

MoS Episode Transcript: Reid Hoffman

MATTHEW MERCER: After days of tumultuous travel through harsh rain and biting winds, you finally ascend the cold, granite steps outside the gates of the mountain city of Grimgoleir. Glancing amongst your comrades from under your soaked cloak, you reach out for the heavy brass knocker and hammer the massive stone door three times.

REID HOFFMAN: That's Matthew Mercer, creator of the hit Dungeons and Dragons web series called Critical Role. And right now, Matthew is your Game Master — the central storyteller in a game of Dungeons & Dragons. Which means: Your fate is in his hands. Listen carefully, because he has a question for you. One that could mean the difference between heroic success and epic failure.

MERCER: A stillness takes the air, the sounds of rain almost fading as the door slowly opens, releasing the stench of death from within the chambers. Your eyes catch nearby torch light inside, and what appears to be an armored ghoul, slick with fresh blood as it drops some errant piece of a recent kill, and turns its head towards you with a growl. What would you like to do?

VOICE: I'm going to stab that nasty ghoul with my magical scimitar and save the day! Come on, lucky sevens! Oh come on — a one?

MERCER: Oh, you quickly draw your scimitar, the cold metal warming with the flames that magically dance across its surface as you rush the undead beast, but in your haste, you failed to notice the body on the ground hidden in shadow, catching your foot as you stumble forward, barely catching yourself before you come to stop right at the feet of the now-grinning ghoul.

VOICE: Can I try again?

HOFFMAN: Don't worry - this role-playing game is about more than just winning.

MERCER: For me, the hallmarks of a good Dungeons and Dragons game involve heroic feats and having the opportunity to uncover mysteries and hopefully stumble across physical puzzles that you have to work together to surmount. Eventually leading to some sort of climatic battle with some terrible, evil entity in hopes of saving some sort of innocent populace.

HOFFMAN: The Game Master's role is to spin a complex and compelling story inside a coherent fantasy world. And also to keep all the players happy.

MERCER: There are people that want to be the strongest in the land and kill things as quickly as possible. There are some people who want the loot and the wealth that you can find in the game. And then there are people that really love very, very deep character role playing storylines and narrative.

HOFFMAN: The most successful Game Masters know: Their real role is to make sure every player emerges a hero — on their own terms. And this doesn't just apply to fantastical forays into dragon-infested dungeons. It works every day, for every leader, in every context. There's a lot to learn from role-playing games like Dungeons and Dragons, and this is a fitting start to this episode — because I'm about to change roles. To both end season 3 — and to kick off season 4 in a few weeks — our team proposed that we turn the tables. For this two-part episode, I'll answer the questions. And my good friend June Cohen will ask them.

June is one of the executive producers of Masters of Scale, and our friendship is the reason this podcast exists. I'll tell that story in part two of this episode. A few years ago, June and her co-founder Deron Triff, launched WaitWhat, the digital media company behind Masters of Scale. Early in her career, June was at the media center of this dotcom boom as a VP at Wired Digital. But she and I first met when she was the executive producer at TED. June co-hosted the conference, and also headed up media for TED. June, Deron, and their small team launched TED Talks and built it from an underdog idea to a billion views annually. June has great skill for scaling ideas that people love. And one of the main ways she does this is by understanding what each individual in her team and network has a passion for, and then aligning that passion with the project at hand.

So for this special episode of Masters of Scale, I'm handing the keys to the kingdom over to June. I'll be the guest, and she'll play my usual role as host — interviewing me and proving a theory of her own along the way.

JUNE COHEN: Thank you, Reid. After all these episodes, it feels very strange to be looking at you from this side of the microphone. But I'm excited for the chance to tell your story — and to prove one of my own theories with you.

It's a theory that launches perfectly from that roleplaying game. We heard Matthew Mercer describe the role of the Game Master — to tell a story, yes, but also to make every player a hero on their own terms. It doesn't take a leap of imagination to see every company founder as a Game Master of sorts: casting everyone around them into a hero's role. Employees, investors, collaborators and customers — they all want to slay their own metaphorical dragons.

I believe that to chart a truly epic journey to scale, you need to make everyone you enlist a hero. Not just in your story, but in their own.

[THEME MUSIC]

COHEN: I'm June Cohen, co-executive producer of Masters of Scale, former head of media at TED, and — for just this special two-part episode — your host. Reid is our guest today, so it's my job to prove a theory. I believe that to chart a truly epic journey to scale, you need to make everyone you enlist a hero. Not just in your story, but in their own.

One of the things I've learned over the years is that everyone has a movie of their lives, playing in their heads. Your colleagues. Your customers. Your co-founder. So don't ask what they can do for you. Ask what you can do for them. How can you make them the hero in the story of their lives?

As a leader, you have to constantly shut off your own reel and watch all the movies playing around you. Your goal is to shape all these stories into one massive, intertwined story with infinite heroes. If you do this, if you make every person your company touches the hero in the story of their lives, they'll join forces to make the story of your company a truly epic journey.

I wanted to talk to Reid about this, because he has spent his life thinking deeply about what connects people, both one-on-one, and in groups of massive scale. And Reid has been thinking about this since he first discovered role-playing games. It started in the mid-seventies, at his father's house in Northern California. At a table strewn with strangely shaped dice and small figurines of fantasy characters.

HOFFMAN: I first discovered Dungeons and Dragons when I was nine. It was because the babysitter that my father was hiring, his technique for dealing with otherwise rambunctious and difficult to manage young boys, was to introduce them to Dungeons and Dragons.

COHEN: Back then, many saw Dungeons and Dragons as a refuge for social misfits. But for Reid, it struck his curious young mind. He treated Dungeons and Dragons as a fascinating laboratory for strategy built around human motivation.

HOFFMAN: You're going off being a hero, and defeating villains, and saving the town, and that kind of stuff. Some people do the role playing where they're actually interacting. They say, "I am Thor. I have come here to save your town." I was always more of the strategist, "Okay, I'm looking around, the Orcs are attacking the village. Hmm, maybe they're attacking from the left side, maybe we could create a fortress and a defense." It was more of a puzzle for me within the interactive story.

COHEN: Reid's thirst for adventure grew. He recruited a band of classmates, and took on the role of Game Master himself. He was now responsible for creating and running a fantasy world. A world in which his friends were spending more and more time.

Reid soon realized this involved more than coming up with fantastical situations and presiding over geeky dice rolls.

HOFFMAN: As part of it, you also wanted to have people feel like they kind of earned their heroism. So what they did is they would have a difficult challenge, they'd have something they'd really have to figure out, it would take effort, and they might not get it

right, and you had to make sure they didn't die, because no one likes to be in the story where like, "Oh, you all died," right?

But that struggle, you would set that up with some depth to it, so that people would enjoy the path for figuring out how they could be heroes.

COHEN: It's interesting, because by your description, it is very much a game of complex human motivations. What did you learn about human motivation playing Dungeons and Dragons?

HOFFMAN: I did learn that people wanted to be the hero of their own story, that that was a fundamental kind of human drive across almost everybody. I learned that kids tend to be a little simplistic and shallow, so their definition of heroism has kind of a pretty simple like, "Hit dragon with sword." That gets richer for some of us as we get older.

COHEN: I suspect there have been moments as a CEO and investor when you longed for the days when people were as simple as just wanting to kill something with a sword.

HOFFMAN: Yes. Although sometimes, all you have to do is scratch at it to figure out where that is.

COHEN: *[Laughter]*

HOFFMAN: Very often people's motives have a fairly simple character, like, "I want to be the important person who solved that problem. I want to have the credit for it." When it's really like, "Well, actually in fact, there were five of us who were all working on it, who all contributed a component. And yes, your component was important, but your weird behavior is because you're trying to kind of assert that claim." Life is a team sport, not an individual sport. And once you start thinking that way, everything goes a lot better.

COHEN: "Life is a team sport." And it's the team leader's role to make everyone a hero. Reid learned this early and it all started with role playing games. Because Reid loved role-playing games. And you have to understand, when Reid fell in love as a kid, he fell in love hard.

HOFFMAN: I was an obsessive child. I would literally go to the local public library and I would start reading in a section and I would just pull off the next book, and pull off the next book, and pull off the next book.

I basically played fantasy role playing games from age 9 to about age 14. So about five years of pretty deep obsession.

COHEN: Reid's next obsession was a game called RuneQuest. Like Dungeons and Dragons, it let players take on the role of fantastical characters and embark on mystical adventures. And

Reid loved using RuneQuest to create worlds that would transport his friends from the cozy confines of suburbia to become heroes in their own adventures.

One day, when he was 12, Reid discovered that a friend of his lived near the actual office where the RuneQuest game was designed.

HOFFMAN: This guy said, "Well, I live down the street from the game company." I'm like, "What?"

COHEN: The two of them hatched a plan for a real-life quest to meet the creator of their favorite game.

HOFFMAN: I was like, "Well, I'd like to go there." He's like, "I can bring you with me." I'm like, "Yes, please."

COHEN: Reid and his friend set off on an arduous half-mile journey by foot across the suburban expanse of California's East Bay, near Berkeley. They braved wide, sun-dappled streets; marched past seemingly endless ranch-style homes; dodged the Volkswagen buses that rattled by; and finally made it to the unassuming lair of RuneQuest creator Steve Perrin. It was set in a suburban house. But to 12-year-old Reid, it held all the promise of a wizard's palace atop a mystical mountain.

HOFFMAN: It was a little bit of a kind of classic kind of Berkeley, Emeryville house, which it was a little inset from the street and was kind of a long path through this kind of grass. The entrance to the house, and therefore the main office, was up a staircase.

COHEN: Reid and his friend mustered their courage, and asked to speak with Steve.

HOFFMAN: We started kind of trying to show our credentials by saying, "Hey, we played this one of your things, and we did this, and we did this."

You know, obviously, the normal thing for adults with a 12-year-old walking in is like, "Oh my god, who let the 12 year old in?"

They were decent folk, they weren't like, "Get out of our office." They were like, "Okay. And why are you here?"

COHEN: Reid and his friend grasped for the connection that would get them in to Steve's office. They identified themselves as neighbors.

HOFFMAN: He was like, "Oh, I'm your neighbor. I brought my friend by, because he really likes the stuff that you do. We both really like it," and so forth.

COHEN: Reid, I love the fact that you referenced that you were a neighbor. It's like your first LinkedIn introduction. "I'm connected to you. I live right next door. Of course you'll take my invitation."

HOFFMAN: Actually, "I'm following the neighbor in the door. I'm not the neighbor. It takes me 40 minutes to walk here. But, my neighbor, you allow him in the door, and I kind of come in the door with him."

COHEN: The analogy gets better and better.

COHEN: Like any good adventurer, Reid had come prepared. He wielded the secret weapon that would let him establish his mastery.

HOFFMAN: I happened to have bought one of their new scenario packs. I looked at it and was like, "Oh, this is really incompetently done." I was like, "Well, this was just bad math. This character design is wrong. This would be more interesting if it had this twist." I really marked it up. Kind of the classic red ink. It was bleeding.

I brought it in to Steven Perrin, and said, "Here, you just published this, and there's a bunch wrong with it. I wanted you to see it."

COHEN: You can totally imagine young Reid marching up to Steve and thrusting that scenario pack into his hands. At first, Steve has the reaction you'd expect of any grown-up confronted by a precocious kid.

HOFFMAN: He was like... I could see him rolling his eyes, like "Oh god, this kid's wasting my time." Then he started looking at it and he went, "Oh, huh. I got another thing you could look at. Would you like to look at another thing?" I go, "Sure."

COHEN: Steve saw an opportunity to cast Reid in a bigger role — one that helped RuneQuest and gave Reid a shot at hero-dom.

HOFFMAN: So he gave me the next thing he was working on, which was an entire book of scenario packs. Being an obsessive kid, I think I went home Thursday, worked on it Thursday night, left school as fast as I could on Friday, worked on it Friday, worked on it Saturday, worked on it Sunday. Then brought it back, I think, Sunday afternoon, just completely revised, and said, "Oh here." He said, "Oh, this is real work."

He gave me a check, and I brought the check home. My dad, who had previously been worrying "Oh my god, I've lost my kid to this role playing game cult." He was like, "Oh, maybe this isn't such a bad thing after all."

COHEN: To this day RuneQuest lists Reid as one of their contributors. You can see his name in the cover of the latest edition, released last year.

What I love about this story is that Reid's obsession with RuneQuest demonstrates so clearly the dilemma that every successful company faces. When you create something that people love, it takes on unexpected meaning in their lives. Your product becomes a canvas upon which their hopes and dreams are projected. For these super-fans, the path to hero-dom is paved straight through your company headquarters.

Not every fan who brings you an idea will be a Reid Hoffman. Many you'll brush aside, you'll have to. But listen closely to what they say. Some of these unexpected visitors may turn into unlikely heroes in your journey to scale.

This happened to me at TED. Shortly after we launched TED Talks in 2006, I started getting curious emails from fans saying "I want to subtitle your talks in Polish." Or "Here are 6 talks I translated into Bulgarian."

Each translator had a different hero's story. Some cared deeply about a single talk. Some were passionate about their language. Some just loved TED.

The emails got more and more specific, saying "We want you to launch an open translation project, where volunteers can subtitle talks into any language." So... we did. We launched the TED Open Translation Project, which grew into the world's largest volunteer subtitling effort, with 20,000 translators in 120 languages. It became one of the hidden engines that drove TED's international growth, powered by those 20,000 heroes.

RuneQuest gave Reid his first paycheck. But he never set his sights on game development. He didn't want to be an entrepreneur either. In fact, his plans for the future — at that time — sounded even more outlandish than the fantasy worlds he was dreaming up.

HOFFMAN: I was planning on becoming the director of the CIA.

COHEN: Yes, you heard that right. Reid wanted, briefly, to be the director of the CIA. But hear him out.

HOFFMAN: In my kind of 13-year-old mind, there was obviously a ton of suffering in the world, and I was trying to figure out how one would solve that.

COHEN: How would he solve the world's problems? By teaming up with his smartest friends and forming an alliance of superheroes, of course.

HOFFMAN: Well, if we all kind of formed a pact, and each of us would go for a different leadership position, someone's going to be president, someone's going to be — this was back then — CEO of IBM; if we all went to these different positions, then we could collaborate, and we could then make the world a better place. By having high trust and being in all these different leadership positions, we could impose a different structure.

COHEN: Youthful idealism? Yes, of course. But what fascinates me about this story is the way Reid was already thinking about his friends as different kinds of heroes — and how he could unite them toward a common goal.

Notice, too, that Reid didn't imagine himself as leader of this cabal. His hero's role was the initiator and connector. That's pretty amazing for a kid in junior high — an age when a pimple on your nose seems like the center of the universe.

Thirteen-year-old Reid soon realized that becoming a super spy chief wasn't exactly for him. But he didn't give up on his belief in building networks of like-minded people who could transform society.

At this point in the episode, I feel I should mention that Reid's life provides enough fodder for at least 10 different Masters of Scale episodes. From his influences to his investments to his startups to his impact work. We joked about it in our two marathon interview sessions...

COHEN: I have seven thousand follow up questions.

COHEN: Reid, again, eight thousand follow up questions I won't have time for.

COHEN: So many follow up questions I'm leaving in our wake.

COHEN: Ok, Reid, so excited for part two of our 30-part interview with you.

COHEN: We've made this episode a two-parter. But even so, we have to skip over Reid's time at Stanford, past his year at Oxford, and leave unexamined his early desire to be a philosophy professor. That's because I want us to zoom in on his return to Silicon Valley. Reid's formal education was behind him, and for the first — and last — time, he was at an uncharacteristic loss in deciding what to do next.

Reid had pondered a life in academia. But he yearned for a practical impact on society that academic journals couldn't deliver. So he looked around him in Silicon Valley. And he started to think... Maybe he could spread his ideas through software.

HOFFMAN: I said, "Well, what if you looked at software as a medium?" Software is the medium by which we organize our thinking, by which we organize our thoughts, by which we find other people, by which we communicate.

COHEN: It was a different way of wielding influence.

HOFFMAN: As opposed to writing essays, you're writing software.

COHEN: Reid started looking for the kind of software that could have the greatest impact on individuals — and on society as a whole.

HOFFMAN: What I was looking for was a change, an inflection point, in the human ecosystem. That was the kind of software that I was looking to participate in, to make happen.

COHEN: Reid now had a movie playing in his head. In it, he would create software that both connected people, and fundamentally changed them for the better. His path to hero-dom lay in creating that software. Mind you, he had no idea how to build software. But he was determined to figure it out.

HOFFMAN: How do I get there? How do I do that? How do I get there? How do I do that?

COHEN: Reid's friends offered him solid advice: Maybe you should work for a software company before you try to start one. Through a series of lucky connections, he learned of a job at Apple — one that was suitable for someone with no prior experience.

HOFFMAN: One of the roommates and good friends of a good friend of mine from college was working at Apple. He said, "Look, we do have a kind of a weird contracting job. We know there's a set of problems that don't fit within the normal skill sets. If you're willing to go throw yourself at these random questions and try to figure out answers to them, then that's something that we'd potentially be willing to experiment with." I said, "That sounds perfect."

COHEN: It was a perfect opportunity. But definitely different from academia.

HOFFMAN: So you had this massive learning curve, because it was nothing like anything I had been doing as a student. I mean, like zero relationship with it.

COHEN: Reid found his place as a product manager, and started moving from role to role, first at Apple's online service eWorld, and then at the virtual community World's Away, operated by Fujitsu. Each new job extended his massive learning curve.

HOFFMAN: People who have this experience say, "Oh, you're jumping into the deep end." No, actually, in fact you're jumping into the raging torrential river. It's much harder than the deep end, but that's the way you essentially learn. That was the arc of my learning between Apple and eWorld and Fujitsu.

COHEN: What's so interesting to me about this phase in Reid's life was how intentional he was. Reid could see the film of his life, the one where he emerged a heroic launcher of software. Each role he took brought him a step closer. But notice how he never loses sight of the other movies playing around him. With each new role, Reid was crystal clear on what he would get out of it, and what his employer would get from him.

HOFFMAN: I didn't join Apple saying, "I want to work at Apple my whole life," or, "I want to be a CEO at Apple." I joined Apple thinking, "I need these skills, and I'll help with the projects while I'm here so that they will go, 'You were super helpful. We're really glad you were here.'"

COHEN: Reid didn't plan to work at Apple his whole life. And I relate. When I joined TED, I thought I would stay two or three years. I'm a startup person; I love building things from the ground up. But I don't think I knew that at 22. Most of us take years to figure out the conditions that make us feel like a hero. Reid got there faster.

Following Apple and Fujitsu, Reid felt ready to launch his first startup, SocialNet. As you might guess, he had a theory he was out to prove.

COHEN: I've often heard you say, Reid, that every entrepreneur has a theory on human nature. What hypothesis were you trying to prove with your first company, SocialNet?

HOFFMAN: So, part of the theory was that what gives people the most fabric, and meaning, and joy, and presence in life is other people. The theory of human nature is that we're social animals. That while there are introverts and extroverts, and while there are some people who really like being hermits, actually in fact, the vast majority of human race finds themselves getting meaning and joy and satisfaction, evolution on the people you're connected to.

COHEN: And in this basic human drive, Reid saw an opportunity. SocialNet would bridge the online and offline worlds, connecting people digitally so they could meet in real life.

HOFFMAN: SocialNet was saying, "What if we put the two of them together, what if we took the online ability to discover and find people, but bring that to the right people for the elements of your life?" It could be the romantic side, in terms of who you'd be dating. It could be the work side, in terms of who you should work with. It could be the activity side. And it could be the roommate side. And as a platform across all of that, how do you

identify the right 10 to 12 people that all of a sudden has the most enrichment to your life?

COHEN: It was a very new idea at the time. Mind you, this was 1997, when the phrase “social network” still meant your actual, personal circle of friends.

Into this world, Reid launched SocialNet. And like the countless founders that he would later mentor and invest in and create a podcast for, Reid was on a serious learning curve.

HOFFMAN: At SocialNet, I basically, more or less, would have concrete things every Friday that I wished I knew Monday. It was like literally the intense learning curve was so much that you get to the end of the week, and you're like, "Ah, I wish I knew that at the beginning of the week."

COHEN: As a new startup founder, I have to say I find Reid's description both intensely familiar and incredibly helpful. Like, by the end of every day my co-founder Deron and I have learned something we desperately wish we had known at 9 am. But that's startup life. And Reid was just starting to understand how much he had to learn.

HOFFMAN: How to do interviewing, how to build a team from scratch, how to do financing, how to think about the founding team.

COHEN: Even product development was a challenge. At Apple and Fujitsu, Reid had worked on products that someone else had started. Building something from scratch — before it even reached V1 — was something entirely different.

HOFFMAN: I had worked on, essentially, V1 to V1.1, and V1 to V2, but I hadn't worked on V0 to V1. I hadn't realized that the third game was a totally new game. I thought, "I'm ready." It's like, "Yeah, yeah. You've done V1 to V1.1 and V1 to V2. Those are not the same games as V0 to V1." It was like, "Oh god, I'm in this entirely new game."

COHEN: Once again, Reid had jumped into the deep end — or rather, the raging torrential river of rapids. And from this experience, Reid learned some of his earliest lessons on turning team members into heroes.

HOFFMAN: What I realized is that in the early stages, what in *Blitzscaling* I call, "the family stage," maybe even, "the tribe stage," is actually in fact you want intense learners. As opposed to saying, "Oh, I've got ten years of experience being an operations manager," you want someone who says, "Look, I understand what being an operations manager is. I am experienced. But really what I am is I'm a fast learner and I'm a team player."

If I were to call myself and say, "Look, just do one thing differently," from the early stages of SocialNet, it would have been like, "Okay, do your company construction with a heavy bias towards fast learning people who have a little bit of experience, but are not necessarily seriously experienced in what they're doing. If they have serious experience, great, but it's that fast learning curve of something new that matters."

COHEN: Note that when Reid has to choose the one piece of advice to give his younger self, he focuses not on funding or timing, but the team. His most treasured lesson is that it's easy to mistake a talented person with the right person.

And this comes back to our ideas of hero-dom in the movie of our lives. Early stage startups are about embracing chaos and learning fast. If you hire people whose personal idea of hero-dom requires perfect calm or predictable timelines, the film reel in their heads will fly off the projector and catch fire.

No matter how talented a person is, if you cast them in the wrong movie, they won't be a convincing hero.

It's fair to say that SocialNet didn't work out. Reid fell prey to one of the classic pitfalls of founders. He and his investors were watching very different movies about the company's journey to hero-dom. He and the board parted ways. And Reid considered his next move.

HOFFMAN: So I went, "Okay, I'm off the board. What should I do? Well, I've learned a lot. I've learned theories of human nature, I've learned how to start a company, how to get investors. I've learned all of that now, and so I should go start another consumer internet company." And that's probably where the seeds of the, "Oh, something around LinkedIn should happen."

COHEN: So when Social Net folded, Reid already had the idea that would become LinkedIn. But he doesn't pursue it... yet. He starts bouncing the idea off of other smart people, a strategy Reid is quick to recommend.

HOFFMAN: One of the things I've also learned is to go talk to my network. As opposed to standing in a closed dark room and having the idea of genius occur to me. Going and talking to your network is the most important thing for refining your idea, seeing if it works, getting good criticism. Like the advice I always give founders is, "Ask people what's wrong with your idea."

COHEN: Reid took his fledgling idea to Peter Thiel, a former Stanford classmate and co-founder of PayPal. Peter didn't just sharpen Reid's idea, he offered a sharp left turn — one that seemed almost as distant from Reid's mission as becoming the head of the CIA.

HOFFMAN: I was like, "Well, I think I'm going to go start another company, it's going to look like this, what do you think?" And he was like, "No, you shouldn't start another company yet." And I was like, "Really? I think I should." He was like, "No, no. You should come join PayPal."

COHEN: This, to me, is the most surprising turn in Reid's story. Of course, in hindsight, we all know that Reid made his name at PayPal. But at the time, PayPal was not an obvious choice for Reid. It's not about the social network or online identity. And he already had the idea for LinkedIn.

How on earth did Peter get the engine of Reid's passion behind PayPal? Peter isn't particularly known for emotional intelligence. But clearly, he is a master at persuading heroes to join him on a mission — I had to know how he did it. I mean, exactly how he did it. Listen closely as Reid recounts his conversation with Peter: This is a master class in hero creation.

HOFFMAN: He was like, "No, you shouldn't start another company yet." And I was like, "Really? I think I should." He was like, "No, no. You should come join PayPal."

COHEN: First, Peter played to Reid's natural curiosity.

HOFFMAN: "We figured out some really interesting things. We figured out this growth curve for customers, this interesting area of payments."

COHEN: Then he played to Reid's friendship and connection.

HOFFMAN: "We've always wanted to work together, that'd be fun. You're already close to the company because you've been on the board since it was founded."

COHEN: Next, the opportunity.

HOFFMAN: "You have a chance to be a part of a rocket ship."

COHEN: But most importantly, Peter positioned PayPal not as a replacement for Reid's next startup, but a stepping stone. He understood that for Reid to be the hero in his own story, he'd ultimately need to launch his own startup. But PayPal could get him closer. It was just a six-month gig, Peter said.

HOFFMAN: "But you know what's really going to happen, because we have no business model whatsoever, is we're going to sell this company to somebody, and you can come and spend 6 to 12 months here. And then you can go start your company. So it's a 6-to-12 month detour..."

COHEN: Reid was persuaded by this idea of the 6-to-12 month detour.

HOFFMAN: I was like, "Okay, that makes sense to me. I'll do that because it's only putting off the next phase of startup." And of course PayPal itself became this rollercoaster, it was nearly three years of this really intensive "How do we make this company work?"

COHEN: So Peter clearly had a lot of arguments lined up for why you should join and he clearly knew you very well. Was there one particular argument that made you say yes?

HOFFMAN: It was probably two things. It was working with Peter and Max, and then also the fact that the really difficult thing on consumer internet businesses is to break out of the noise, is to get some really interesting traction. There are just literally probably tens of thousands of consumer internet startups that fail every year that you just never hear about.

And so it was a combination of working with Peter and Max, and something that had already found a path to scale, a break out of the noise. And I was like, "Oh, those two things together, this is the absolute right thing to do."

COHEN: Peter was more than just persuasive; he was right. PayPal could — and would — play a pivotal role in Reid's life. It wasn't his destiny. But it was an enabler.

And what I really want you to hear in this story is the strategy involved in recruiting the heroes who will join you in your epic journey of scale. At first, it might seem like a simple, squishy idea: Just make people feel good. Shake hands, kiss babies. But making heroes is actually a complex strategy.

Peter was watching Reid's trajectory toward hero-dom, and figuring out how to intercept him. How could he harness the power of Reid's momentum, and use it to propel both Reid AND Paypal forward?

If you do this, you're like a NASA scientist calculating a complex series of slingshot orbits across the solar system. A rocket can't possibly carry enough fuel to accelerate through space for years. So instead, scientists have them pick up momentum by plotting a path around planets. You'll do the same. But instead of circling celestial bodies, you'll gain speed by crossing paths with other people who have their own energy.

If you can find common goals and aspirations with enough people who can bring you enough of their own momentum — you can reach truly astronomical speeds. You'll cover galaxy-spanning distances with only a small amount of rocket fuel.

This is how we think of every guest we invite to Masters of Scale. You have to remember: These leaders are crazy-busy. They don't have an hour to get a haircut, much less appear on a podcast. So we tell them about you — our audience of passionate entrepreneurs and change-makers. We show them your tweets and emails, and explain how our guests insights really matter to people. And we show them that we know what matters to them as our guests. The release of their episodes can accelerate their mission. And that gives Masters of Scale extra rocket fuel too.

After this course-altering conversation with Peter, Reid brought the rocket fuel of his passionate focus to PayPal. And PayPal set Reid on course for the rest of his career. It was the kind of mutually beneficial, short-term engagement that Reid calls a “tour of duty.”

As I pictured Peter persuading Reid, I couldn't help but think of one of my favorite lesser-known Reidisms: His playful description of the “Jedi” tours of duty, inspired of course by “Star Wars”.

COHEN: Now when you first started working at PayPal, were you a Luke Skywalker then, or a Han Solo?

HOFFMAN: Hilarious question. So I wasn't Yoda yet. I'd been actually called, several times, the Yoda of Silicon Valley, entertainingly.

COHEN: I've actually called you that before.

HOFFMAN: We could just do the rest of the interview in Yoda speak. That would be very disorienting for everybody involved. I would say that at the time, I was probably Luke Skywalker. Young, impulsive, overly certain that I actually knew the right path. And kind of definitely fighting for the good, inflamed with passion. I probably kind of did this little arc that's kind of more like Skywalker, Han Solo, and then maybe I'm somewhere between Han Solo and Yoda now, even though people occasionally describe me as Yoda.

COHEN: Oh, you're 100% Yoda now.

COHEN: Reid developed the idea of the “Jedi tours of duty” along with his book, *The Alliance*. He says there are three different tours of duty: Rotational, transformational, and foundational. Each maps on to a Star Wars character — and probably some colleagues of yours. I asked Reid to take us through the three archetypes.

HOFFMAN: The first was rotational, which is kind of you're a hired gun, you're doing the work, you're not really tied to the mission. That was Han Solo.

The second was a transformational tour of duty, which is how both you as an individual, as an employee, are transformed, and how you also transform the organization. Of course, that's Luke Skywalker, just beginning his Jedi journey.

And then the foundational tour of duty is where your mission is so closely aligned with the organization, that the organization is part of your own mission as an individual. And that's the foundational tour of duty, where your life's mission is part of growing and the impact of the organization. That's Princess Leia's tour of duty.

COHEN: The “Star Wars” metaphor is funny, but it’s also deeply useful for anyone assembling a team. It gives you a framework for thinking not just about what you could get from this new team member, but what they get from you.

Reid’s idea about tours of duty has always resonated with me, because it’s how I think about team-building. As a listener, you know the work of Reid Hoffman and TED speakers like Ken Robinson and Brene Brown. But extraordinary people in the spotlight usually have a team of heroes behind them too. Personally, I always love seeing the tweets and reviews that shout out to this show’s production team: The music, the editing, the research, the immersive storytelling in the cold opens. The show is a labor of love fueled by the passions of many Lukes, Leias, and Han Solos.

At PayPal, Reid was hired to be Chief Operating Officer. But he had a different unofficial role, which I had to ask him about.

COHEN: Your unofficial job title at PayPal was Chief Firefighter. And you were and are famously cool headed in the face of hot, burning situations. So tell me, in just one sentence each, what was the biggest fire you put out at PayPal, and what was the biggest fire you let burn?

HOFFMAN: Well, the one problem with the one sentence biggest fires is there were multiple fires that could've killed the company. And so I had to solve all of them. Otherwise the value of PayPal is zero. Like roadkill, out of business.

So the biggest fire, probably the biggest fire for PayPal was: Would eBay drive PayPal off the platform? Would eBay simply say, “We disallow PayPal from operating on our platform, and we're going to only allow Billpoint, our own custom solution.”

COHEN: This really was a big fire. At that time, eBay was the only place that PayPal gained traction. Almost all of PayPal’s customers were on eBay. And eBay had purchased a different payment solution, called Billpoint, which was a competitor to PayPal. How did Reid persuade eBay that PayPal was actually in their interest?

And how did PayPal put out the fires raging all around them? Regulatory challenges! Power struggles! A heart-stopping burn rate of \$10 million dollars per month! An email backlog of 10,000 customer support mails each week! How on earth did they survive it all?

We'll find out in Part Two of this special episode, which will lead off Season 4 of Masters of Scale.

But don't despair! If you need a PayPal binge right now, you can find one version of the full, nail-biting story on our episode with Peter Thiel, called Escape the Competition. And a few incredible details are shared on the episode called Let Fires Burn.

But you won't hear in either episode the story that Reid shares in Part 2. We'll pick up with PayPal and follow Reid right through the launch of this podcast, all while proving the theory: I believe that to chart a truly epic journey to scale, you need to make everyone you enlist a hero — not just in your story, but in theirs.