallaby: Venture Capital and the Art of Disruption

Innovations rarely come from “experts”. When it comes to improbable innovations, one legendary tech Venture capitalist told my guest today that the future cannot be predicted, it can only be discovered. Sebastian Mallaby is the Paul Volcker Senior Fellow in International Economics at the Council on Foreign Relations and a Washington Post columnist. In his new book *The Power Law – Venture Capital and the Art of Disruption*, he has parlayed unprecedented access to the most celebrated venture capitalists of all time—the key figures at Sequoia, Kleiner Perkins, Accel, Benchmark,

and Andreessen Horowitz, as well as Chinese partnerships such as Qiming and Capital Today—into a riveting blend of storytelling and analysis that unfurls the history of tech incubation, in Silicon Valley and ultimately worldwide.



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James Taylor 0:00

I'm James Taylor and you're listening to the super creativity podcast a show dedicated to inspiring creative minds like yours. Innovations really come from experts when it comes to impro innovations one legendary tech venture capitalist told my guest today that the future cannot be predicted it can only be discovered. Sebastian Mallaby is the Paul Volcker Senior Fellow in international economics at the Council on Foreign Relations and Washington Post columnist. In his new book of the power law, venture

capital and the art of disruption, he has parlayed unprecedented access to the most celebrated venture capitalists of all time, the key figures at Sequoia Kleiner Perkins Excel benchmark and Andreessen Horowitz, as well as Chinese partnerships, such as creaming and capital today into a really riveting blend of storytelling and analysis, the unfurls history of tech incubation in Silicon Valley, and ultimately worldwide Welcome to the super creativity podcast, Sebastian,

Sebastian Mallaby 0:53

great to be with you.

James Taylor 0:54

Now it's a real rollicking read this book, I had a sitting there for about a week looking at it was just staring at me too. And I knew I was doing this interview, and I kind of put it off because I thought, oh, a book about venture capital. I'm not sure this is going to, I sat down on Sunday, and I read it pretty much in one fell swoop is great storytime, a real killer masterful storytelling in the book. And the book has two aims, you say to explain the venture capital mindset and to evaluate venture capital's social impact. First of all, for those who haven't heard of this concept of the power law, the cause of the book, can you explain what it is and how it applies to venture capital firms specifically, and innovation more generally?

The Power Law

Sebastian Mallaby 1:37

Sure. So the power law has nothing to do with electricity and nothing to do with the legal system. It's a statistical term. And that sounds dry, but it's actually the secret sauce of venture capital, let me explain. Start with what isn't the normal distribution, so-called as the one you're probably familiar with is the bell curve in the middle, nearly all the observations in a set of examples will cluster around the average. So you get that big bell in the middle of the distribution. And so a good example of this would be the average American man is five foot 10 inches tall, nearly all American men between or within three inches of that. So if you imagine a movie theater, and then there's an NBA star at the back, who's six foot 11 inches tall, and that NBA star is bored, or the movie walks out, it's not really going to affect the average height of the residual men in the movie theater, because that guy was such an outlier. And actually, he was only an outlier by like, you know, a foot. And so it's not enough to change the average of

the people left behind. But think a moment about if we were talking about the average wealth of American American men. And suppose that the person at the back of the movie theater is Jeff Bezos. And suppose he is bored of the movie, and he walks out, the average wealth of the people left behind are going to create him because he is so exponentially more wealthy than everybody else. But he completely skews the distribution. And that's what is going on with a power-law distribution. It's where a few outliers dominate the whole set. So people sometimes say, you know, 80% of the people live in 20% of the parents, for 80% of the citations of academic papers, accrue to just 20% of the papers. It's that kind of skewed distribution, which is the power-law distribution that dominates venture capital, and it explains so just give you one example, explains why venture capitalists really reach for extreme risks, because they're talking about backing flying cars, or all these crazy around the corner over the horizon mad projects. But there's a reason for that. And the reason is, the only way you're going to win in this game is by looking for those Jeff Bezos-type exceptions, which will totally scramble the pack and change how we live.

James Taylor 3:59

So there's a connect connection with that kind of Pareto principle, the 80/20 rule, or, I mean, I get said it's fractal. So it means it could be 64/4 as well when you're gonna get into it. At the start of Silicon Valley, you mentioned that you had these kinds of Venture Capitals, these kinds of very early Venture Capitals like George Doria at the starting season that company founders were really the stars of the show. And, and I was reading there was obviously there was a lot of correlations I think with you know, the Renaissance where you had the meta cheese and yet people like Giorgio Vasari writing books and saying, Actually, no, it's Michelangelo is the creative genius so that you can see there are some similarities there. But he also said you're curious, he said in the book, you wrote a book, a Venture Capitals job was to seek out creative men with a vision of things to be done, and to show loyalty to the idea and to his initiator, the creative man. So two things struck me about that statement. The first is he's talking about men, not women, I guess, different, different stages. But the second and I, this was the kind of red thread I've kind of felt as I was reading the book. I felt like it run through, you didn't really kind of state it in a very strong way. But it was there, I felt was this idea of creative peers. St Moritz and Leonie Horowitz and Andreessen common and Schrieffer, is this something that you noticed in the book as you were doing the research, this idea of these two, maybe contrasting individuals that kind of needed

each other, and they kind of support each other, and they can build something great together? Yeah,

Creative peers

Sebastian Mallaby 5:35

that's a very insightful point. And that's true, that is a thread in the book. And it's true, I don't really draw it out. So I'm kind of pleased that you, you noticed it. Because you know, Silicon Valley is replete with famous buddy acts, right? So you've got Jobs and Wozniak at Apple, and you've got, you know, noise and more intel, and, you know, Hewlett and Packard, for Hewlett Packard, there are all these stories, Larry, Larry Page and Sergey Brin, and so on. But in a way, that's true of the venture as well. And the best example would be Michael Moritz and Doug Leone, who, between them turn Sequoia into a sort of top tier, but standard silicon valley venture partnership in the 1990s, to be in kind of a league of its own with, you know, offices in China, an outfit in India and Southeast Asia, a whole hedge fund operation, a growth capital operation. So they just transformed the thing, and they wouldn't have been able to do it unless there had been two of them, because they complemented one another.

James Taylor 6:36

In what way? Did they complement each other? I mean, remember, Moritz was This Englishman, a Welshman. And then you had Leone this Italian? How did they complement each other?

Sebastian Mallaby 6:45

So Michael Moritz was sort of the dominant partner, probably he was, you know, very much a visionary. I think he was the one who had the risk appetite and the determination to transform the company by taking it global and taking it into different types of investing. But he was also, you know, potentially irascible, he loses temper. He was good at firing people. But he wasn't always good at being soft and cuddly. And he could really annoy people. And, you know, when I had my first meeting with Michael Moritz, I understood that dynamic perfectly well, because, you know, I prepared a lot of questions, it was a big deal for me to interview him. And, you know, he wandered into the room and picked up my a castle, he prepared three pages of questions, and said, these are all terribly boring. And then, and then he started to sort of, you know, not answering questions for a bit until I put down my pen and said, Listen, I know you're

an intelligent person, you can do better than this, Michael. And he then paused, and then we got much better. And then never, that was the start of multiple interviews and tons of emails and lots of access. But, you know, he could be quite tough at the beginning. And I know of limited partners who invest in Sequoia, who basically pulled out because they didn't like dealing with them. Whereas Doug Leone, is less sort of a visionary, but a very good implementer very good operator, and much more sort of people person type of guy. And I think the two had each other's back. And although they were so different, it worked out.

James Taylor 8:24

I'm very glad I didn't send you these questions in advance now then, told me that one of the things you mentioned about Moritz is that he was a big cyclist. In fact, it was a story about when he met the I think it was the founders of was it TransferWise, or square, Stripe, Stripe, and, and they kind of bonded over cycling, when I used to live in, in the kind of Bay Area. And I used to go out cycling with such great cycling, cycling friends. And some of them worked Venture Capitals or they we're tech folks. And something I noticed pretty quickly, as they had a slightly different attitude to risk when it came to going around corners and things. So can you share with us? You know, what, what, how do you see that the Venture Capitals attitude to risk as opposed to you what are the economist Washington Posts? You do lots of people in finance, but how is their attitude to risk a little bit different from others? Well,

Attitude to risk

Sebastian Mallaby 9:18

I know that's a good question. I think there is a difference in the way they invest because of this power law thing. They're going for those extreme tail events, and they're really shooting for the upside. Whereas in hedge fund management, you're kind of protecting your downside, as well as going for the upside. It's sort of both. And in hedge funds. If you had a position that completely blew out and went to zero, you'd be pretty damn upset about that. Whereas in venture capital, that's normal, right? Seven or eight out of 10 will go to zero. So on the investing side, there is certainly a difference. Whether there's a difference in taking those turns on a bike. I did, I did go hiking with one better capitalist and I was flown from Aspen to San Francisco, in the plane of a woman entrepreneur who flew the plane himself. And he said to me, I could give you a ride to San Francisco. And I

said, Great. Sure. And he said, and I'll be the pilot. And by that time I'd committed but I don't think that I noticed an absolutely nutty way of taking the corners. I did get into a Tesla, with quite a well-known venture capitalist called Luke Nosek who was at Founders Fund, with Peter Thiel for quite a while. And, of course, hehe was the guy who invested in SpaceX, you know, Musk's company, and when he said he would give me a ride from his house, which is above the San Francisco, up in the hills in Marin County. He said, Yeah, give you a ride. And we got into his horses, Tesla. And he hit on the button. And then he started yelling and screaming and absolute, you know, excitement and said, Oh, my God, you know, I love you. I love you, you know, you know, that's fantastic. This guy's nuts. And then he said, look, look. And overnight, there had been a software download into the Tesla. And the ridiculous speed function had suddenly appeared on the dashboard. And he was determined to try it out. So we got in the car, and we started driving. He said, Okay, right, take your seat back, buddy. And I had to kind of lean back because of the expected G forces. And he did hit the accelerator kind of hard. But most of the time, actually, now you asked, I'll tell you one more thing. So there's the story about Elon Musk driving Peter Thiel, to a meeting with the courier on Sand Hill Road. And Elon Musk exiting his first startup kind of small one had made enough money to kind of be a little bit wealthy, but not crazy wealthy. And he'd spent about half of the total amount on some kind of performance sports car. And as he was driving rather fast down Sandhill Road, taking the corners that you mentioned, he span out of control, hit the median strip, and trash the car completely. And Peter to kind of get out of the car, and he's like, a little bit, you know, relieved that he's alive. And he sees in are just laughing his head off. And he says, Ilan, what was that? So funny? And you don't say you don't get the job? I wasn't insured. Yeah, there's a little bit of that. I wouldn't say it's an overwhelming thing that you notice straight away.

James Taylor 12:35

That's due to risk. And you mentioned Elon Musk there. So you wrote an article a few years ago, The Guardian, which was basically Pooh poohing the idea of the expert. And somebody I think about someone like Elon Musk, this someone that he didn't come from, he wasn't an electric car builder. Yeah, he's built the most successful electric car company in the world. And so you wrote the article in probably 2016. This was maybe the time when all the financial crash was starting to happen. And I'm wondering now with COVID, and we've gone through just scientists on every day, and it these amazing innovations have happened in terms of

vaccines, whether your view to the role of the expert has changed at all, and also in light of writing this book?

Sebastian Mallaby 13:24

Yeah, it's a good question. I mean, when I wrote that piece in 2016, I was more documenting the decline of faith and experts. And reflecting on it. I wasn't really celebrating it. I mean, I actually believe in experts. And I think people who get their facts straight and who study things and become specialists in something, this is generally good for the world. I would say, though, that in the field of entrepreneurship in really pathbreaking entrepreneurship, it's often people who come out of the left field and they're not, it's not that they're not experts, they said that probably, they may have been experts in something a bit orthogonal to what they then go on to do so in a good example, is Patrick Brown, who found it impossible foods, which is this company that makes meat-free burgers. His background was to be a celebrated geneticist at Stanford and won all kinds of academic distinctions for genetics. That wasn't exactly the same as trying to, to meat-free hamburgers. In fact, it was only loosely connected. But he took his brilliance and his willingness to think scientifically from the ground up and he applied it to a totally new field. And he invented something new. So I think that's the patent. Elon Musk is you know, a guy who's massively autodidactic it wasn't that he came to Tesla. As a non-expert, it's just that he wasn't a car specialist. And I think that's where you often get the fresh thinking you need for innovation.

James Taylor 14:53

And, your former alma mater had a professor, Isaiah Berlin who wrote that famous piece The Fox and the hedgehog. You know, Fox knows many things, but the hedgehog knows one big thing. So in writing the book, did you get a feel are Venture Capitals? Are there more foxes or more hedgehogs in the Venture Capital world?



Are there more foxes or more hedgehogs in the Venture Capital world?

Sebastian Mallaby 15:15

That's another good question. I would say that there's both, and probably the entrepreneurs know one big thing. And they're willing to pour all their energy for 10 years into one big thing, which takes an astonishing amount of dedication and single mindedness, the Venture Capital is probably their role is to know lots of things a bit. It's not super broad, because as Venture Capital has developed, and, and become more sophisticated, it's also become more specialized. And so you have somebody who just as SAS software deals, or somebody just as a particular kind of biotech, or medical robotics, or whatever it is. So specialization is part of what distinguishes you as an investor, that you really know what you're talking about. But still, you're broader than an entrepreneur, because you're looking at the map and the territory in your chosen area. And you're hearing lots of pitches from multiple entrepreneurs, and seeing how this particular entrepreneurial pitch might fit into the way that technology is developing and your broader understanding of the landscape, saying the answer is you've got to forget which way around it is. But the one big thing, people are the entrepreneurs and the many things, people, those are the investors.

James Taylor 16:27

Now something else I really enjoyed reading the book was just kind of how some of these different companies how to operate in very different ways, I think was the benchmark, which I remember having meetings long, long time ago with, with benchmark and they had a different feel to them. And you explained in the book that they were very much in terms of was like coaching there, the companies that we're investing in the CEOs, they were investing in the founders. But one of the companies that comes up very strong towards the second half of the book is Sequoia Capital. And it doesn't lose different fascinating things I saw. One that was mentioned in the book was they were doing the WhatsApp deal. And they had this dimension. This is you mentioned the idea of the gang tackle, which, which I thought was interesting, kind of go into this idea that you had this kind of lone creative geniuses, you have the kind of creative peers and some of these, but then you have that well, what's the context of the team had the team collaborate? So can you explain like for those that haven't heard this, what is the gang tackle? where how do they think about that. And there's a lovely story, you're to tell in the book about one member of the team that did something a little bit different, and was celebrated as a result of that.

Gang tackle

Sebastian Mallaby 17:38

Right? So I think there's, you know, the first thing to say is that sometimes venture capital skill is quite hard to define. And people in Silicon Valley tell all kinds of cute stories about how some entrepreneur meets up with venture capitalists, and it feels serendipitous, and they click together, and there's an investment. And it really doesn't get you anywhere towards understanding what the real magic is. And I think one of the bits of magic, which I think I decided, by the end of my research differentiated, the great venture capital companies from the Nazi grade, is this gang tackle thing, it's the sort of teamwork ability, the fact that sometimes, if you have seven partners, and they each going off and kind of eating what they kill, that's much less powerful than if they are willing to team up and hunt together. And in the case of the WhatsApp deal, you know, there was Jim's guts or gets, I think it's pronounced who was the lead partner on that investment, but it took support from other people around him to learn that deal. And when they write a memo, after a successful deal after a company's gone public or been sold for a lot of money, the habit at Sequoia is to celebrate all the people who contributed to making it happen. And, and to sort of to emphasize the gang tackle. And so in this case, you know, they work with Jim Gates, who landed the deal, but then there were others who advise

WhatsApp on particular aspects of developing the service as time went by spreading it into foreign markets because South Korea has teams in China and India and Southeast Asia. So different people from the partnership gave useful advice. And then right at the end, there was the signing of the deal documents with Facebook, which pro sport, WhatsApp and Yan Koon, the founder of WhatsApp found that his, his car broke down at like two in the morning or three in the morning when he was off to drive to sign the documents and it was a slight crisis at the last minute, and you know, his engine blew up and so somebody said afterward, well, that was a great deal. And so, you know, the comeback was, yeah, it almost blew up. But so to get him to Get Yong Kim to be able to drive to actually sign these documents. It took finding him a new car in the middle of the night and there was a Sequoia federal administrative assistant, who not only did find the car for him in the middle of the night but found the same kind of car, a Porsche 911 or whatever he was, he was driving. And so she got a particular shout out in this memory. It's Korea.

James Taylor 20:22

The gang tackle. I love it. You mentioned Jim Gertz there as well. One of that other concrete that was one of that kind of creative periods I think was Roelof Botha I'm not sure that's the correct pronunciation of, of the Bata sorry, Bata. Now, this creative pen was a bit interesting because it brought a kind of behavioral psychology alongside a technique that I haven't heard it described as called a prepared mind technique. Can you explain let's say the prepared mind and what that combination was between the prepared mind and behavioral psychology?

Prepared mind idea

Sebastian Mallaby 20:54

Yeah. So these are two more illustrations of the way there really is skilled adventure nursing. Sorry. The prepared mind idea was invented in the early 1980s, at xL partnership that got going in 83, by one of the founders named Arthur Patterson. And the idea was this quote, you know, Chance favors the prepared mind. From this Pascal, I think. And the idea is you study an emerging technology. Let's say it's the rise of social media, in around 2003 2004. And you think about what types of businesses are going to make money in that space, what kind of entrepreneurs are going to emerge and actually make a success of it. And so that when the right person shows up on your radar, you jump, because you're prepared, your mind is prepared.

And they had to say, in the 90% rule, that when entrepreneurs come in to speak to you, you should know 90%, of what they're going to say before they say it. And that's partly because you know, that you can make a very quick evaluation of whether you think they're on the right track, you can also impress them with your understanding of what they're up to. And you can add value, and enlarge their idea and make them leave the meeting, feeling like if they partner with you, and not with some other person whose money is just a screen, deck company is going to go further because you understand what they're doing better. So that's the prepared mind. And it started at Excel. But because people sometimes move around their fingers like Jim Gertz who began to Excel and then move to Sequoia and he brought that idea to Sequoia, Sequoia started practicing this prepared mind method. And then on top of that, when you've done the prepared mind, you've identified a deal you want to do because of your prepared mind. And you're sitting around at the partner's meeting on a Monday, deciding whether to actually pull the trigger on the investment. It then helps to factor in decision science that we know from these experiments to go back to the 70s, that we have all kinds of biases that are irrational, but we That's how we're wired as human beings. So you know, an example is anchoring, we tend to anchor on each other. Especially faced with a decision where there's no objective, kind of quantitative data that tells us what's right and what's wrong, we're likely to anchor on our colleagues. And so they divide this device this rule, it's the corner that said, you know, in the run-up to one of these Monday meetings, you shouldn't discuss the deals that will be decided upon ahead of time, you should go away by yourself at the weekend, read that investment memory with an open mind, make up your mind on what you think and come in and say that don't anchor on each other. And then there are a bunch of other examples, you know, we have loss aversion. So that means we will gamble to avoid loss, but we won't bet as heavily for the upside. But the venture is all about betting for the upside. So Sequoia instituted ways of forcing people to articulate how big the upside might be. Normally, we're embarrassed, we don't want to admit how excited we are about something. Because if it falls flat, we're looking like idiots. But they required that in the investment memo that you write before that decision. You have a pre-parade section that describes everything that could go right and how huge it could be if everything went right. And so Sequoia was correcting for human bias. It was deliberately and methodically preparing itself to see what kinds of companies might be coming down the pike given the new technologies emerging. These were some of the skills that require brought to the game

James Taylor 24:41

ever there reminds me as you're seeing some of those things on the behavioral science it reminds me a little bit we had a guest on the show a while back Naomi Sugai. And who is a corporate psychologist, I guess she's a little bit in that TV show billions though the woman that the psychologist that works in the company that advises Axel and gets the Their top traders to do bigger deals and deal with their fear and risk aversion, all that kind of stuff. And so that was one of the things that came into, there were some things I kind of almost felt some of that West Coast stuff. I'm gonna say, like, almost out of the woo-woo, stuff started to come into. And one of them actually was with Sequoia, I'd never heard this being done before in this kind of offsite leadership meetings, they do something called check-ins, which when I first read it, I thought I could never imagine an East Coast company that does a very Western, also a West Coast thing, but I guess it's about building that sense of trust amongst those partners. So can you think, what is this idea of the check-ins? Why does the choir use it?

Sebastian Mallaby 25:42

Well, I mean, to go back to the gang tackle, you know, to be able to do that gang approach to investing and not just be, you know, a bunch of individuals investing separately, you need that team culture. And one of the ways that Sequoia went about fostering the team culture, I mean, there were several, but one of them was that they would have these upsets, and encourage people in these check-in meetings, just sort of say, what's going on in their lives in a way that is the core is actually a fairly, you know, it's not a balanced bundle of laughs. I mean, it's a business-like atmosphere, people are there to, to do business, evaluate deals and be serious about things. But they made space for the kind of human side at these offsites. And so somebody would say, Well, you know, I've got issues with my marriage, or my child is sick, or I'm worried because you know, my best friend for last 20 years, suddenly, I had a fight with him, or whatever it is, right. And that making yourself vulnerable, encouraged a sense of closeness and team spirit, which they thought was valuable.

James Taylor 26:50

I guess you're also creating that sense of psychological safety within the group as well for pushing forward new ideas. You have these two objectives in the book, The second objective, we have a little bit towards the end of the book, is about the sense of what is the social impact of that.

And also, now we think about things ESG, and all that stuff. And venture capital does not come out particularly? Well, when it comes to some of these areas. Diversity, there was a great chapter in the book in terms of where they've really kind of went awry, and why other companies have done a little bit better at it. How are you feeling now? And we're recording some 2022? Do you feel that the Venture Capitals are getting some of this stuff? Now? It was It felt I think I saw one quote which said Venture Capitals are just was it white guys from Connecticut, that come to Cal? It was something is something very much like that. So you say are you feeling more hopeful about this industry, especially now as work toward diversity, and also terms of, obviously, China coming into the mix lots of new countries, Russia, coming into the mix as well?

Sebastian Mallaby 27:56

Well, there certainly is a geographic spread of venture capital. I mean, one of my convictions as a result of my work is that if you can spread venture capital around the world, from that will follow successful entrepreneurship, you know, people think you've got to have some kind of magical sniffing of the California Air to be risk hungry and to be willing to start a company and all that. It's just nonsense. If you've got finance people, ie venture capitalists who are willing to underwrite the risk for you, then entrepreneurship will happen. So I think that's going on in Europe, for example, is taking off now because Sequoia and others have set up shop in London. And that's coming on top of an existing European venture ecosystem. So I think that is spreading in a diverse tone on the diversity question, there's still a huge way to go. I mean, of the investors in Silicon Valley adventure shops, only 16% Are women only 3% of black investors, these extremely low numbers, and so there's a long way to to get better.

James Taylor 29:00

In terms of your own thinking. I don't want a number of books as your sixth book, the seventh book, I've kind of lost number five, number five, this number five, so and they've all come out different from different topics, different areas. How do you keep your own thinking fresh? Where do you go to find new influences? How do you kind of surround yourself with new ideas?

Sebastian Mallaby 29:25

Well, I mean, the way I've turned out to run my professional life is basically to take on one of these big projects and to be willing to spend five years on

it. It's a big commitment. But I do think, you know, the world is awash in books. And if you're going to write one, you ought to try and do a good one. And so I do take five years and in the process of that five-year journey, you know, I my wife jokes that I start dressing differently, I start behaving differently. Because you are immersing yourself you know you're you're kind of study what's the point As you're, you know, you're embedding yourself in this culture in order to understand it from the inside. So when I began with venture capital, I didn't, I mean, I've been to Silicon Valley a few times, I've done some journalism there. But I didn't know a lot about it. But what I didn't know is that coming off books on hedge funds and other subjects, I had people who liked my other books, we knew people in the valley. And so they introduced me to some people there, and then those people introduced me to some more people. And as you know, this networking game works extremely well in Northern California. So if you're patient enough, and you work hard at it, and you demonstrate that you're serious about the subjects that you show up to your meetings, you know, extremely well prepared, which I always tried to do, then you you gain people's trust, and they pass you on to their friends. And then it takes five years, but by the end of it, you have understood a new thing. And I think that keeps me fresh. Here, the next thing I do, I'm not sure what it will be. But, you know, in the past, I've done hedge funds, I've done central banking, I've done you know, development, finance in terms of a book on the World Bank. It keeps you fresh if you shift subjects.

James Taylor 31:07

So on that I'm guessing you're now towards the end of this fifth year you're going and doing the promotional tours are often when I see actors and they're going doing their promotional tours for their films or TV shows have taken years to create the at that point, they're kind of a bit fed up with a topic. Usually, they've kind of moved mentally they're moving on, they're moving on to that next film next project, or musicians are very much like that as well. So you don't yet have your your next topic of your book. But you have some placeholders perhaps and folders that are growing may be on a computer or sitting by your desk.

Sebastian Mallaby 31:44

That's a very good metaphor. I do have placeholders. You know, one of them is pretty obvious. Like many people, I'm very interested in crypto and we're you know, Metaverse and web three and all that. I think sorting out what's real, and what's hype in that world is is intellectually interesting. And I think there's an extraordinary story to be told my slight concern is that we

don't know where it lands, right? There are a gazillion experiment going on, and 90% in the nature of things will lead nowhere. And a few will probably change the world. But we don't know how that story is going to land. So from a narrative perspective, given that it does take me five years to do these things really well. If I think five years out, where will the metaverse be I've no idea.

James Taylor 32:32

If it was literally like the Homebrew computing club, just now but with lots of money getting poured into it. In your own mean, to my technology, he'll about but in your own. What do you do as a writer, as an author? As a speaker? Do you use technology, either to kind of free up yourself so you can do more creative, deeper thinking? Or as a technology that use perhaps to augment what you do as a journalist and a writer?

Sebastian Mallaby 32:59

That's a good question. I probably could do more along those lines. I mean, you know, there are sort of very simple things which are helpful. I mean, I remember I had this sort of ritual with my first couple of books that you know, you first thing you do is you go off and you buy a new recording device, because you're going to be recording all your interviews, and you want to get the newest and nicest. And now of course, there's just you know, an app on your phone. And you can upload the the file to a an outside service, which I think just uses voice recognition to transcribe it. So all of that stuff means that you can have the complete archive of like, you know, 500 hours of interviews fairly cheaply and simply in your computer, which is then searchable. And that's that's a bonus. Of course, searching information is just a massive benefit. And being able to connect with people over LinkedIn, social media, you know, the ability to find people that you want to speak to, is enhanced. But I've never tried these I know there are software packages that purport to organize your thoughts better, or kind of make connections. My son uses these a bit at university. I've never gone that route, but maybe I should

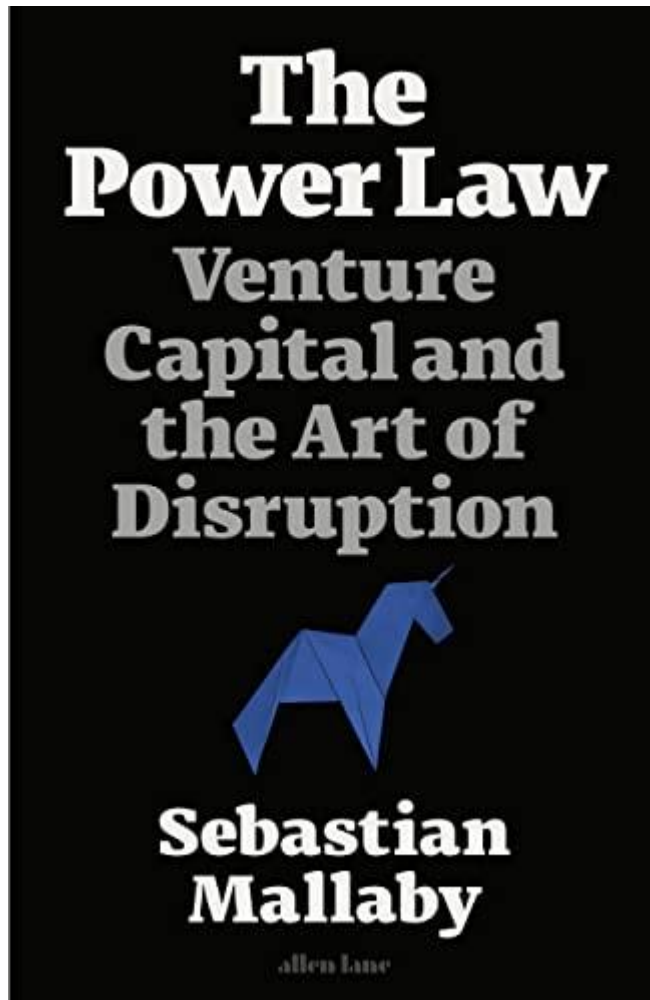
James Taylor 34:20

have maybe be interested. Oh, Ray Dalio at Bridgewater, they have everything every meeting is recorded all goes into the central thing. And it is an AI running alongside I think trying to figure out patterns. I would love to know what an AI would figure out if they if you gave them all that raw

content of all those interviews that you've done over the past few years for this book.

Sebastian Mallaby 34:39

I would to Sebastian



James Taylor 34:41

Mallaby. The book is wonderful about [The Power Law: Venture Capital and the Art of Disruption](#). We'll put a link so people get their copy of the book. If they want to learn about more of your other books, your other writing your journalism, where's the best place to go for that?

Sebastian Mallaby 34:53

Well, you know, I work at the [Council on Foreign Relations](#) a think tank in New York and there's a page with some of my Writing down, that's probably the best place to look.

James Taylor 35:02

Sebastian, thank you so much for coming on the Super creativity podcast. I've enjoyed it. Thank you. You can subscribe to the super creativity podcast on Spotify, Apple Podcasts, or wherever you get your podcasts. While you're there. Please leave us a review. I would really, really appreciate it. I'm James Taylor and you've been listening to the super creativity podcast.