

## MoS Episode Transcript – Josh Silverman

**SCOTT SUKO:** We built a four foot by four foot image of the Earth, completely solid, filled with dominoes.

**REID HOFFMAN:** That's Scott Suko, engineer by day, domino artist by passion. He founded the Maryland Science Center Domino Team. And his team creates enormous, intricate domino art displays like the one he's describing: [It showed the moment the dinosaurs went extinct.](#)

**SUKO:** We had a comet destroy the Earth right under the nose of a real T-Rex.

**HOFFMAN:** I feel I must point out that it was the skeleton of a real T-Rex on display at the museum and forced to reenact the trauma that had killed it 65 million years ago. With tens of thousands of tiles, the display took a week to build. The scene was expansive and unexpected.

**SUKO:** We had these white and red larger and larger pieces of dominoes that would spread out and recombine that looked like comets. And then finally the last one smashed right into the Earth and it fell down right underneath the nose of the dinosaur. That was my favorite one ever.

**HOFFMAN:** As any domino artist knows, creating a display of galactic proportions requires a keen attention to detail.

**SUKO:** You have to be very meticulous, mathematical.

**HOFFMAN:** And by meticulous, he means *meticulous*.

**SUKO:** You have to understand how the dominoes are supposed to be spaced apart on a curve, how you do a split off, how long it's going to take to fall.

**HOFFMAN:** Throughout his 40 years as a domino artist, Scott's learned how to solve very particular problems. Like how to prevent your entire display from going down if a single domino wobbles during the week-long set-up.

**SUKO:** One of the biggest problems we have, especially doing the live domino topple, is that things will get knocked down ahead of time and then you won't be ready to go. So to protect the topple we use stoppers, domino stoppers.

The stopper is like a wooden flange or a plexiglass flange that you put in the row of dominoes, you can tip it up to pull it out, and you can do that very quickly and very reliably.

**HOFFMAN:** Each of these ingenious measures adds up to a domino display of extraordinary scale. But to achieve this, Scott can't get lost in the details. He needs to keep his eye on the big picture as well. Like the 25,000-domino depiction of life on Earth...

**SUKO:** We had this thing we called the Domino DNA Spiral. We made a double spiral staircase and it had rows of dominoes going up the edges. And at the top of the tower, a domino pushed a weight, which fell off the tower, and flipped a lever that caused the sunflower to pop up. So that was how we were trying to represent life through dominoes.

**HOFFMAN:** To represent ALL of life through dominoes, Scott is constantly shifting his view, from a wide-angle lens on the room-size tableau he's building to the tiniest details that bring the towers and flowers and T-Rexes to life. And the same is true for entrepreneurs.

I believe the best scale leaders know exactly when to dive deep into details, and when to zoom out for the wide-and-high view. They see the forest AND the trees, right down to the aphids on the leaves and the ecosystem that fuels the forest's growth.

#### [THEME MUSIC]

**HOFFMAN:** I'm Reid Hoffman, co-founder of LinkedIn, partner at Greylock, and your host. And I believe the best scale leaders know exactly when to dive deep into details, and when to zoom out for the wide-and-high view. They see the forest AND the trees, right down to the aphids on the leaves and the ecosystem that fuels the forest's growth.

Every early-stage founder will wrestle with the challenge of getting out of the weeds, and keeping an eye on the horizon. But you can take this too far. Your big picture strategy can fail based on the seemingly smallest tactical blunder. And if you spend too much time with your head in the clouds, you'll miss the calamity unfolding at your feet.

It's not about finding a common ground between these two viewpoints. Nor even about having trusted lieutenants to scout for you – though that is important.

What you need to be able to do is switch effortlessly between the two views. You need to be both the drone hovering above the field observing the whole game and the microscopic quantum field that determines how the opening coin toss will land. And most importantly: you need to know exactly WHEN to switch between these perspectives.

I wanted to talk to Josh Silverman about this, because he's demonstrated this ability with a string of iconic companies: Evite, eBay, Skype, and Etsy. In each case, Josh's ability, to flip between the macro and the micro helped them synthesize new strategies that made the difference between reaching the next level of scale and shrivelling on the vine.

Josh discovered the power of taking a different perspective when he was struggling in high school.

**JOSH SILVERMAN:** I was a C+, B- student and I just didn't do well with all the structure in the traditional public school. So, I ended up going to an alternative public school that was set up for people who were on the verge of dropping out.

And it was highly unstructured and the idea was "You've got to pass the state exams" – so the outcomes are well defined by the state – "how you get there is completely up to you." Suddenly, I flourished.

**HOFFMAN:** Josh flourished under this challenge to find his own way. And I see this in a lot of great leaders. It's not that they don't thrive in structure. It just has to be a structure of their own making. Asking this type of leader to work inside a rigid framework is like giving an artist a coloring book and telling them to keep within the lines.

**SILVERMAN:** If I look forward in life, the beauty is creating structure in a world that's highly unstructured. You just have to figure out what are you solving for and what information do you have and you need to make decisions. You need to be able to create structure in very unstructured environments.

**HOFFMAN:** Josh went on to Brown University, and then spent two formative years working in Washington DC.

**SILVERMAN:** In Washington, you get one page to explain to the member you represent the issue. It's a paragraph on the pro, a paragraph on the con, then a recommendation. The ability to synthesize complexity down to its absolute essence was something that I spent two years honing in Washington.

And that has been so valuable for me for the rest of my life, because when you're a leader of an organization of any scale, you've got to be able to communicate to investors. You've got to communicate to employees, to the press, to customers, you've got to boil complexity down to its simplest essence.

**HOFFMAN:** It's easy to dumb ideas down. But to simplify complex ideas in a way that captures their essence? For this, you need to zoom out and get the widest context. And then sometimes zoom in, to show the one tiny detail that makes everything clear. It's a skill that I discovered the value of when I moved from the academic world into the business world.

**HOFFMAN:** When I moved from the academic world to the business world, I thought my personal competitive advantage would be the fact that I could manage complexity in my head. That I had a better ability to have a larger map, a more strategic map, a composition, all the ideas of mastering a complex system and putting it all in my head,

somewhat of which is a parallel to sometimes how engineers think about engineering problems.

However, as businesses scale, what I learned was that actually in fact, businesses can actually only implement simple strategies, like once you have more people and more things going on and more kind of a, a larger scale effort. The problem is a complex plan or a detailed plan means many more ways the systems can screw up and then people can become mis-coordinated, parts of the product or the technology can become mis-coordinated, et cetera.

And so being able to boil it down to a simple plan is actually, in fact, very important to scale. That doesn't mean that there aren't still a lot of details within it, but that means that everyone can have the exact same simple plan in their head. And so that ability to distill it is critical.

**HOFFMAN:** After his stint in Washington, Josh got his MBA and worked as a management consultant. He then had an idea for his first start up.

**SILVERMAN:** The idea was I was working 80 hours a week, so I was free Friday night at 8:00 PM to go to dinner with friends, but I had no time during the week to organize it.

**HOFFMAN:** Josh set out to build a tool for online invitations. He named the idea "Together".

**SILVERMAN:** So I quit my job with no business plan, no money, no co-founders, nothing.

**HOFFMAN:** A friend pointed Josh toward another startup with a similar idea, called Evite.

**SILVERMAN:** Evite was a way better brand than Together. And Al and Selina, as you know – you know them – they're amazing.

**HOFFMAN:** That's Al Lieb and Selina Tobaccowala. Selina, of course, featured in our episode "[Let Fires Burn](#)." But what I want you to notice here is how Josh reacted. He could have said "Oh no! Competitors!" Instead he said "Oh good! Collaborators!" Josh ended up joining Selina and Al at Evite.

**SILVERMAN:** So I had a business plan and the ability to raise money and they're great product and tech people.

**HOFFMAN:** The first thing Josh did at Evite was zoom in for details. He started by asking individual customers: What's your favorite feature?

**SILVERMAN:** No one said it to us this way but what I understood them to mean was Evite gave them something they could never have before, and that's knowing who's going to the event before the event. We gave you something you always wanted and could never get.

"Hey Reid, do you want to go to my house for dinner on Friday?"

"I don't know, Josh, who's coming?"

**HOFFMAN:** Yes, exactly.

**SILVERMAN:** You didn't get to do that.

**HOFFMAN:** By diving deep into the details with Evite's users, Josh realized that the "Who's Coming?" list was Evite's killer function. And it was a feature their competitors overlooked. The next step was to zoom out and see how this insight could drive company strategy.

**SILVERMAN:** Everyone else thought it was about pretty invitations. We understood it was about telling you who is coming to the event before the event. That one fundamental insight we understood and none of our competitors did – and that's why 10 years later, Evite was still flourishing and all of the competitors we had, they all died.

**HOFFMAN:** You may think you need the best overall product to beat out your competitors and win market dominance. But you can easily miss the ONE THING that users love. This focus allowed Evite to thrive during the first dotcom boom and beyond.

Evite was acquired in 2001 by another [Master of Scale, Barry Diller's company IAC](#). Josh moved to a new role at eBay, where he'd oversee international expansion in a country to-be-named.

**SILVERMAN:** I argued for China and Meg Whitman, who was the CEO at the time, nicely said, "Let's see what you can do with the Netherlands."

**HOFFMAN:** eBay's growth in the Netherlands was flatlining. Others may have seen that assignment as a poisoned chalice, but Josh was determined to learn what made the Dutch market different. He started by taking a bird's eye view of the playing field.

**SILVERMAN:** I asked the team to cut the data as though we were running two totally different businesses: a local domestic business and a cross border trade business. All of the sudden, we saw that what we actually had was a cross border trade business that was booming and a domestic business that was shrinking.

**HOFFMAN:** No one had looked at the data this way before. Because of this, everyone had misread what was going on.

**SILVERMAN:** When you glom it together, it looks like one business that's flat lining. It's not, it's two businesses. So why is the domestic business doing so badly? Well, it turns out there was a local classifieds site called Marktplaats, which was basically the Craigslist of the Netherlands, that was doing fantastic.

**HOFFMAN:** Here was a whole segment of companies that eBay had never thought of as competitors. But the Dutch preferred classifieds, like the one at Marktplaats, over auctions. And this was stalling eBay's growth in the Netherlands. This ran counter to the conventional wisdom in the U.S.

**SILVERMAN:** eBay at the time didn't believe that classifieds worked. And the reason is: Yahoo had a classified, MSN had a classified, Excite had a classified. There were 50 classified businesses in the U.S. and they had all failed.

**HOFFMAN:** But the US product-market fit wasn't European product-market fit. To analyze this, Josh had to zoom out and look at the wider Dutch market. And to prove it, Josh zoomed in to study individual transactions.

**SILVERMAN:** We ran a bunch of quick and dirty experiments. For example, I had everyone in the office bring three things to sell and I asked them, "Sell them on eBay and sell them on Marktplaats." For two different people, in the time it took to list the item on eBay, which was an hour, they'd already sold it on Marktplaats.

**HOFFMAN:** This is a brilliant way to prove a point. And you might think that every product team is constantly running experiments like this – using their own service, and comparing it with another. But you'd be wrong. It's a completely free product test that most people miss. And it can help you course correct early.

Having zoomed in on the precise problem, Josh brought it to the attention of then-eBay CEO Meg Whitman.

**SILVERMAN:** We basically were able to pull together data to convince Meg that if you wanted to sell something in the Netherlands domestically, you were better off doing it on Marktplaats than eBay.

**HOFFMAN:** The data spoke. And Meg listened. She told Josh:

**SILVERMAN:** "Well, in that case, classifieds is a threat and we've got to win. So Josh, you have a new job. Your job is to build our classified business all across Europe."

**HOFFMAN:** From cropping in close on a single problem in one market – the Netherlands – a new strategy surfaced. And a new business direction for the whole European market.

**SILVERMAN:** So, I went back to the Netherlands and in 90 days, my team and I – but we led the acquisition of Marktplaats, Gumtree, and Loquo, which is a classified business in Spain – and then we launched Kijiji six months later, our own brand, in three or four other markets.

**HOFFMAN:** Fired up by their new findings and the go-ahead from their CEO, Josh and his team set out to reinvigorate the flagging eBay business in the Netherlands. But then, catastrophe came knocking.

**SILVERMAN:** So we buy Marktplaats. We paid about 290 million euros and it was the biggest acquisition that had been done in the Netherlands in 20 years. At that time, newspaper companies made most of their profit in classifieds. The biggest media company in the Netherlands was called The Telegraph. All of a sudden, their shareholders said, "Well, how did you miss this? How did you not buy this company?" They made it their mission in life to kill us.

**HOFFMAN:** Josh hadn't expected such fierce competition to come so hotly on his heels.

**SILVERMAN:** They launched something called Speurders, a classified site that looked just like Marktplaats – but better. Then they took all of the classified listings from every newspaper across all of the Netherlands and they aggregated them all in one place, so they launched with a million listings on day one.

And then they used all of their unsold television ads and all their unsold newspaper ads and all their unsold radio ads and pointed them at Speurders. So we woke up to this massive media campaign and they started growing like crazy.

**HOFFMAN:** This new site, Speurders, had arrived like a poisoned kissogram at Josh's door.

**SILVERMAN:** I had to fly back to San Jose and tell Meg Whitman, "Remember that company we just paid 290 million euros because I said we should?"

**HOFFMAN:** Yes.

**SILVERMAN:** "Well, there's this competitor called Speurders and in about five months, they're going to be bigger than we are." And in a network-effect business, you're either winning or you've lost.

**HOFFMAN:** Yes, exactly.

**SILVERMAN:** You're either the biggest or you've lost.

**HOFFMAN:** This reminds me of the movie “Glengarry Glen Ross”, when Alec Baldwin’s character gives a “motivational” speech to his sales team: “First prize is the Cadillac. Second prize is the steak knives. Third prize: You’re fired.”

Businesses built on network effects are “Glengarry Glen Ross markets.” They’re not *quite* as severe as Josh’s claim, that you’re either winning or you’ve lost. There’s usually at least room for one more player. But player number two will be the steak knives to player number one’s Cadillac. And today, where everything is hyper-connected globally – from markets to labor to logistics – there will be more and more “Glengarry Glen Ross markets.”

Now back to Josh, who was meeting with Meg Whitman. And realizing he might walk away without the Cadillac – or even the steak knives.

**SILVERMAN:** That was the most harrowing meeting of my life. And the plane ride home from that, I really thought my career might be over.

**HOFFMAN:** Josh had gone from what felt like a massive victory to an imminent, and career-ending, defeat. But before the landing gear hit the tarmac, Josh’s survival instinct kicked in with a vengeance.

**SILVERMAN:** I thought hard about what are the fewest things we need to do to win. I came up with seven. I called my team together on Monday morning and I said, “Remember all the conversations we’ve had about career development and growth and all that? None of that stuff matters anymore. The next year will define our careers.”

**HOFFMAN:** Josh asked each of his team to zoom in on one aspect of the business. And he clambered right in the thick of the details with them.

**SILVERMAN:** “You, Mary, you’re in charge of this metric. You, Frank, you’re in charge of that metric. You, Oscar, you’re in charge of that metric.” Right? “You have two weeks, come back to me with a plan to win.”

**HOFFMAN:** I want you to notice how Josh hones in on the details. Many leaders make the mistake of thinking their viewpoint needs to be like a surveillance satellite, impassionately observing everything from the lofty cold depths of space. But if this is your default position, you’re in trouble when a crisis hits. You’ll likely find yourself burning up on re-entry as you scramble to zoom in.

And this is key: when you’re in a crunch, you need to rapidly switch to the most appropriate level of fidelity. And often that’s going to be with your nose pressed so hard against the grindstone

that you can see the seams in the granite as it spins before your eyes. With their focus honed, Josh's team members got to work.

**SILVERMAN:** We were incredibly focused on a very few things and it caused us to challenge and rethink everything in our business.

**HOFFMAN:** To help his team rethink everything, Josh pushed them to zoom in on the tiniest details and connect them to the overarching picture.

**SILVERMAN:** Let me give you one example. The team had been a passionate believer in low-res photos. Why? Because most people had been on dial-up internet connections, and high-res photos slowed down page load.

Well, guess what? Much of the world in the past two years had gotten to high-speed internet and we were behind.

**HOFFMAN:** eBay had overlooked some of these seemingly small issues, like low res photos, that can frustrate customers and drive them away. And companies often fail to zoom in on these fine details, leaving them fuzzy about where their true challenge lies.

**SILVERMAN:** When you're successful, what can be really hard is to tell you're successful because of some things and in spite of others. In the face of competition, in the face of possible death, you inspect those things very carefully.

**HOFFMAN:** Even the Netherlands' biggest media company couldn't compete with this focused approach.

**SILVERMAN:** A year later, Speurders was on its way out.

**HOFFMAN:** Josh's victory here marks a triumph of taking the microscopic view. It shows how the smallest detail can have impact at the largest of scales. Someone who spends a lot of time explaining the might of the miniature world is [Nik Money](#). Nik is a professor at Miami University, author and expert on the microbial world.

**NIK MONEY:** We can look at the ecology of a forest and we can see all the beautiful trees and hopefully, quite a diverse array of plant species within that ecosystem. But if we look more closely and we zoom in or we magnify the activities on the leaf surface, we find that the surface of all plant leaves are teeming with microorganisms and it's a different view of the forest.

**HOFFMAN:** As well as this close-in view, we can zoom right out.

**MONEY:** The health of a tree is dependent upon their interactions with fungi and other microorganisms. So there could be a problem with the chemistry of the soil due to pollution that actually might be damaging the microorganisms and then in time that's going to affect the health of the trees within that forest.

And vice versa, if the trees are actually being damaged through pollution, or that they're responding to climate change negatively, that also affects the health of the populations of microorganisms in the soil. So it's this two-way interaction between microorganisms or between macrobiology and microbiology.

**HOFFMAN:** The microscope was invented in the 17th century. But understanding the interrelationship between the micro and the macro took some time for us to get.

**MONEY:** In terms of the way that we viewed microorganisms, we thought of them as these pernicious, unpleasant forms of life that we need to eradicate.

**HOFFMAN:** That began to change as we joined the dots between the large and the teeny.

**MONEY:** If we look at the oceans and we consider the activities of microorganisms – planktonic microorganisms, bacteria, and other forms of microbial life within seawater – they draw down just as much carbon dioxide as all of the green stuff on the land surface. And so we really do need to think about microorganisms when we consider the health of the globe.

**HOFFMAN:** But even with the proven benefits of keeping the close-up view in consideration, it can be easy to lose sight of it.

**MONEY:** We're drawn towards what's referred to as the “charismatic megafauna.” And that, for good reasons, we're worried about polar bear populations, we're worried about the health of whales in the ocean, but there is more to life and we really do need to be including the activities of these microorganisms in our models in the way that we think about the sustainability of this place.

**HOFFMAN:** We all get caught up in the charismatic megafauna of our own businesses. The key is to recognize when that happens, and to never completely overlook the plankton in favor of the polar bear.

And if that's an idea you want to share with a colleague, now is a good time to do it. You can share this episode using the link [listen.mastersofscale.com/zoom](https://listen.mastersofscale.com/zoom).

That's [listen.mastersofscale.com/zoom](https://listen.mastersofscale.com/zoom). After a word from our sponsor, we'll return with Josh's story of the micro and the macro.

**[AD BREAK]**

**HOFFMAN:** In 2008, Josh moved to another troubled part of the eBay empire when he took over as CEO of Skype. At that time, it wasn't exactly a coveted role. Although Skype was winning customers with its free international calls, it was struggling to make money. People wondered: Did a telecom service even belong inside an e-commerce company?

**SILVERMAN:** First, everyone said, "Don't take the Skype job." Part of the reason I got the Skype job is no one else would take it, right? You're in the telecom industry where everything is going to zero.

**HOFFMAN:** The first Josh did was to take a zoomed out look at Skype's mission.

**SILVERMAN:** When I arrived at Skype, the tagline and the mission of Skype was "the whole world can talk for free." So it's about voice and voice being free.

**HOFFMAN:** Where to go from there? Josh directed his laser-like focus to individual users, and – just as he'd done in the early days of Evite – he started asking questions: What did Skype mean to them?

**SILVERMAN:** The essence was "be together when you can't be in the same room." And that as a mission was very inspiring to us and opened up a whole bunch of new possibilities. So my team and I pivoted the company very quickly from voice to video.

**HOFFMAN:** By zooming in on what individual users loved about Skype, Josh detected the pattern that let him paint the bigger picture. Skype had been audio-only until now. But if Skype meant "being together when you're apart" then video was the clear next step. And the timing was right. Internet speeds were getting faster, and the iPhone had just come out. It was clear to Josh that Skype's next release should be a video app – for mobile. But the team didn't see the logic...

**SILVERMAN:** Believe it or not, that was highly controversial on my team because they thought, well, Skype is really a phone calling app, so why build a phone within a phone, right? But if you're about being together when you can't be in the same room, then suddenly there's a mission.

**HOFFMAN:** With video firmly in his sights, Josh could see the wider picture. Video opened up a market that Skype had struggled in: domestic calls in the U.S.

**SILVERMAN:** And domestic calling was free, so there was no reason to use Skype in the United States when we were about phone calls. But the grandmother living in Wisconsin wants to talk to her grandkids in Ann Arbor. The service person who's deployed somewhere wants to be able to keep a relationship with their kids. So video

has a whole different reason for being in which domestic use cases are suddenly really valuable.

**HOFFMAN:** A new version of Skype was already in development when Josh joined. In fact, it was in development hell. Everything was riding on the new version. But no one was on board.

**SILVERMAN:** The company was evenly divided: 50% of the people thought we would never ship Skype 4.0 and the other 50% thought we should never ship Skype 4.0 because it was an absolutely terrible idea and was going to kill the company.

**HOFFMAN:** All great turnarounds start by asking great questions...

**SILVERMAN:** When I first arrived, I called the leaders of Skype 4.0 in a room together – the head of product, the head of engineering, the head of quality, the head of design – and I asked each of them the same question: What are we solving for in this product? There were seven people and I got seven answers.

**HOFFMAN:** It was like seven blindfolded people, each trying to describe an elephant by just its trunk, its ear, or its leg. It was time to tear off those blindfolds and get everyone to focus on the same issue.

**SILVERMAN:** The most important thing, I think, that I was able to contribute was I wrote a one-paragraph mission statement for Skype 4.0: "This is what we are solving for and it's about user engagement, centered on video. This will be a video centric product. We will measure success based on minutes of engagement. And you have until December 31st to ship it."

**HOFFMAN:** Josh got the whole team to lift their gaze – away from the one feature they cared about – and toward the larger mission they were working for: Skype would help people 'be together, when they're apart'. And they'd do it through video. The goal was set, and Josh would clear the path.

**SILVERMAN:** The other thing I said is "I will move everything out of the way in order to ship Skype 4.0. There's nothing that is allowed to get in your way. Anything getting in your way, tell me, I will make it get out of your way."

**HOFFMAN:** Josh was true to his word. And Skype 4.0 launched.

**SILVERMAN:** That launch changed the direction of Skype. User metrics re-accelerated and we suddenly had a reason for being. That's what made us relevant in the United States, where we'd never been relevant before. and gave us a second life all around the world.

**HOFFMAN:** In Josh's two-and-a-half years as CEO, Skype added more than 300 million users, doubled revenues and tripled profits. During that time, eBay sold 65% of Skype to other investors. A few years later, Microsoft bought Skype for \$8.5 billion dollars.

In the meantime, Josh went on to do a stint with my partners and I at Greylock, and another at American Express. In 2017, he joined Etsy as CEO. I still remember my reaction when he told me.

**HOFFMAN:** So then one of the other things that was kind of a surprise and delight for me is you said, "Look, my family loves New York. I'm going to stay here, I'm going to rejoin the tech industry, I'm going to go to Esty."

**SILVERMAN:** Yeah.

**HOFFMAN:** I had a personal kind of entertainment moment because Etsy is one of the investments I passed on as an angel. [Caterina Fake](#) had kind of introduced it to me and I had passed because I hadn't realized that the internet actually grows all these markets. I went, "Oh, selling custom constructed goods and the little artisans", an artisans marketplace, "That'll never be big enough." And I was wrong. So it had an early thing.

Then the second thing was ooh, tech industry. As you know, I was saying, "Well, you should do that in the Valley versus New York." You're like, "No, there's great things in New York. I'm going to stay in New York," and then it turns out, "I'm going to do Etsy."

**SILVERMAN:** I loved the mission of Etsy. I mean, Etsy is about empowering creative entrepreneurs and in a world where automation is changing the nature of work, creativity can't be automated. I think we provide a wonderful service. There's no cheaper and easier way to become an entrepreneur than to start a business on Etsy. Anyone who's creative and has 20 cents can start a business.

**HOFFMAN:** Josh loved the mission, but he knew it needed to be more focused for Etsy to grow.

**SILVERMAN:** A theme you'll hear from me over and over is what are the fewest things you need to do to win?

**HOFFMAN:** Just as he had done at Evite and Skype, Josh began by zooming in on individual users and asking them: What makes Etsy special? Here's what they told him:

**SILVERMAN:** "When I buy something that has meaning to me, I want it to express my sense of style, I want it to express how much I cared for someone else. Those things, I go to Etsy for."

**HOFFMAN:** Until this point, Etsy's focus had been on its sellers. It saw itself as a marketplace for handmade items, and the people who made them. Josh knew he had to change this perspective.

**SILVERMAN:** At Etsy, it wasn't handmade as a market, it was winning from special. Then figuring out how do you measure that, and then figuring out the fewest things you need to do to win.

**HOFFMAN:** To "win from special," Josh refocused the team's perspective squarely on the buyers. It may sound obvious. But it was something Etsy had lost sight of, for reasons very specific to their community.

**SILVERMAN:** It was a really big shift in focus. I think Etsy, like many two sided marketplaces, has very deep empathy for sellers, so much so that it can forget to have empathy for buyers. And when you talk to your sellers, they really mostly want three things. They want buyers, they want buyers, and they want buyers – in that order. In order to serve the sellers, you've really got to focus on buyers.

**HOFFMAN:** With the broad strategy set, Josh dove deep into the details to determine: How do we measure success with buyers? Which one data point matters most?

**SILVERMAN:** It's not that we didn't track things or have data. We did, but we had, let's say, 10 KPIs and we held all of them relatively equally. The challenge with that is any idea that can ladder up to any one of those 10 KPIs, you've now got permission to do.

**HOFFMAN:** The perspective was too broad. So Josh chose one figure to zoom in on: gross merchandise sales.

**SILVERMAN:** That's the measure of whether our customers are finding real value in our platform and our sellers are succeeding. I came in obsessed with what are the things that are going to grow gross merchandise sales? Then what are the fewest number of things we need to do well in order to grow GMS?

**HOFFMAN:** Josh was imposing structure on those conflicting KPIs. Now he pushed his teams to zoom in on just one aspect.

**SILVERMAN:** So I set out some constraints for my team: "I only want to do things that are going to be very likely to drive at least \$10 million of incremental GMS in the next 12 to 18 months and we're just going to stop doing everything else."

That was very painful for the team. We stopped doing more than half of all the things we were doing. By the end of my fifth week almost everyone in the company had a new job.

**HOFFMAN:** It involved some painful sacrifices, including shuttering a new product called Etsy Studios.

**SILVERMAN:** It was a good idea. It was a two sided marketplace for crafts supplies. One hundred and fifty people worked for 18 months on that product. It launched on a Thursday, I started on Tuesday, and we redirected all those people off the product on Friday.

**HOFFMAN:** Josh was shifting from a tight focus to a wide angle to make rapid changes at Etsy, all within just a few weeks of joining the company. Etsy maintains GMS as its top metric to this day. In fact, its whole structure is geared towards it.

**SILVERMAN:** At Etsy, we work in squads of roughly 10. It's going to be about six engineers, a product manager, a designer, and an analyst-ish. They work together for at least a year and they're trying to solve one customer problem and they have one metric of success that they're accountable for, they succeed and fail together as a team.

**HOFFMAN:** This is a clear demonstration of how you can structure your organization so multiple problems are being zoomed in on, while the leadership team can assess them from a wider vantage point.

**SILVERMAN:** Each year my leadership team and I set a series of goals for what we need to accomplish in the year in metrics and in people. That's all we do and then we tell the team, "Which customer problems do you want to attack? You need to create at least this much incremental GMS" – we only have this many squads and each squad only gets to pick one thing. The squad gets to pick their thing. I don't tell them. You pick your thing but now you've got to commit.

**HOFFMAN:** Note how Josh doesn't dictate what each squad should focus on. Instead, he encourages them to zoom in on the one thing they're really excited about. But he does make sure they have a clearly prescribed set of criteria for success.

**SILVERMAN:** We've defined success and we've defined constraints and then they come with the problems they're most excited to fix. I've got a lot of things on Etsy that I wish were better. Like a long list of things that I wish worked better. That's not what's important. What's important is what is the team excited and motivated? What are they willing to sign up to?

**HOFFMAN:** Since the refocus two years ago, Etsy's revenue has grown 65% and its market cap is five times bigger. And this fine art of inspiring a team is always top of mind for Josh. I asked him: If you could call your younger self and give yourself advice, what would you say?

**SILVERMAN:** Yeah, I was really a micro manager. After every inflection point in my career, I can look back and tell you 10 things I would've done differently. But the number one thing is realize that the job of a leader is not to come up with solutions, it's to define success and define constraints and then let the team come up with the solutions.

**HOFFMAN:** Yep. And also make sure that the team, in doing that, they say, "This is a solution", you're like, "Well, may not be a solution yet."

**SILVERMAN:** My job is to make sure they're super clear about what success looks like, they're super clear about the constraints, and then removing roadblocks for them. The main thing is keeping the main thing the main thing.

**HOFFMAN:** As your company increases in size, you need to put in trusted deputies to mind the details, so you can take the bird's-eye view. But to "keep the main thing the main thing," these trusted deputies also need to help you zoom way in, when you need to. You're structuring your team like a micro telescope that can be flipped back and forth so you can also take the wide angle view.

I'm Reid Hoffman. Thank you for listening.