

MoS Episode Transcript – Robert F. Smith

REID HOFFMAN: Hello, Summit. I'm Reid Hoffman, founder of LinkedIn, partner at Greylock, and your host for Masters of Scale: Live at Summit LA. And today's show is more than just an interview, it's a detective story. I want to prove a theory about how businesses scale, and to do that, we're going to start as we always do on the podcast, with a story from a surprise guest.

The storyteller might be familiar to you. His TED Talk has been viewed 60 million times. He has almost single-handedly brought the word "creativity" into sentences that also include the word "education," and he has been known to grace this very stage at Summit. For our opening story, please welcome Sir Ken Robinson.

SIR KEN ROBINSON: I have been working over a period of about 10 years with the state of Oklahoma. Oklahoma wants to become the "State of Creativity." When I say that outside of America, people go, "Really?" Inside America they go, "Really?"

That's actually, "Really!", because there are three million people in Oklahoma, three-and-a-half – wherever you've got that many people, wonderful things can happen.

Oklahoma has a really interesting early-years learning program. It was a pre-K and then a kindergarten program, this started 20 years ago, and it's now expanded. And they partnered with another institution – and I love this partnership because it illustrates to me some of the fundamental principles of the conditions under which people flourish.

So this partnership intrigued me, because the other institution is a retirement home. It's called the Grace Living Center, and they created a classroom in the foyer of the Grace Living Center. This isn't the place kids go to occasionally; this is where they go to school every day.

But the walls of the classroom are transparent, and early on in the development of this program, members of the retirement home were looking at what was going on. One by one they said to the teachers there, "What are you doing?"

And they said, "We're teaching these children to read."

And they said, "Could we help?"

And they created something called the Book Buddies program. In the Book Buddies program, it's very simple, members of the retirement home sit one-on-one with the children and listen to them read, and read to them. That's all. That's it.

But remarkable things have happened. One of them is that these children are doing much more than learning to read. They are having a wonderfully textured and deep

cultural education in the company of these elderly people, who they refer to as their “grandmas” and “grandpas”.

And you know what it's like if you get people at the beginning of life's journey sitting with elderly people at the far end of it? There's an almost mystical connection, isn't there?, that sort of goes across the generations, as they look deep into each other's eyes and they see each other. So these children are saying to these elderly people, people in their 80s, their 90s, "What was life like when you were four in Oklahoma?" You know, "How big was your iPad?"

And they say, "Well, we didn't really have iPads. You know, we had harmonicas – and here's mine."

So they're learning a lot more about the communities they come from, the traditions and the values of those communities.

But other things are happening as well. One is the children in this program are leaving kindergarten, 70% percent of them, reading at grade three level and higher. They're outperforming other kids in the district on reading. And the reason is that they're getting this wonderful personal tuition. Somebody is listening to them, they're paying attention, they're coaching them, and the individual nature of this relationship has achieved the original objective of the program.

But there's something else that's happening. People in the retirement home who are on the Book Buddies program have, for the most part, stopped taking their medications. I don't mean the medications they need for a particular illness, but the sorts of medications that elderly people get, who are being warehoused in facilities to while away the time until the inevitable.

They're not taking their antidepressants, they've stopped taking their sleeping tablets – and the reason is they have come back to life. They have a reason to live. They're up in the morning waiting for the children to arrive. They are literally living longer because of the company they are keeping now with the children.

In ancient communities, in many other communities, the elders are seen as the natural guardians of the young, and the bearers of the cultural genes. We've developed systems where we separate people out, and then we try to account for the problems that the system itself has caused for them. So this is a wonderful example, I think, of restoring the natural connections between the generations.

The other interesting thing about this is that this program started as an isolated program in the Jenks school district 20 years ago. It's now proliferated into districts across the country and in other parts of the world. You find more and more now that people are

recognizing the ancient magic and wisdom of bringing together the joy and the vivacity of the very young, with the wisdom and energy and common sense of the elderly.

This began as a simple project, but its implications and benefits have been hugely consequential. And it seems to me a wonderful example of how the best projects always have at least two – possibly three, possibly four – core purposes, which may all be wrapped up in the original one that seems very simple.

And I love this particular example, because this classroom is almost literally a Trojan horse that brings the young into the conventional care for the old, for the mutual benefit of both.

HOFFMAN: That, as you know, was Sir Ken Robinson. He's a career-long crusader for schools that nurture creativity instead of stamping it out. Watch his TED Talk, buy his books.

What I find so fascinating in Sir Ken's story is the way that the reading program and the retirement home are mutually reinforcing. The retirement home exists to care for seniors, but it has a secondary mission to help kids read. The reading program exists to help kids learn, but it has this remarkable second purpose to improve the lives of seniors. It's the same with many entrepreneurs.

I believe every great founder has a second purpose, something outside their main business they're trying to get done in the world. Every successful company is like a Trojan horse carrying the founder's other purpose forward.

[THEME MUSIC]

HOFFMAN: Hello Summit. I'm Reid Hoffman, founder of LinkedIn, partner at Greylock, and your host for Masters of Scale: Live at Summit LA. Over the next 60 minutes, I'm going to try to prove the theory that every founder has a second purpose, something outside their main business they're trying to get done in the world. Every successful company is like a Trojan horse carrying the founder's other purpose forward. And I want to help you visualize what I mean.

We all know the story of the original Trojan horse. An enormous towering wooden horse on wheels appears at the gates of ancient Troy. It was sent by the Greeks as a peace offering during a brutal 10-year war. But inside that horse, lying in wait, was the great warrior Odysseus and an elite team of 30 Greek warriors. The horse is wheeled into the city. The soldiers wait until nightfall, they sneak out of the horse and open the gates to the rest of the army. And that was it for Troy.

Okay, so bloodthirsty soldiers carrying out a massacre doesn't exactly speak to the higher purpose of business. Neither do the Trojan horse viruses that your IT department fights. But imagine instead, the perimeter you're trying to breach isn't the wall of a sovereign city or the

firewall of an unsuspecting internet user. Instead, you're trying to break through a different kind of wall. A wall of:

SINGER 1: Systematic prejudice.

SINGER 2: Intractable disease.

SINGER 3: Lazy assumptions.

SINGERS (ALL): Joyless existence.

HOFFMAN: Imagine the army you want to unleash from the horse's belly isn't there to inflict violence, but to tear down walls that limit the human experience. A Trojan horse is only as good or bad as its intended purpose. And today, we'll be studying the way that a business and a career can be a kind of virtuous Trojan horse, a well-built construction that carries the founder's second purpose forward.

SINGER 1: Hello.

SINGERS (ALL): Hello Reid, it is us your choir, singing joyfully as you say important things.

HOFFMAN: Yes. Thank you Masters of Scale choir. I appreciate that. Now onto the show.

SINGER 2: Reid.

SINGER 1: Oh Reid.

SINGER 2: We're sorry to interrupt you. We just wanted to say we think the theory is very interesting.

HOFFMAN: Thank you choir. Really appreciate that. Now please, on with the show. I have a very important guest to introduce.

SINGERS (ALL): Hooray.

HOFFMAN: *I'm going to step outside the live recording for just a moment to fill you in on who Robert F. Smith is, because you may not know his name – yet. Robert runs a private equity firm called Vista. They've acquired hundreds of companies, mostly software companies, and never lost money on a deal. Despite undeniable success, Robert has flown mostly below the radar until this year. And for that story we'll return to the live program.*

HOFFMAN: Robert is one of the most successful investors in America and he first hit national attention this Spring when he gave a commencement speech at Morehouse, a historically black college. During his speech, Robert announced he'd take on the student debt of every graduating senior – and this was just the most visible sign of the second purpose underlying his career. I want to welcome to the stage Robert F. Smith.

SINGERS (ALL): Robert Smith.

HOFFMAN: As you may know Robert, I have this theory I'm hoping we can prove together.

ROBERT F. SMITH: Okay.

HOFFMAN: I believe that successful businesses can serve as a Trojan horse carrying a founder's second purpose forward. When I look at your career, I see a second purpose. And to start us off, I'd like to share some of your own words back to you.

HOFFMAN: *A quick note: The clip you're about to hear came from a TV interview Robert did with David Rubenstein on "The David Rubenstein Show," which I think you might enjoy. This clip starts with Robert reflecting on the fact that his mother took him, as an infant, to the March on Washington, where Martin Luther King gave his most famous speech.*

HOFFMAN: Chris, can you play this clip for us?

SMITH [RECORDING]: I think the impact of her bringing me here...

For us to understand that our community stood for something. Our community was striving for something and it was important that we were a part of it. And I think that's part of my soul, which is I have to give back and help my community move forward in this wonderful country called America.

The greatest pleasure is to liberate a human spirit. And when you're able to liberate the human spirit and see that spirit really become its best self, that is the greatest thrill on the planet. The problems I want to solve now are an equalization of opportunity for African Americans to help them onboard into what is the commercial enterprise that is America. How do we create sustainable career opportunities for people – not just a job, not just a place to go work?

SINGERS (ALL): That's the end of the story.

SMITH: That was really cool. That's very cool. That's you. Thanks man.

HOFFMAN: So in listening to that, it seems to really express your second purpose: To liberate the human spirit and see it become its best self, and also equalize opportunity for African Americans and other groups. Have I got that right?

SMITH: I think you do. The beauty of growing up in a community is you have a chance to really participate in the values of that community. I was fortunate in growing up in a community that thought about each other. They thought about the children in that community, the elders in that community, and those who are working. And we worked together. I saw that reflected in the way that when we'd come home from school, if parents were working, that other parents who were not working would take those young kids – not just welcomed them into their home, but assist them with their homework, ensure they had nutritious snacks until their parents came home.

I saw it when it was time for me to start my businesses of mowing lawns and shoveling snow, that after I did my parents, I had to go do Mrs. Busby's and Mr. Moore's free before I could go make money by doing other yard work. And it showed me that you have a responsibility to your community in ways that you have to constantly think about it, and it has to be inculcated in your very fabric and in your very being, not as an activity that you do. So the advantage I think that I had in growing up in that community was I found that joy. And that joy comes quite naturally through that process.

HOFFMAN: So you grew up in Colorado, in an African American neighborhood, and as a child you were bused to a white school as part of the desegregation efforts. Can you take us back to that bus?

SMITH: Sure.

HOFFMAN: How old were you?

SMITH: Bus 13 and I was seven years old and it was first grade. My first day, I remember I had to walk down to the end of the... My older brothers were with me, walked down to the end of the block, get on the bus, and drive for 35, 40 minutes. Seemed like forever. To now walk into a community of students that looked nothing like the kids I was accustomed to. But like all things, the thing we figured out was guess what? We had more alike than we had different.

We all liked to do things like run fast and have fun and tell jokes. And over time we realized that we were now a community of students. And we didn't see each other through the lens of color, we didn't see other lens of economic position. But we saw each other as friends. And I just remember going to birthday parties, bar mitzvahs, all those sorts of things, as time went on, as we grew up. And it created a wonderful connectivity

as a human and as a human being. Those are the things that helped me realize that again, we are more alike than different. That was a big part of my upbringing.

My generation is actually the first generation of African Americans that have all their rights in this country after multiple generations of being here. Civil Rights Act 1965, I'm born a few years before that. And the dynamic that challenged me later, as I found out that there were a number of buses that were to really force this desegregation process in the schools, and somebody burned one third of the buses before that all got started. So only one bus came to my neighborhood and only four or five blocks of kids got an opportunity to be on that bus. And it was, of course, bus number 13.

HOFFMAN: The lucky bus.

SMITH: The lucky bus. It actually was, because all the kids who were on that bus. When I look at their lives now, on a relative basis, versus the kids who were just one block away, you see a vast difference in social economic progress, in educational opportunities, in the strength to what they bring to the communities that they live in now – not all of them live in that same community.

And as I've kept in touch with them as his childhood friends do, you see a stark difference from kids who are maybe two and three and four blocks away or eight blocks away who didn't get an opportunity to get on that one bus. And so you start to realize the importance of fundamental education and caring communities that realize it's important to educate all the citizenry in a way that they can then contribute – because if you don't, then they no longer contribute and then you have issues you now have to deal with in different ways, as opposed to enabling young people to be effective citizens in their communities.

HOFFMAN: Exactly. Totally. So when I was doing a little bit of research for this interview, I happened upon this story that you know but I want to ask of you because I want to make sure everyone's heard it.

SMITH: Sure.

HOFFMAN: So when you're in high school, you applied for an internship at the legendary Bell Labs. Well you didn't just apply, you applied... and applied... and applied... and applied.

SMITH: Right.

HOFFMAN: Can you tell us that story?

SMITH: Sure. So I actually had a chance to take a computer class in high school. I was a junior in high school and I was starting to learn programming, et cetera. And I asked my teacher at the time, I said, "How's this actually work?"

"Oh it's run by these things, by a transistor."

And I said, "Well, who came up with this thing?"

And he said, "Well, these folks at Bell Laboratories."

I said, "Well, is there one around here?" There was actually one in Denver. And so I called them and I said, "Hey, I'd like to get a summer internship at Bell Labs." And this was in January.

And they said, "That's great. If you're between your junior and senior year in college, why don't you come and apply?"

I said, "Listen, I'm a junior in high school and I'm getting all A's in my AP classes. It's just like being in college."

They of course said, "No, it isn't."

So I call the human resources director every day for two weeks. She stopped taking the call after the second day. And I left a message and I called every Monday for five months. And I got a call back in June. And my dad says, "Hey, some woman from Bell Labs called, wants you to call her back."

I give her a call back and she says, "Listen, can't guarantee anything, but why don't you come down and interview." I had one suit, I had a '69 Plymouth Satellite, and I had \$4 worth of gas, and I got there. And I got the job. And when I asked her, I said, "Well, what happened?" She said, "A student from MIT didn't show up."

And so I'm sure that persistence left them with some impression that this is someone who really wants this job. And I wanted to ensure that they understood how much I was grateful for it. And so not only did I work every day, but Saturdays and Sundays. And the most important thing that came out of it for me was this lesson that I like to impart: is the joy of figuring things out.

You know, my mentor was a guy by the name of Vic Hauser, a distinguished member of technical staff. Had, I think, 35 patents to his name, a PhD in what was called solid state physics at the time – just absolutely brilliant. And we shared an office. The importance of mentorship: elder, you know, youth.

HOFFMAN: Yes.

SMITH: And it was quite fun, because, you know, I said, "Well, what am I going to do this summer?"

He said, "Well, we have this thing that's called an operational amplifier. It's failing in the field, and your job is to figure out how it failed and how to fix it. And if you have any questions, you should ask me. There's a library down the hall, and you've got the full resources of Bell Laboratories." And he kind of turned around. And for a while, like, that struck me as like, "Wow, that's kind of rude."

And then I said, "Okay, let me go down and figure out what an operational amplifier is, what it's supposed to do, what this isn't doing." And then I'd come back and I'd ask him a question, "Okay, well, explain this to me," and he would literally get on the whiteboard for two hours.

And I would ask questions, and he said, "Do you have any more questions?"

I said, "Nope, I'll be back tomorrow."

And then I'd go and figure out, and get more information, and come back and ask more questions. And it turns out, I was a high school summer student. I ended up with the best project, and the best result out of all the college students that were there. And it was because of the process. It was because of the true mentorship and engagement that I had with Vic that made all the difference to help me understand the joy of really figuring out things, as opposed to somebody telling you how it's done.

HOFFMAN: Totally awesome.

SMITH: Yeah. So it was a great experience.

HOFFMAN: On most episodes of Masters of Scale, I start out by asking my guests about their formative years, not just out of general interest, but because there are often events in our early lives that foreshadow where our paths take us. And of course you can hear in Robert his persistence, his problem solving, his curiosity, all indicators for success. But I think you can also see the glimmers of that second purpose, that desire to give everyone an equal opportunity to find and fulfill their potential. Not all leaders have that. Some won't find their second purpose until much later, and they might already be on their second or third venture before they do. Think Bill Gates coming to his foundation work much later in life. But the seeds for Robert's second purpose in life were there early.

HOFFMAN: *At this point in the program, my interview with Robert jumps forward around 20 years. At the Live event, I asked the Masters of Scale choir to fill us in on what happened in Robert's life between his Bell Labs internship and founding his company, Vista. The live audience could see the lyrics as the choir sang.*

So for you, podcast listeners, let me quickly fill you in: Robert attends Cornell and becomes a chemical engineer. He earns patents. He gets an MBA and becomes an investment banker. He helps Goldman Sachs start their San Francisco office, and is part of the team that brings Steve Jobs back to Apple. And then, Robert founds Vista and our story picks up again. Here's a taste of the song.

SINGER 3: He's the Robert Man.

Robert man, goes to work at Goldman Sachs he did, Robert Man.

And he decides he won't wait a long, long time to scale a business that can be sublime.

He's not just an investor ordinaire. Oh no, no, he's Robert Man.

Robert Man, who brought Steve Jobs back to Apple y'all.

Goldman Sachs ain't the kind of place to change the world.

SINGER 2: No it ain't.

SINGER 1: In fact, it's cold as hell.

And there's only one thing Robert could do, as the story unfurls.

HOFFMAN: *That parody got a standing ovation in the room, by the way. We'll share it with you in full at the end of the episode. Which brings us to the next question I had for Robert. One of the things I find fascinating about Vista is the way they hire. They have every incoming employee take a test, which helps identify hidden abilities, particularly for technology and sales, both of which are in great demand in Vista companies. This test has been known to identify hidden tech talent in people who were previously working relatively menial jobs. I wanted to learn more.*

HOFFMAN: You started Vista and Vista owns a number of tech companies. I want to dig into one specific aspect of Vista that's related to your Trojan Horse, and that's how you hire. So, all of Vista companies need to hire technologists, and if I understand correctly, at Vista you've developed a unique way to identify people with an aptitude for technology and a way to help

them unlock their potential. What is this system? How did you come up with it? What makes it special?

SMITH: Yeah. So the way I'd like to characterize it is really thinking about business performance enhancement through talent acquisition, not just an aptitude test. You want to find people who have certain attributes for certain jobs, kind of a lock and key. And you want to find people who, as a group, you want your sales group to accentuate certain attributes and diminish certain attributes in the group as a whole, or in your services organization.

And just not to give away all the secrets, but one way to think about it, for instance, in a customer service organization you want people who are patient, you want people who like to teach, and you don't want people who are necessarily assertive or combative in their personality profiles, whereas you may want to have a little bit more of that in your sales organization.

And what we do at Vista is think about how do you deliver that at scale systemically? And we now, as folks probably know, have about 68 portfolio companies, well over 70,000 employees, and we have about every 30 months or so, about 1.3 million people apply for jobs across our portfolios. About a third of them opt in to taking these tests and we hire about 4,000 or 5,000 to fit in there, because we want them to be successful and to be happy.

HOFFMAN: So this focus on talent from the very beginning. Say, is there like a story or two or –

SMITH: Or 500,000.

HOFFMAN: Or 5,000.

SMITH: Yeah.

HOFFMAN: But one of the ones that will make it more tangible for people. Like, "We find this kind of person and this is the kind of role that they find within a Vista company."

SMITH: Yeah. So, I mean we've got a few. I have a person who I'm thinking about. This young man was actually, graduated with a BA in, I think it was psychology, and was basically a bartender and a juggler. That's how he made his money after, psychology majors typically have to do. And, you know, came in, took the exam, found out he would be a great sales leader and said, "Well, I've never done sales before".

So we trained him, and now is running an international sales organization for one of our biggest companies. I want you to think about that, right? So from making \$4 in tips a juggler to now running international sales for a very large multinational corporation. That

person would have never got looked at by probably any other software company or tech company. But our system, we think, creates an opportunity for inclusion and meritocracy and training to develop what might be your innate skill and talent and how it fits within software companies.

We have a CEO, to give you an example, and she runs one of our great software companies, who came in almost 10 years ago and she was in a services type of role, tech services. We did our evaluation. So highly talented, capable, good work ethic, all those sorts of things, and so we put her in our Accelerate Program and she did well in that. And then we moved her from there into our HVLP program, and then a Pinnacle Program. So 10 years later, this person who came in as basically a supervisory type level in technical services is now the CEO of a software company and she is performing spectacularly well, right?

HOFFMAN: It strikes me that this scale process and methodology also really helps with the Trojan Horse theory that we're doing, the secondary purpose, because aren't you also finding that it's unlocking the spirit, the human potential in these underrepresented communities?

SMITH: You got it. Now, with many folks that, you know, when you're coming out of college or you may have ended up in a job and you're kind of there because it's the job you got, but you don't necessarily know if you would be better suited for something else. So the overlay we have across all of our companies is now development, something that I think is lost in a lot of companies.

So that as a dynamic that morphs the culture of an organization and every one of our companies, it's interesting, one example is the net promoter score, it's an external kind of read on how your customers... All of them always, they go up, dramatically, and I'm convinced it's not just because we provide better services and solutions and are faster. I think they are finding that the employees who are engaging with the customers actually are happier because they feel like they have a purpose, they feel like they found more of their own purpose, and they can execute that purpose within the company.

And so what we're doing is preparing them to be promoted, preparing them to be leaders, and preparing them to be highly effective managers and supervisors in the company. And when you invest in people in that way, you typically get greater output. That's what I call the liberation of the spirit, and that comes in that context as they see that you're actually investing in their development.

So we do some things that are very different than other private equity firms and frankly, I think we do some things different than what you see in other software companies, and not surprising, our results, I think, reflect that. So it is a systemic way, we think, to enhance the environment of every one of our companies so people feel that they can liberate their talents and capabilities and have a better fit.

HOFFMAN: I had a couple of comments, because part of how you get a much better kind of diversity inclusion is not just relying on the resume.

SMITH: Right.

HOFFMAN: But actually relying on... Say another few sentences so that the entrepreneurs can understand what...

SMITH: Sure, I think one of the critical things that we do is, and we're moving much more to what I call the non-biased application process, right? So, as we start to input, we're looking for certain skills, talents, capabilities.

I kind of don't care what school you go to, if you do well on our exam and you actually have the personality profiles to fit well within a software company, we want to interview, we want to figure out if we can develop you to work within our companies. And for entrepreneurs out there, look, if you have certain people that come from just one community and one fraternity or sorority, you're going to have a very limited set of inputs for what will be a product that hopefully that satisfies a much broader opportunity of customer base.

Now if you're saying, "Hey, I'm only doing something really niche," okay, maybe that's fine. But most people are looking at global products in that context and you want to have global input. You want gender, racial, ethnic diversity in all of the thinking processes and the delivery processes, and we found that to be probably one of the more effective...

One of our companies in Minnesota, which we bought two years ago, they were doing well, 20 plus percent top line growth, et cetera. They adopted our hiring processes. They've increased the number of women that not only they see, but they hire now by 50%, and African Americans by 100%, and guess what? They're growing a 40% top line now.

HOFFMAN: Yep.

SMITH: Okay. So there is a correlation. And most people just don't have the courage, because you kind of hire what you know and what you see as opposed to building solutions that can actually help you scale your business more effectively, and frankly more efficiently, through different methods.

HOFFMAN: Yep. Awesome. So Robert, there's another moment where I'm going to share a thought with the audience and then see what you think about it.

SMITH: Okay.

HOFFMAN: In listening to Robert describe Vista's hiring test, I want you to notice how Vista's business is enhanced by Robert's second purpose of equalizing opportunity and liberating overlooked human potential. And this is important. You can only combine your second purpose with your company when the two are mutually reinforcing, otherwise you risk jeopardizing both your goals. Robert, how do you think about this?

SMITH: I think with all businesses you have to think about what is sustainable? And since we just had our beautiful rendition by our choir, I'll use the metaphor of harmony. You have to think about making sure that you're integrating harmony in the movement of that company. Companies, they are organisms. Those organisms have parts to them that contribute and they are your people and your intellectual property and the vision and the mission and the ideas about what it is that you're looking to create.

And you have to look for, like all things, when you're sitting back as a senior executive or even as a manager, if you don't feel like you've got the harmony of purpose and intent reflected in the output of product or service, you really need to take the time and rethink it and then redesign your organization or redesign the composition of your teams, and you got to really find that and feel that. You know if something's not working well, and rather than say, "Well, let me just push that through and I'll deal with it later," because in the world of software, that creates what we call technical debt, right? Which is the biggest bane of enterprise software companies. It is more important to actually take the time to sit back and think.

I think that's one of the biggest challenges that we faced with every one of our senior executives is to get them out of the mode of reacting and get them in the mode of thinking and saying, take the extra time to think about what we call is the "engineered solution," which is more harmonious, continuous in its operation, and the output has fewer errors, as opposed to just forcing it through and hoping it'll be okay on the other end.

That's what gets most entrepreneurs and companies in trouble, because they build mountains of technical debt that they then can't service, which creates a group of customers who are dissatisfied with what it is that they're expecting and what it is that you're delivering. And that's what creates the faltering of businesses.

So part of it creates an opportunity also to go and engage with those businesses as Vista. But I really think about that holistic approach to business, and when you do that you have the chance now to not only liberate the creative spirit in those companies, but frankly a higher output that then can impact their communities in more effective ways, because of the more those companies are thriving and the people are excited about being there, they actually can give back to the communities in many ways. And for us, we leverage coding classes and those sorts of things, ensure our companies go and

participate and ensure that they're participating in what I'll call the stabilization of the community, just like the community that I came from.

HOFFMAN: Okay, now for one of the most delightful things I've seen all year. Robert, this is of course the commencement speech you gave at the graduating class of Morehouse College this Spring. Chris, can you play that video please?

SMITH [RECORDING]: So, I was a small, among a small number of kids from my neighborhood who were bused across town to a high-performing, predominantly white school in Southeast Denver. That policy of busing only lasted to my fifth grade year, when intense protests and political pressure brought the end to forced busing. But those five years dramatically changed my life.

Everything about my life changed because of those few short years, but the window closed for others just as fast as it opened for me. And that's the story of the Black experience in America: Getting a fleeting glimpse of opportunity and success just before the window is slammed shut.

We all have the responsibility to liberate others so that they can become their best selves. In human rights, the arts, in business, and in life. The fact is, as a next generation of African American leaders, you don't want to just be on the bus. You want to own it, you want to drive it, and you want to pick up as many people along the way as you can.

Men of Morehouse, you are surrounded by a community of people who have helped you arrive at this sacred place and on this sacred day. On behalf of the eight generations of my family who have been in this country, we're going to put a little fuel in your bus. Now I've got the alumni over there, and this is the challenge to you alumni. This is my class, 2019. And my family is making a grant to eliminate their student loans. Now, I know my class will make sure they pay this forward. And I want my class to look at these alumnus, these beautiful Morehouse brothers, and let's make sure every class has the same opportunity going forward.

HOFFMAN: Yes indeed.

HOFFMAN: *This was another standing ovation in the room, by the way.*

HOFFMAN: So obviously that was such a powerful moment, and I believe I'm right in thinking this is one of the first interviews you've done since that commencement speech.

SMITH: That is right.

HOFFMAN: So why did you choose to make that amazing gesture at Morehouse?

SMITH: A lot has to do with, again, how I grew up. I'm kind of choked up a little bit. Thanks for that wonderful applause.

SPEAKER: You deserve it.

SMITH: Thanks. Thank you. Again, it's coming from a community that cared about each other. I just actually, as you know, arrived from South Africa a few hours ago and was reminded of that by a beautiful talented woman who was actually the widow of Stephen Bilko. And we had lunch, we talked about this concept of Ubuntu, which is the love of humanity. If you think about it, philanthropy is the love of humanity. And when you think about your community, how do you love your community? You share in the bounty with that community. In some cases it's the wisdom, it's the teachings. Some cases it's the time. It's nourishment in some cases, in some cases it's a bed for someone to sleep on or gentle words of encouragement.

And when I think about my community, which has multiple layers to it, and I thought about that Morehouse community of these young African American men who have an unfair burden in this country on so many different levels, and I thought, how can I help them with burdens that I can help with? One way is to alleviate the debt, not only for them on them, but the debt that most of them are also responsible on their families. And to give them a chance to liberate themselves in their communities through their actions, as opposed to walking out \$40-50,000 dollars in debt, having to take a job to service the debt, and 20 years later not having had a chance to really deliver what their hearts and minds say are the right first purpose, into the community that they came from.

I told these young brothers, I said, now you figure out how you're going to practice Ubuntu. How are you going to now figure out how you're going to deliver back to their community? And I hope they choose, a quarter of them decide that they're going to be teachers and teach programming and engineering in their communities. And I think, I hope a quarter of them become brilliant chemical engineers because I like them generally. But engineers...

HOFFMAN: That might get a song later, who knows.

SMITH: Yeah that might get a song about them later. I hope another quarter of them become doctors and deal with the healthcare disparities that our community deals with in this country. And I hope a quarter of them become politicians, and use their strength and capacity to change policies so that we don't have to have only one bus in their neighborhood.

HOFFMAN: Yeah. Amen. And one of the things that we were talking about as we were kind of backstage and getting ready is kind of the differences of opportunity. The access to the

American dream, and when you have the ability to play offense versus defense. And you know, part of what you were doing was saying, look, I'm going to give you a chance...

SMITH: To play offense.

HOFFMAN: To play offense, right? To play it for it and play offense. So say a little bit about the offense and defense.

SMITH: We were talking about this and you know, Reid and I were backstage saying, here we have two successful people, one of them more handsome than the other. But clearly the other one's better dressed.

HOFFMAN: That's still you too.

SMITH: No. Aw, you're just being kind. And when I think about, you know, when you grow up African American and a male in this country, you spend so much of your time playing defense. And you and I talked about that, you know, some of your college friends, just in the way that they had to present themselves just to go out. You know, driving down the street, going to a job interview, being in an environment that is very, very different.

You know, I wasn't as familiar with this then, but I got more familiar with what I call it, the look, and the folks in the community know when you walk in and somebody doesn't know that you are black and you get this look. And the surprise. And then they'll kind of look at the other person, if you're with somebody else, and they're having a hard time reconciling you in the context of who you are, being Black in that room, and you know the leader of the organization, what it might be.

And so you have to work on a whole different set of skills to progress and be effective. And it's a whole different burden. And look, everybody has burdens, but this is one I know that I'm uniquely familiar with. I still feel and see and experience every single day, in different contexts.

And it's important to have a system that you can draw on that gives you the strength to deal with that, because it comes from institutions, from people, from governments, and you just have to know that you have to play so much defense, which keeps you from playing more offense. And if I can enable some communities to now liberate their potential and their beautiful creative potential to now play a whole lot more offense, I think we're going to see an acceleration in this country of opportunity for everyone. That's how I think about it. And again, look, I just want to continue to do my part to make that happen.

HOFFMAN: Well, one of the things that I think is really important is it's easy for, you know, folks with my skin color say, "Oh, that's the system's problem. And everything else."

SMITH: What you're saying is white males. Go ahead.

HOFFMAN: Yes, yes, exactly. Say, "Oh yeah, yeah, the system should be fixed." But actually, in fact, I think on these kinds of problems, if you're not part of the solution, you're part of the problem. Right? And so part of the thing is how should we all be thinking about how do we enable more of these communities as I think, borrowing your language, were embargoed from the American dream, right, to play offense? What are the things we should be doing? How do we pay it forward?

SMITH: I think we have to actively construct on-ramps, and this is going to be a little bit of a long narrative, but I'm going to compact it as much as I can. The way I think about it is the opportunity today is a utilization of computing power to create businesses, jobs, insights, all those sort of things. I mean this is this whole thing, concept of this fourth industrial revolution dynamic. You know, when you and I were coming up, computing power was controlled. Today, it is ubiquitous. Because of that, all of the rest of the planet now has access to it. And because of that, and we of course bring people here, educate them here, and make them go back to their home country, so we actually lose the intellectual property that way – but there's going to be a massive innovative dynamic that is going to be, you know, exponentially bigger in mass and scale than what we can produce here is 370-380 million people. You see what I mean?

And if we say, okay, we're going to take 380 million people and guess what? We're only going to count half of them. Okay, first of all by gender. And then we're going to only count a certain amount because of race and ethnicity. And now that's your engine that you got to compete against billions of other people who now have access to these same tools and capacity. We will lose. So what we have to do is enable all of our citizenry to be effective in a global economic construct, which means creating on-ramps for those who don't have – in some cases it's on-ramps for just basic education like we're talking about. And of course, in some cases it's food and healthcare. So you can get them to a point where they can actually be educated and be supportive.

And then what we have to do, certain things, is actually drive those on-ramps of opportunity through internships, through mentorships, through dynamics that will accelerate our opportunity to participate in a robust global economy where we will be outnumbered very shortly because we actually are. Okay, but potentially outgunned because of the capacity, computing capacity is almost equalized. And it's going to be outstripped pretty quickly. So that's what we have to do. So that's kind of point one.

Point two, what we have to do is understand that we are in this together. You know, we all came from the Southern tip of Africa, you know, 115,000 years ago or whatever the number is. Guess what? Yeah, we evolved in kind of different ways, but you know, we are humanity and we have to use our humanity to keep our planet safe so that we can actually evolve as humans. Right? So I mean, there's a whole dynamic that we have to be thoughtful about and have to take leadership in that is real, it's direct, it's deliberate, and we have to be intentional about it. And that's intentional in policy, intentional in action – not just government action and community action, but corporate action. Okay. Thinking about how do you drive sustainability in everything that we do holistically?

My biggest asset at Vista, ultimately, is our people. So I have to have sustainable environments for their development and growth. And others have to think about, you know, sustainability and the natural resources that they're consuming. In our industry, it's power. How do we create sustainable power dynamics around all of the servers? But we have to be intentional about it, thoughtful about it, and then be deliberate about driving specific actions to make those changes. And to me, that's where we have to go to ensure that we have survival and then the ability to thrive as humanity on this planet.

HOFFMAN: Amen. So one of the things that when we were talking backstage that kind of shocked me and saddened me was some of the awful responses you've had to your Morehouse, right? And it's this amazing thing saying, "Look, I'm trying to enable the next generation we're trying to play offense, to pay it forward and to unlock potential." And yet part of the experience of being a leader of color is that you also get this weird blow back. Share a little bit with what's going on. So people know that cause it was so shocking.

SMITH: You know, like all things as you got to know me a little bit, I don't like to really talk about the negative stuff that happened because I don't want to give it any energy, in all honesty.

It suffices to say there are a lot of people who don't want to see people of color still accelerate in capturing opportunity for themselves and it's community. And in a baffles the heck out of me because I'm saying you know, you worry about these communities all, you know, well if you enable those communities to be self sustaining you won't have to worry about those communities because they're trying to get resources to just feed their kids and educate their families and all those sort of things. I mean, to me, that's a dynamic. But yeah there is visceral blow back that I get all the time. And you'd be surprised from where and you know, you and I chatted about this, and it is frustrating on the one hand, on the other hand, it is an empowering in saying, "I know that I have a job to do and I've learned that I also have a role to play."

You know, I had a dear friend just pass away today, Bernard Tyson, who I just loved so dearly. He was CEO of Kaiser Permanente, and he and I talked about this, he was one

of only three black CEOs of Fortune 500 companies. And he and I talked about this, it was as recently a couple of weeks ago.

He said, "We realize what we have to do and it is to drive and set examples and to liberate people." And a lot has to be with our people. And it's a heavy burden. And you know, the past is littered with a whole bunch of folks that look like Bernard and I, who at some point in time they're like, okay, just, it's enough. But I also realize I have, I owe that to my community, owe that to my mother, my grandmother and grandfather, and great, great... I mean those eight generations, because they survived enough for me to be here. You know, Ubuntu. I am here because of them. So I know that I now have to drive that forward with my last breath.

HOFFMAN: Well, and part of the reason I wanted you to share that, and thank you, is because it's part of the highlighting of why it's important that we all get in this fight with you. Right? There's not just you. I mean, we honored the courage, the tenacity, the grit, the insight, the application from the business world to the philanthropy world and this reinforcing loop. But it's not just you. We need to be there with you.

SMITH: I appreciate that. We are a community of Americans that, you know, somehow we're becoming a little too fractured for just stupid reasons. We really have to understand that the rest of the world looks to us to provide leadership and a moral compass that is true, and frankly, is comprehensive about being a human on this planet and we have to seize that as a true responsibility and make sure we exhibit that through all our actions and our deeds and most importantly the way we treat others.

And by demonstrating that, I think we can get, again, not that the rest of world is – because a lot of folks in the world are saying, "no, we're now exceeding you all in terms of having a true moral compass." But I think those are the things that will give us really the mantle of leaders on this planet with the right intention and purpose. So I'm excited to be here with you and part of this fight.

HOFFMAN: You too. One of the things that I think people who are familiar primarily through this amazing act of generosity of Morehouse, they don't realize that you've been doing just tons of philanthropy and applying your business acumen across, you know, the different ends: it's fighting cancer. It's donating not just alma maters, but museums, wildlife conservation. You know, you're the chairman of the board at Carnegie hall. What are the lessons that you bring as this just amazingly successful businessman and entrepreneur to philanthropy that's in addition to the pay it forward, in addition to the talent and the inclusiveness? What are the other things that you think people should think about?

SMITH: Sure, that's a great question. You know, I spend time with one of my partners, you know Brian Sheth and we talk about what is it that we really can do besides donate money? And what we're really good at is donating intellectual capacity, organizational

skills, and you know, sometimes motivation. Right? But I think the most important thing that we can do is bring some of the things that we've learned in businesses, in saying how do we make a more efficient and sustainable philanthropic thrusts in all the things that are important to us?

And do it in ways that not only change the nature of the mission that we're going against, but actually enables the people who are fulfilling that mission to expand their capacity. Again, that whole training pyramid. I think that's really the lesson that we've learned and I know that I've personally learned is, it isn't just the money or the time, it is bringing organizational capacity to inspire others to expand their philanthropic impact. That sustainability at scale is, I think, the right way to really think about philanthropy today.

HOFFMAN: So, absolutely. So last question for this part of it, enormous amount of adversity, driving forward, and yet you're still fundamentally driven by optimism. Say a few sentences about that.

SMITH: Yeah. You know, and I think maybe it is... I think when you grow up in a community like I did, we were always looking for, I call them my community, you know, reaching the American dream. And many of my parents, my parents' friends, they knew they weren't going to achieve it in their lifetimes, but they knew they had to work hard to enable me and my generation to hopefully achieve it. And so I know it's my role to ensure that there is no revision. You know, Skip Gates wrote a beautiful article today, I think it's Sunday today because I've been traveling forever, but in the *New York Times*, and this whole idea about the reformers came and said, they wanted to change. The word reformers is misleading, because what they wanted to do is kind of revert back to the mean after reconstruction. And they were effective at that.

And so what you realize is you have to constantly apply the pressure forward to make a more just society and a society that we want our children to live in, that gives them the opportunity to be who they want to be and to contribute in society in very positive ways.

And as you all know, there's nothing more beautiful than a harmonious society. Nobody wants to live in discordant society with anger and fear and hatred and all that. That's no fun, for anyone. Just takes too much energy. But you know, if you're able to bend that, call it that arc of humanity a little more towards justice as Dr. King said, I think that is really where we all want to be. And you know, like I travel all around the world, and when you have the wonderful conversations with people, they have that same desire. They have that same goal. They may have different pressures that are bending it in ways that they're not comfortable with, but I think we just have to continue with the optimism and the actions that we know are going to actually flex it in the right direction.

HOFFMAN: Absolutely. Well. Thank you Robert. That was awesome. As we've seen throughout the evening, Robert is a perfect example of a great founder with a second purpose. Something

outside his main business that he's trying to get done in the world. For Robert, it's equalizing opportunity and liberating human potential. So everyone can contribute to business and to the world at the top of their talent. Your second purpose doesn't need to be as massive as Roberts, but it should be significant and close to your heart. You probably already know what your hidden mission is. The challenge is finding a way to nestle it in the Trojan horse of your company or your career as the two are self-reinforcing. Robert, any final thoughts?

SMITH: I'm glad you asked. I was thinking about this. You know, one of the most important things that everyone can do is not only enable their second purpose to live, by speaking it and organizing around it, but to challenge yourself to drive it to scale. So beyond, many of us say, "Oh, here's my goal, here's my mission and that's what I can..." You actually have more capacity than you probably think or give yourself credit for.

So make sure you give yourself that additional challenge: If I'm going to do this, how do I now do it at scale? And believe it or not, it isn't always accomplished through more money. It's often better organizational design and the thoughtfulness about your skillset and leveraging your skillset. And so I would just encourage everyone to be more thoughtfully creative and intentional about making these changes, expanding your second purpose, and giving it light and air, and liberating your human capacity and your human spirit in that way. And do it at scale.

HOFFMAN: Before we bring the show to its close, I hope you'll subscribe to the Masters of Scale podcast. I want to thank you Robert, and thank you also, Sir Ken Robinson. Thanks to our producers, to our sponsor, thought exchange and thanks to all of you for joining us. You've been a great audience.