

Masters of Scale Episode Transcript: Barry Diller (Part 1)

REID HOFFMAN: Every executive and every entrepreneur will face moments of truth... Moments when their skill is judged. When their worth is determined. When the powers that be will cast their votes, and determine if your project or company lives or dies.

Barry Diller was facing one of these moments. The media titan was in a screening room, presenting a new alternative sitcom to a group of executives. It was not going well.

BARRY DILLER: When you're watching something as a group of people, and you are involved in it, and they're seeing it for the first time: You laugh, a lot. I mean, partly out of pride, and partly because you're almost daring everybody else not to laugh.

HOFFMAN: Apart from Barry and the creator of the show... nobody was laughing.

DILLER:...the only two people laughing in a room of like 10 people.

HOFFMAN: The tension in the room was palpable. Barry had already ordered 13 episodes, and everybody agreed: It was a mistake.

DILLER: "Well, is there any way to get out of this? Is there any way? This is a disaster, we can't put this on the air," dah dah dah dah. ...

HOFFMAN: Barry was CEO of the newly founded Fox Television Network. This was before Fox became synonymous with conservative politics. Back then, it was the gutsy alternative network — a challenger to the establishment.

DILLER: Well, we were the fourth network so we had to not be like the other three... the only thing we should do is be an alternative to the three networks.

HOFFMAN: Barry wanted to write his own rules. He wanted to be *alternative*. What was this alternative show that Barry was so convinced would be a hit?

DILLER: Probably the most successful series in the history of television, The Simpsons.

HOFFMAN: Barry Diller greenlit what is now the longest running sitcom in the history of television. He brought us Homer, Marge, Bart, Lisa, and Maggie... and of course, Itchy and Scratchy.

And I would argue that Barry's reaction to this challenge — the way he almost *revels* in his ignorance — is a hallmark of his career. He thrives at the bottom of a steep learning curve.

DILLER: All my life, the only things that interest me are things that hadn't been done.

I learned really early that you are best when you know nothing. You have your life experience, or who you are, and all of that, but you're best off in situations where there are no markers.

HOFFMAN: Many of the iconic entrepreneurs I've met, start out in the same position — at a point of supreme ignorance. What sets them apart is not their mastery of any given field, but the speed at which they zip up a learning curve. They have no baggage or ingrained habits. They're *naive* and therefore *nimble*.

And if you can turn your naivete into an asset, I'd argue you stand a better chance at scaling a business than any of your competitors. In fact, I believe that no one can truly claim to be a "master of scale." I believe we are all, at best, infinite learners.

[THEME MUSIC]

HOFFMAN: I'm Reid Hoffman, founder of LinkedIn, investor at Greylock, and your host. I believe that no one can truly claim to be a master of scale. The most successful scalers are actually just infinite learners.

This may sound rich coming from the host of "Masters of Scale." It's right there in the title. And in past episodes I've called Facebook's Sheryl Sandberg a "*masterful* leader" and Google's Eric Schmidt a "*master* of innovation."

I stand by those assessments — but I would add one caveat. None of us actually reaches a steady state of mastery. We're all constantly learning on the job. If Sheryl had ever said, "I've mastered this whole "leadership" thing," then I would argue that's the moment her stellar trajectory would turn south. Infinite learning is a job requirement for scale entrepreneurs.

That's because almost every scalable idea forces you to grapple with an emerging phenomenon. Everything around you is changing — your business, your market, your team — and you can't turn to any one expert for help — because there *are* no experts. And depending on your personality, you may find that exhilarating or terrifying. Some people have a fear of the blank page. Barry has precisely the *opposite* problem: He's repelled by the faintest mark on a page, by anything that's preordained.

DILLER: I think the best thing that you can ever have is a clean piece of paper. You know? So you've got a clean piece of paper, and in the truest sense of clean. Meaning, nothing is sacred—you get to just start.

HOFFMAN: I wanted to talk to Barry Diller about this, because he embodies the idea of an infinite learner. You probably know him as a media titan, but you might just be surprised by how

many media conventions he created. He reinvented television networks and then movie studios. He revolutionized home shopping. Then he bought up a startling number of internet properties.

Today, as chairman and senior executive of Interactive Corp., he owns stakes in travel services, dating apps, and new media sites. Ever hear of Expedia? That's his. Ditto for Tinder and OKCupid. Also, niche dating sites like Plenty of Fish and BlackPeopleMeet — those are Diller specials. The Daily Beast? Vimeo? CollegeHumor? His, his, his. You can hardly use the internet these days without encountering one of Diller's properties.

So how did Barry make the leap from media mogul to internet mogul? That's a big question that gets to the very heart of infinite learning. And we're going to see how Barry made that leap over the course of two episodes, which also happen to follow the arc of modern media. In this episode, Barry invents and scales whole new genres of entertainment. Next week, he abandons everything he learned and refashions himself as the world's first internet mogul. All the while, carrying the torch for infinite learners everywhere.

Barry's career started in the mail room at the William Morris Agency. You may think you've heard this Hollywood legend before. He works hard. He stands out. He gets some bigwig's attention. But that's not quite how it played out...

DILLER: I thought I would just soak it up in the hallways, but what I discovered, while all of the people in the mailroom were basically sucking up to agents so that they could get to be on their desk, and then—fastest track possible to be an agent.

HOFFMAN: Barry, on the other hand, had no interest in becoming a talent agent. And this is where his story diverges from other fabled Hollywood execs. Barry ignored the *people* at William Morris and focused instead on a neglected little *file room*, roughly 30 by 50 feet across.

DILLER: And there was this room, and it was the file room. In such days, there were file rooms with file cabinets and paper. And it literally covered the history of the entertainment business, because William Morris had been in business since 1898 or something like that.

And so I spent three years reading from A to Z.

HOFFMAN: You heard that right: *three* years.

DILLER: So I got the entire, truly, history of the entertainment business through that process.

HOFFMAN: This didn't exactly endear Barry to his coworkers.

DILLER: They several times said, "Well, you should leave if you don't want to be an agent." And I said, "Well, who said that?" And they said, "Well, your body language seems to indicate it."

A few times, they were thinking of throwing me out. But I did last three years, and it was my school.

HOFFMAN: By the way, Barry actually dropped out of college for this quixotic three-year course in a filing room. It's an extreme version of a story I often hear from scale entrepreneurs. They're not always full-fledged autodidacts, like Barry, but they always show flashes of independence. They're not always suited to school. Sometimes they learn by doing. Sometimes they learn by reading. Sometimes, like Barry, they go back and forth between the two. And this cycle of reading and doing tends to accelerate. It may even suck them in, like a vortex. They'll ask, "Well, what's the most important thing for me to learn *right now*? I'll go learn that."

Drew Houston, the founding CEO of Dropbox, got sucked into this same kind of reading/doing vortex while he was still studying at MIT. He told me about it earlier this year.

DREW HOUSTON: It really started when I worked on my first company called Accolade. It was doing online SAT prep, and then I realized—it was very clear—that I had everything down when it came to building the product, or at least the engineering and getting something basic out to market. But then I realized that I did not know anything about sales or marketing or financing a company or managing people.

And the list gets pretty long pretty quick, and not a lot of time to learn it. And there was one summer there where I remember I'd go on Amazon, I'd type in sales marketing strategy—all these things, all these different topics—and just buy the top one- or two-rated books, and just crank through them.

Now when I read a book that I think is going to be really influential or really enjoy, I'll actually write down notes, I'll study it like a textbook.

HOFFMAN: And do you still use the reading technique today?

HOUSTON: Yeah, for sure. I do that a lot. And actually, I make the team do it. Because I make my leadership team, we pick a book and read it for every leadership team offsite every quarter, and then a broader kind of top 100 offsite every twice a year.

HOFFMAN: One of the top staff picks at Dropbox is a book called "Competing Against Luck". I'd tell you to buy it, but if you're an infinite learner — you probably have your own reading list to power through – and more power to you.

In any case, Barry Diller emerged from his exceptionally long reading phase, ready to do something. He didn't know what, until a friend called him with an irresistible opportunity.

As he describes what happened, I want you to notice how Barry calls out the role of serendipity in shaping his career. He'll do that many times in this episode. And he's highlighting not just the role of luck, but your willingness to be lucky as an entrepreneur. Whenever Barry refers to one of these serendipitous moments, we will play this sound: *[chime]*

DILLER: My closest friend, Marlo Thomas...

VOICE: Marlo Thomas is an American actress best known for starring in the TV series 'That Girl.'

DILLER:...was dating a young executive at ABC. But everything is serendipity. And he was moving to Los Angeles from New York, he was kind of up-and-coming, rising little lower-middle management guy at ABC. And he was coming to LA to be, I think, the vice president of current West Coast programming.

And he asked me to be his assistant.

HOFFMAN: Barry was no more interested in being an assistant than he was in being an agent. But television was a wide-open opportunity to learn.

DILLER: I've always believed whatever you're interested in, get on the widest road, not the narrowest road. And television was certainly a pretty wide road. And I was fascinated by all parts, but certainly television, and I said, "Yes."

And then, of course—this is the serendipity of life—which is the day, literally the day that I left William Morris, they fired the czar of programming at ABC. And they reached out and they picked my guy to become the head of all programming—running, basically, ABC.

ABC was the third network, and it was the hip-shooting network. It would try almost anything. It was also kind of run like a candy store. If you wanted responsibility, you just took it.

HOFFMAN: Barry seized the opportunity to buy movies for ABC. Right off the bat, he was negotiating movie rights with some of the giants of old Hollywood.

DILLER: I actually negotiated with Darryl Zanuck, trying to buy the good movies from Fox, as against the movies he wanted to sell.

The word "mogul" was invented, was for those guys—the founders, basically, of the movie business. They were just on their last legs.

HOFFMAN: In the midst of these negotiations, Barry was wondering why there was such a stark divide between TV and movies. Aren't they all in the business of telling stories? Then he had a revelation that changed the course of TV history.

It's the kind of idea you can expect from an infinite learner. Someone who's spent a lot of time *learning* everything they can on a topic — and then using it to question everything.

DILLER: I started to think: All television at that time were series, either comedies or dramas, and in both forms, everything was present-day. In other words, those series would go on for seven years, Lucy still lived in her same apartment. She never moved. Everything was in present time. There was all middle. There was no beginning, there was no end. And I thought, "You know what? Why don't we tell stories that have a beginning, middle, and end?" Like they do in movies. And why shouldn't television do that?

HOFFMAN: There was no shortage of reasons why television shouldn't do that. And Barry's colleagues were quick to rattle them off. For one, the neverending stories on TV shows like *I Love Lucy* meant neverending revenue. Why cut a story off, just as audiences are getting to know and like the characters? Then there were the risks of stand-alone stories with a beginning, middle, and end: How do you keep costs from ballooning on each original production? You have to hire new writers, cast new actors, design new sets, and create new promotional campaigns — and suppose you get every one of those steps right and create a hit. You start from scratch — and run through that minefield again.

As you've probably gathered, starting from scratch is precisely what excited Barry — and precisely what made industry veterans shudder. Not everyone has this insatiable appetite to learn. Most people like to work within the tried and true.

So when Barry pitched the idea of a "Movie of the Week" — a movie made specifically for TV — his colleagues balked. It just wasn't television. Or so they thought. Remember, Barry, despite his youth, had studied 75 years of entertainment history.

DILLER: Years and years before, at the very beginning of television, with things like *Playhouse 90* and *Studio One*, they did do that, but it went away, and series—filmed series replaced everything on live television, in any event.

So we came up with this idea of doing the movie of the week, which was putting on a movie every week. We decided it should be 90 minutes, not two hours, because two hours was too long an attention span, I thought at the time. And of course, everybody thought it would fail, because they said, "Well, this isn't television."

HOFFMAN: So why was Barry entrusted to launch this wildly new form, the TV movie? He had a distinct advantage: No one believed his idea could possibly work. And what I find so interesting about this story is that it explodes the conventional myth of where disruption occurs.

We imagine young entrepreneurs rolling their eyes at the industry's biggest players and attacking their businesses from the outside. I often encourage young entrepreneurs to play the outsider's advantage. Don't even bother to join an established company and reinvent... Just start from scratch. It's easier. But there are exceptions to that rule.

Equally disruptive ideas can emerge from big, established companies. They come from innovators embedded within the company. You might call them "intrepreneurs." They tend to carve out a little fiefdom for innovation. They sell their fresh ideas across the organization — winning over colleagues and securing a budget faster than a startup founder can say "angel investor."

Alexa Christon is a prime example of one of these "intrepreneurs." She's the media innovation chief at GE. She invents branding campaigns for a company that's been a household name since the late 1800s. So how does she find a fresh take on a 125-year-old brand?

ALEXA CHRISTON: You can't come in and just, you know, break down walls destructively. Respect what's been created but don't be afraid to tear it down where it needs it. And I think that's so vitally important in the way someone who's new in their career, really should think about their overall mindset and approach to their job. Be respectful, be empathetic. But don't be afraid to question and to ask, 'Is there a different way?' And believe it or not, it kind of is that simple.

HOFFMAN: Be respectful. Be empathetic. And don't be afraid to ask: "Is there a better way?" This could be the manual for intrepreneurs and infinite learners everywhere. Barry embodied this notion of learning everything and questioning everything. But the "respect" part? That was perhaps less of his personal playbook.

Barry has no trouble squaring off against his older, more experienced colleagues. I mean, just listen to him fire off shots at his elders. This is just a sampling of one-liners we pulled from a 90-minute interview.

DILLER: He was, first of all, a rotten executive, an endless story I could tell you of manipulation...

DILLER: I couldn't stand him.

DILLER: 20th Century Fox was a dog, a dog, a dog of movie studios. I mean, it was even worse than Paramount when I got to Paramount,

DILLER: By the way, he was a conman, he was a, boy-oh-man, wildcatter, con man.

HOFFMAN: By the way, I've never had an interview that had this many feisty quotes on the cutting room floor. You can hear the full-length interview, in all of its feisty glory, later in the season.

But you don't have to be all fire and sharp elbows to change a company from within. Sometimes, you can find a frictionless path to disruption, simply by drawing no attention to yourself at all.

And this is what happened to Barry as he pitched his first big idea: The Movie of the Week.

DILLER: If actually anybody thought it would work, why in god's name would they give responsibility to a 23-and-a-half-year-old person? And so this very unique thing happened, which is I had total control over making these movies, and total control how to advertise them, which is something nobody ever did on television.

I knew you had to advertise it, because it was different every week. You had to tell people, in any event. So we started making them, and they went on the air, and they were just this—from the first hour of the first day—a smash.

And as I say, I gotta do it only because everyone thought it would fail, and they'd get rid of this fairly aggressive kid in the process.

HOFFMAN: And so the TV movie was born. Barry quickly followed that up with another innovation: The multi-part mini-series. Or, what he then called, the "novel for television."

DILLER: If you want to tell the story of, not a beginning, a middle, and an end play or script or movie or whatever, but if you want to take it from books, you can't in—much less 90, you can't do it in two hours.

It needs to breathe more. And so we called it the "novel for television."

HOFFMAN: Novels for television — what we now call "Mini-series" — were also an instant sensation. ABC's first mini-series "QB-VII" starred Anthony Hopkins and won six Emmys. The second, "Rich Man, Poor Man," won four Emmys and four Golden Globes. And before he moved on — being an infinite learner, you know that's coming soon — Barry secured the rights to create the genre-shaping, era-defining miniseries: Roots. This epic eight-part story about slavery in America smashed every broadcast viewership record in the history of television. Eighty-five percent of American homes watched at least one of the episodes. To this day — 40 years later — the finale remains the third most-watched TV episode of all time.

Clearly, Barry's career was taking off. There was just one problem: With each success, the novelty wore off. Barry was losing interest, fast.

HOFFMAN: What did that then mean next for you?

DILLER: It meant next that I got promoted out of my competence. By the third year, we had expanded from one night to three nights. We were making 75 movies a year.

And then, started the novels for television. So I was really busy. But by the way, then another two years or so passed, and I'm not a good steward—meaning I really get excited through the difficult stuff, and building it, and then when it's kind of there, I'm just less interested.

HOFFMAN: Here, I have to interject and say: I've heard this language before. And if you're a Masters of Scale listener, so have you. It turns out, a lot of CEOs are infinite learners. And this means they lose interest fast. Here's how Nancy Lublin, the CEO of Crisis Text Line, described it in our Episode "Grit Happens:"

NANCY LUBLIN: I'm a wartime CEO. Once things get good and it's peacetime I get bored and I either want to, like, do something else wild to it or I'll f*** it up because I'm like no, but we can do blah blah blah. And so I get bored and I move on.

HOFFMAN: Nancy sounds an awful lot like Barry.

DILLER: I really get excited through the difficult stuff, and building it, and then when it's kind of there, I'm just less interested.

So I guess the managers of ABC saw that, and they promoted me to run series television, which was essentially the commodity of television. And I failed. I mean, I didn't get thrown out, but I was failing, because I truly didn't know how to do that.

If there's no learning, for me, I mean, I'm asleep—literally. And the times in my life when I've been in that situation, I've been of utterly no value. I've been of absolute negative value.

HOFFMAN: Strengths and weaknesses tend to go together. When infinite learners get bored, their performance tends to crash. That's certainly true of me. One of the things I actually have said about myself is, "I'm a bad employee." And what that means is if I go to work, and do the same job, you know, Monday, Tuesday, Wednesday, Thursday, Friday, I kind of don't care about my performance. I need to feel challenged, that I'm learning on the job every day. Otherwise, I tend to lose focus. Barry is even more extreme. The way he puts it, his brain just ceases to function.

DILLER: By purpose or by temperament, I'm only interested in those things where I haven't figured it out, and I really do think that however it happened, that when I was presented endlessly with things I didn't understand, the only thing I could do—because my brain is slower, and therefore is more literal—and therefore my process is, I have to get it down to its tiniest particle, or else...I can't come in and understand an equation, if you can put it in equation terms, unless I de-equation it—I can't pick it up.

So I'm forced - by a lack of brain matter, I am forced to - no I'm not saying it - it's true! To break it down as hardly low as I can get it, and only then—and that's learning. That's real - that is joyous work to me, is getting through those layers, down to something, and then once I'm down there, once I'm actually at the very, very base of it, I can actually start to do something good.

HOFFMAN: I can totally relate. For example, I was a pretty good employee in one of my earliest jobs, as a product manager at Fujitsu. But once I understood the technology and knew how to manage the product team and run through all of those QA checkpoints, I struggled to pay attention. The way I solved for that is I drank coffee. A lot of coffee.

And if you find yourself drinking a lot of coffee just to stay interested, you better start looking for the exit. Fortunately for Barry, a well-placed friend once again showed him the way out.

DILLER: And again, luck weirdly comes. This time, I'm now 31, 32. And the owner of Paramount, Gulf and Western—called Charles Bluhdorn, he was this great industrialist of the '60s and '70s.

And Charlie bought Paramount, and I got to know him because I was this person who bought movies. And when Charlie bought Paramount, he came to ABC to sell these movies. And I said, "You made terrible movies, we're not buying your library." He and I had a really great, fun, contentious relationship. But over five, six, seven years—and he at various times said to me, "You have to come to Paramount, you should run our television." And I would say, "No, I'm not doing that. No, no, no."

One day he calls me, and he says, "I want to make you chairman and chief executive of Paramount." I had zero experience in theatrical motion pictures, and actually, it wasn't like I said, "Oh, yeah." I thought, "I don't know if I should do it." It wasn't the failing part, it was I hated every day, so I thought, "Okay, I'll go be chairman of Paramount."

And I did, and that's what happened to me. First I got promoted into incompetence, and then I went to Paramount, and that was a great challenge—that was new and fresh and different, and I could be contrarian again.

HOFFMAN: Barry's resume, alone, made him a Hollywood misfit. At 32 years old, he was the youngest and least experienced executive ever to run a studio. His background in television gave him a strange perspective on the industry. At that time, TV people did not become movie people. It was like getting recruited into major league baseball by way of ballroom dancing. He was right where he wanted to be, an insider, regarding the whole industry as if he were an outsider.

DILLER: I was the first person from television to come into the movie business. In later years, one by one by one by one, almost everybody came from television. Because television was, first of all, the more creative medium, interestingly enough. And had much more actual story discipline in certain interesting ways than the tired, old hoary movie business.

HOFFMAN: Barry's competitive advantage was what he called story discipline. He learned from his days at ABC that whatever medium you're working within, you're essentially in the business of selling stories — not stars, not flashy productions. Stories.

For Barry, that meant the greenlight process would begin and end with the screenplay. And not long into his tenure at Paramount, an unusual screenplay landed on his desk. It had no stars attached to it. And no roles for stars. No big-budget effects. Barry loved it.

DILLER: So Stanley Jaffe, a producer, calls me and says, "I have a script for you." I said, "Fine." He sends it over, and I read it and I say, "This is a delight. We're making this movie."

HOFFMAN: The delightful movie was *The Bad New Bears*. If you're too young to remember, it's about a little league baseball team that's godawful. The Bears have a nearsighted pitcher, an overweight catcher, a chain-smoking, alcoholic coach played by that Master of Scowl, Walter Matthau. The coach is so desperate to turn this team around, he does the unthinkable. He puts a girl on the team. Oh yes, a girl. Welcome to the seventies.

Amanda Whurlitzer became the Bears' new pitcher. And you better believe you're going to root for her — and all of the other Bears. It's a classic underdog story. But there was another underdog story, playing out behind-the-scenes. Paramount, at the time, was a mess.

DILLER: There's seven movie companies, Paramount was number seven—made horrible movies, everything was awful.

HOFFMAN: As for Barry, he got about as much respect as Amanda Whurlitzer. He came from TV, and by his own account, he had no idea what he was doing. But for Barry, and so many infinite learners, that's a happy place.

HOFFMAN: So you go to Paramount, which has a terrible movie library, has a bad position relative to creation of movies. What was your go-in theory about—

DILLER: I had none.

HOFFMAN: You had none, just like, "OK, I'll do this rather than that?"

DILLER: No!

HOFFMAN: So what's an out-of-depth young executive to do? Prove everyone wrong, for starters.

DILLER: It wasn't until I got into it and saw how awful it was, how mismanaged it was, how crazy the process was, that I got excited, because I just thought, there's a whole other way to do this.

HOFFMAN: Barry would eventually turn this troubled movie studio into a hit machine. He would greenlight films that would change Hollywood. When that Bad News Bears script first landed on his desk, he simply declared: "We're making this movie!"

In any other studio, that would trigger a wave of cautionary questions: Who will direct it? Who will be the star? Slowly, the project will gain momentum as they attached big names to the project. Barry dismissed all of those decisions as mere packaging. The story came first. It was a process driven by his own instincts.

DILLER: It's great luck if somebody just hands you a script. That's happened probably 10 times in my life, out of thousands of projects.

Anyway, we didn't have a process at Paramount. It took me two years to get this process together to actually manufacture movies, rather than just depend upon being lucky enough to have it fall through the transom for you. We had one good movie, and then all of these turkeys, and then slowly, we're getting it right. Saturday Night Fever, Grease, to Raiders, et cetera.

HOFFMAN: Allow me to interject, here, with a few other movies from Paramount Pictures' glory days. They released: "The Warriors", "Beverly Hills Cop", "Star Trek the Wrath of Khan and the Search for Spock", "Friday the 13th", "Airplane", "The Elephant Man", "Flash Dance", "Footloose", "Trading Places", "Top Gun", and "Crocodile Dundee".

DILLER: For the next seven years, we were number one in the movie business. And it was because we picked our own path.

HOFFMAN: I want to dig a bit deeper into this notion of building a process around your instincts. On the one hand, it sounds like there isn't much of a process to Barry's work. He sees a script. He likes it. Boom, there's your movie.

On the other hand, he has to scale those instincts across the organization. You have to go from "I know it when I see it," to "I know it, I see it, and I can teach you to see it too." And that's when Barry gets to his favorite part of the learning curve — defining a process that seems almost impossible to define. Barry said something you'll almost never hear in the freewheeling "move fast and break things," culture of Silicon Valley.

DILLER: I love process.

HOFFMAN: I had to ask him about this.

HOFFMAN: This may be one of the things that's an interesting difference between early stage Silicon Valley companies and the importance of a good product in media. But process is normally a bad word here in Silicon Valley. What do you mean by process?

DILLER: I mean, I like an iterative process.

HOFFMAN: So, learning.

DILLER: Yeah, we talked about it. But I have one of my closest friends, who has great, great wealth. He can't stand process. Whenever something has happened with one of the companies I've been involved in, he would say, "Sell it."

And I say, "What do you mean, sell it?" He said, "Sell it. He said "Sell it. Once it's this, sell it." It's like a dagger to my heart, and I am the opposite of that. I like the period from here, when it is either a mess or it is brand new, to here, when it's been realized in one form or the other.

That process and all the things that that means which is making mistakes, course correcting to this, doing that at all—that gutsiness I love. And that, to me, that is process.

HOFFMAN: What I realized in the interview is that when Barry uses the word "process" he means it differently than the way we say it in Silicon Valley. In my circles, "process" means "bureaucracy." To Barry, process means ... everything we talk about on this show - the ideation and pivots and learning and growth that allows a company or idea to come into the world. You can pick pretty much any point in Barry's varied career as a media mogul to see this mysterious process in motion.

But I think one of the most telling examples is the moment he made the leap from movies, back into television. Barry had this crazy idea of launching a new television network. An idea that

makes inventing the TV movie look like pocket change. The big three networks — NBC, ABC and CBS — had dominated media since the invention of television. Keep in mind, this is the mid-eighties — the early days of cable TV, and long before YouTube or Netflix.

The presumption was that the three networks had a lock-in, especially on primetime TV. What evidence did Barry have that viewers were pining for something...different? He had no evidence — aside from his own instincts.

He didn't even intend to pitch the idea. But a passing comment caught the interest of a heavyweight gambler, the media mogul, Rupert Murdoch.

DILLER: I said, "Look. I've always had this thing of starting a fourth network, which everyone of course thinks is crazy."

And he said, "That's great, let's do it." I said, "Well, huh—what?" And he said, "That would be great." And not even on half that page, I scribbled down some numbers of what I thought it would cost.

And on that basis, Rupert Murdoch borrowed a billion-and-a-half dollars, he bought the Metromedia television stations, and 18 months later, we started Fox Broadcasting.

HOFFMAN: So they make a billion-and-a-half dollar bet on a new network, Fox. And incidentally, Fox was not known for any political viewpoint in those days. It was a brand-new TV network that had no founding vision, other than that it wasn't ABC, NBC, or CBS. It would be the "alternative" network. Which raised a question for Barry.

DILLER: What does "alternative" actually mean?

HOFFMAN: As Barry was thinking about this idea of being "alternative," a project hits his desk that brought this idea completely into focus. Once again, the word serendipity comes to mind.

DILLER: One day, a project comes into Fox, and it's called "Not the Cosbys." Now at that time, Bill Cosby was the biggest star—had the most successful program on television. Bill Cosby, who we now think of otherwise.

He was the number-one show on NBC. This was a series about a family as against this Huxtable family of perfectness—this was a really rotten-y, noisy, unpleasant family, which became Married With Children.

HOFFMAN: So here's where the process begins. He finds a counterpoint to conventional wisdom: Let the other networks have their sweet smug family shows. He'll make "Married With Children." And now he wants to bring more of those irreverent, noisy shows to the market.

DILLER: And it was as alternative... You couldn't be more alternative, and it was our first big success. That was the vein. And I've always believed, when you find a vein, thicken it any way you can.

HOFFMAN: This, of course, is where The Simpsons came in. And you might think after greenlighting The Simpsons, Barry could greenlight any show he'd like. On the contrary: He fights. He fights. He fights, he fights, he fights.

He fights to create a signature style that no other network can imitate. An infinite learner will never look at a competitor and say, "Let's hedge our bets and copy that." They'll break down what worked — the warm family sitcom — and take a hard turn in a new direction — the rotten, noisy, irreverent family sitcom. And with each hit, they create the taste by which they're relished. And anything short of that, in Barry's opinion, isn't worth trying.

DILLER: The principle, to me, is you can't cheat that.

Everybody tries. I think in that, there are no shortcuts. And I think that also, the principle that is tied to that is: Exhaustion is when creativity starts. If you put people in a room, you take them past their endurance level.

That could come in the third hour, or the 24th hour, or 15th, or whatever. But it does come. That moment—which is what I think is breaking, again, it down and down and down—is the beginning of something that's of value.

And I think it's very important to recognize, you can't relax in it, because it's frustrating. Time is very frustrating. But to at least have some equanimity about that. And it took us a while to find out something that seems so obvious.

HOFFMAN: A "fourth network," so obvious — and given that the average household can now flip through 190 channels — it was a rather long overdue idea, when you think about it. There's just one problem for Barry. Once an idea seems rather obviously good, guess what — he gets bored again. Only this time he wasn't just bored with his job. He was bored with the entire business of storytelling.

DILLER: I decide after eight years at Fox that I've now been running movie companies for 18 years, television companies, and if I never saw another script, I'd be a happy person.

HOFFMAN: Think about what Barry is saying here. If there's one thing he knows at this point in his career, it's how to spot a good script — he can scale a whole media empire from that finely honed instinct. And yet, here he is, at the height of his career, saying he never wants to see another script again.

I know a lot of serial entrepreneurs who seek out fresh challenges, but usually within an adjacent industry. If you look at the arc of my career — from building an online dating site to PayPal to LinkedIn — you'll see that I have a particular fascination with network effects. How can I create an online network for dating, payments, or jobs that adds value with the addition of each individual user? Networking in the digital age is just my thing.

Barry, on the other hand, is ready to take a leap into a wildly new field, which means he will also have to tackle a new learning curve that few entrepreneurs survive. For the first time, he witnesses a user interacting with a screen — not just passively viewing content — but engaging with content, shaping the content. He's transfixed.

DILLER: Can you imagine how exciting it is to go from understanding the screen and being—probably a lot of other people understand narrative and screens, but god knows I did—to go into, "Huh?"

HOFFMAN: Yes. Well, it's the blank page.

DILLER: Absolutely.

HOFFMAN: Right. A new blank page.

DILLER: Oh my god—the blankest of blank page.

HOFFMAN: So what was this incredible user experience that would force Barry to question everything he's learned? And can he really fill this blankest of blank pages with a sensible plan?

He's an infinite learner. He has no choice but to try. And we'll see how he does it next week, on Masters of Scale.

I'm Reid Hoffman, thank you for listening.