

Masters of Scale Episode Transcript – Jimmy Wales

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JIMMY WALES: When you're working with teams of volunteers, there is no possibility of command and control. You can't tell people what to do, because they will just say, "Screw you, I'm a volunteer." And so you have to have an approach that says, "Look, here's our values." And frankly, in some cases, you have to say, "And if you don't agree with these values, then maybe this isn't the right place for you."

REID HOFFMAN: That's Jimmy Wales, founder of Wikipedia. Famously, Wikipedia is open to ANYONE to edit. But that doesn't mean everyone is suited to the task. If you're unwilling or unable to adhere to Wikipedia's core values of openness and neutrality, well, you'll be very nicely – but firmly – shown the door.

But contributors who can get on board with these values will find themselves part of a driven team. And a complex editorial process governed by rules that uphold the core values. For novice contributors, it's a frustrating journey to learn the ropes. You can almost imagine it as a number in a Broadway show. The pivotal song in which a disheartened wannabe Wikipedia contributor rails against the hoops and hurdles that protect Wikipedia's core values.

Ahem. Maestro, if you please.

MAESTRO: I've tried and tried, motivation has died, I cannot publish my article.

Impartiality is the key.

Considered blasphemy if it's a page about me. It's not the wiki-way, I'm afraid to say.

You'll be denied categorically. Don't be terrified of never getting verified. Take denial with a smile, keep on the sunny side. There's a number of ways to write your page, and it doesn't have to end in rage. Here's a couple of simple steps to keep in mind: To verify, you must clarify, as a matter of course from a published source.

Well, where am I gonna get an article about me from? It is a joy and miracle to have a proof empirical.

Opinion is great, but is always slanted. If your voice is angled, changes won't be granted.

What do you mean I can't say what I really think?

A multifaceted perspective, balanced views with no invective.

Cents-and-dollars, please come off it. Wikipedia is not-for-profit. All for one and one for all. Come every writer heed the call. For the truth is that we're hopin' for a site that's always open. Values built upon an openness and neutrality and volunteership too. And yes it's free... free... free.

Come edit here in Wikipedia.

HOFFMAN: That's why I believe product-value fit is often more important than product-market fit. And finding it may require a pivot or two.

[THEME MUSIC]

HOFFMAN: I'm Reid Hoffman, co-founder of LinkedIn, partner at Greylock, and your host. And I believe product-value fit is often more important than product-market fit. And finding it may require a pivot or two.

Every investor will tell you: It can take time to find the right market for your product. Some of the world's best-known brands had to pivot their way toward the customers who embraced them. Play-Doh started out as a cleaning product. Bubble wrap began as textured wallpaper. And then there's Viagra, originally developed to treat heart disease.

So product-market fit is something you have to find. And once discovered, you double down. It's the same with the values driving your product development.

As human beings, our values guide us in our actions: You might particularly value honesty or compassion or generosity. When it comes to your product or a brand, its values might include sustainability, affordability, or inventiveness.

I'd argue that finding the right values to guide how you develop your product is often more important than finding the right market. If you choose wisely, your values can be the launch ramps that help you soar.

I wanted to talk to Wikipedia founder Jimmy Wales about this because Wikipedia has stuck to its core values of openness, neutrality, and being not-for-profit since its launch in 2001. But Jimmy didn't start with those values; he arrived at them through a process of trial and error on an earlier encyclopedia project that stalled. Once he found the right product-value fit, Wikipedia rapidly scaled from a niche side project to one of the most valued treasures on the internet.

Wikipedia is now famous for being volunteer-driven, nonprofit, and free. And this has caused some confusion over who Jimmy is and what drove him to found it.

WALES: I was in Israel and I was interviewed by someone who didn't speak English, so my friend translated for us, and then the article came out a couple of days later and he translated it back to me, and it basically said, "He used to be a futures and options trader in Chicago and he felt so guilty that he devoted his life to charity."

I'm like, "Hold on a second, that was a great job. I loved it."

HOFFMAN: What I want you to notice here is that Wikipedia is not a simple embodiment of Jimmy's values. While he helped establish them, he didn't initially set out to create something non-commercial or volunteer-driven; he set out to create a great free encyclopedia – and everything else followed. But I'm getting ahead of the story. Back in the '90s, when Jimmy was an options trader, he cultivated a passion in his free time.

WALES: So I was writing my own web browser just as a hobby and around that time was when Netscape went public, and on day one, it was worth something like \$4.3 billion. And I said, "Huh, my web browser that I'm writing at home in my spare time is not as good as Netscape 1.0, but it's not \$4 billion dollars worse, right?"

HOFFMAN: It was this realization that spurred Jimmy to leave his job as a trader and jump into the then-new world of internet entrepreneurship.

WALES: It wasn't much of a product they had at that time, and so that kind of turned my eyes on. I had been on the internet for many years and found it fascinating and exciting and interesting and I was like, "Hold on. Now the market's telling us that there's going to be a lot of interesting stuff."

HOFFMAN: Jimmy co-founded a web directory called Bomis in 1996. It followed the accepted – and easiest – route of monetization: advertising.

WALES: And that was a time then, during the dotcom boom, when there was so much money sloshing around that if you had any size and any traction, we were able to sell our ads for ridiculously high prices.

HOFFMAN: Note again how Jimmy had no ideological problem with making money from Bomis – it was the right thing to do in that market for that product. So he made a deal with NBC.

WALES: They paid us a really nice price for all our ad inventory and it was fantastic. We were, I think, about 10% of their traffic – and then they were losing about \$100 million a quarter, so that train wreck came to an end and then we were sort of back out on our own, right when the dotcom crash was going on. And so that was a brutal lesson.

HOFFMAN: It wasn't a bad product-value fit that brought down the curtains on Bomis, just bad timing. So when the company folded, Jimmy focused on another side project he'd been tinkering with: an online encyclopedia he called Nupedia.

He hired an editor-in-chief, who suggested the core value Nupedia should have.

WALES: If we weren't even more academic than a traditional encyclopedia, then no one would take us seriously, because we were volunteers from the internet. And so I was, "That sounds plausible, so we should be quite academic."

HOFFMAN: Nupedia adopted a stringent seven-stage review process. And it seemed to be the right set of values to adopt for an encyclopedia. But despite having a mailing list of around 5,000 people who were already interested in volunteering to write for Nupedia, after two years they had published a total of... 24 articles. It was more of a pamphlet than an encyclopedia. And there was something else eating away at Jimmy.

WALES: The problem was it just wasn't fun.

HOFFMAN: Jimmy had a clear idea of what he wanted Nupedia to be: a source of information as trusted and comprehensive as a traditional encyclopedia. But he had attached Nupedia to the value of review-based academic rigor and it was stifling Nupedia's most powerful asset: the army of volunteers, all eager to contribute.

Jimmy hadn't quite made this connection yet. So he did something every early-stage founder should do.

WALES: I sat down to say, "Look, I don't understand why the work is so slow. We've been at this for two years and we've published 24 articles." And I said, "I'm going to write something. I'm going to go through all the process, I'm not going to cut any corners."

So I sat down to start doing this, it was like I had a knot in my stomach, because they were going to take my paper and send it to the most prestigious finance professors they could, who would give me feedback and notes and review and it was like getting back in grad school – which wasn't fun.

HOFFMAN: It seemed like a no-brainer that Nupedia should make academic rigor one of its core values. After all, it aspired to be as trusted as a traditional encyclopedia. But this value was in fact paralyzing, even to Nupedia's founder. It was time to ditch this value.

WALES: That's when I realized, like, me with all the motivation in the world to make this work and I'm hitting writer's block because I'm afraid somebody's going to judge my work and this is a hobby.

HOFFMAN: The way out of this problem? That's when Jimmy's colleague suggested they try out a wiki-based system.

SIRI VOICE: A wiki is a system for creating and organizing content that can be edited by anyone. The wiki concept was developed by Ward Cunningham in 1994.

HOFFMAN: It seemed directly opposed to the values that should be powering an authoritative encyclopedia. It was like Jimmy was turning his back on the idea of vetted expert writers and rigorous fact checking, and handing the log-in details to the proverbial infinite monkeys with infinite typewriters. Or, Jimmy feared, more likely infinite trolls trashing each other's articles. It would be anarchy, surely.

WALES: Within two weeks, we had more work done than we had in almost two years, because suddenly we freed the community up.

HOFFMAN: And when Jimmy attempted to write another article, it was a revelation.

WALES: And so I just wrote one sentence, you know, "So and so won the Nobel Prize in Economics," and came back two days later and it had grown and grown and grown because everybody was able to chip in in that classic Wikipedia way, rather than having to say, "Okay, now I've got to go off and do three months of research to be able to write this article."

HOFFMAN: It's a clear example of how pivots can be about values as well as product. You don't need to have them at the very beginning of your journey but they do have to match your product. At first, Jimmy still had his doubts about this value of being open to everyone to edit.

WALES: I was panicked that in the middle of the night someone would come in and just trash the whole site because it was wide open to edit and so forth. Then very quickly, I began to realize, no, no, actually, there's a couple of people in Australia and they're on every night and there's a couple of people... and suddenly, you're like, actually this community is forming that will look after things.

HOFFMAN: The community was drawn by these values and had a vested interest in keeping the project going. And the commitment to that value of extreme openness continues to this day.

WALES: So most pages in Wikipedia, well over 99%, even to this day, if you're not logged in, you've never been to Wikipedia before you get there, there's a little button that says edit. You click that, you make a change, you hit save, it goes live immediately, which is completely insane, but completely true and it actually works for us.

HOFFMAN: Of course, not everything is perfect.

WALES: I mean if people's mental model, right, of the success of Wikipedia is, "And then he installed the script in, everything went great, right?" Not really, not really. There were a lot of bumps along the way, but there was a fundamental conviction – particularly after we got more work done in two weeks than in two years – that, "Hey, wait, there's something here." People are passionate.

You know, when I would talk to people about the idea and say, "This should exist," their eyes would light up and go, "Yeah, that sounds great. I don't know if this is going to work, but you go, Jimmy."

HOFFMAN: And this is where I must stress something: your values CAN and MUST be flexible enough to account for outlying cases. As we have seen, one of Wikipedia's core values is openness. But there are times when holding true to it has been a challenge.

WALES: I remember when we first started doing what we call semi-protection or full protection, I remember one admin in particular was like, "We shouldn't protect this article. It should be completely open." And so I said, "Okay, well, go for it. Open it up, see what happens." And they spent the next eight hours reverting vandals who were just coming in and changing it to curse words or nonsense and then reluctantly goes, "Okay, yeah, I see the point," right? "This isn't helpful." But we try to be as lightweight as possible.

HOFFMAN: Locking articles may seem directly opposed to Wikipedia's open value. But note how the decision to lock an article is reached through open dialog, and the aim is to avoid falling foul of the troll army, while protecting the overall value of openness. And Jimmy is under no illusions about the role this openness has played in Wikipedia's success.

WALES: I'm really proud of certain decisions that we made, because we wouldn't be where we are today.

HOFFMAN: Those decisions were all about values. That value of being open to all was there from the beginning. But doubling down on it – lifting the review process and trusting in extreme openness – sent Wikipedia into overdrive.

Two other key decisions about Wikipedia's values compounded this. The first was making neutrality a core value.

WALES: One thing that I had always said from the original project is that neutrality is really important. An encyclopedia is not the place to have an agenda, it's a place to lay out all of the facts and let people decide for themselves.

HOFFMAN: Neutrality seems like an obvious value for an encyclopedia to have. But it was not obvious at the time.

WALES: There was a suggestion early on because in a wiki, it's a very flexible tool, you can do anything, to say, "Instead of having just one entry about every topic, why don't we have an entry with the left-wing perspective, the right-wing perspective, the Catholic perspective. Let's accept everything." I was like, that just sounds like the web, like everybody can write whatever they want anywhere else.

HOFFMAN: Note how this desire to showcase all different points of views isn't inherently wrong. But Jimmy could see how it wasn't compatible with his vision for Wikipedia.

WALES: What we should be is that place where we say to all the parties, "Okay, you've got to sit down and work this out, right? You've got to present in a way that everybody feels this explains the topic and you can't come down on one side or the other." That actually works pretty well. I mean obviously, it's noisy behind the scenes at Wikipedia, but in general, we do have that and we certainly have it as a very deeply ingrained spirit in the community.

HOFFMAN: Sticking to this vision of neutrality meant not only that each article would be as balanced as possible. It would also short-circuit many of the conflicts you could imagine happening among article editors. You could imagine Wikipedia's extreme commitment to neutrality as a value that would hold back its ability to scale. But instead, this has supercharged its growth – rather than endless bickering, editors with differing views can work together to create articles.

WALES: Let's take a tough topic, abortion. So you can be a kind and thoughtful Catholic priest and you can be a kind and thoughtful Planned Parenthood activist, and you're actually able to work together on Wikipedia, keeping kind of thoughtful, right?

HOFFMAN: Yes.

WALES: Because you can say, look, we're never... it's never going to take either side of the story, but we can write about this societal debate in such a way that the Catholic priest would go, "Yeah, this presents the question fairly," and the Planned Parenthood activist would say, "This presents the question fairly." And so they actually have a way to work together. Whereas if you said, "Our goal is to find the ultimate correct truth," and it's going to be one-sided at the end of the day, then you really exclude a lot of people. They say, "Well, look, I can't participate."

HOFFMAN: The neutrality value is so deep-rooted in Wikipedia that behind the scenes is a parallel universe where flashpoints for arguments are very different.

WALES: Like I can tell you, inside the community we don't have massive debates about Donald Trump, not because we all agree about Donald Trump, but because, well, it's

actually pretty straightforward, you just write history and then it's all very straight. We have huge arguments about the names of rivers in Poland or there's a very famous long standing debate that got kind of ugly as the difference between an em dash and a dash, you know, in terms of punctuation, right? People have strong feelings about some of these things.

HOFFMAN: These arguments over punctuation and Polish waterways may seem petty. But I actually think they demonstrate how values have become entrenched amongst Wikipedia contributors.

Another core value that you might think would limit Wikipedia's scale is its commitment to being a nonprofit. Wikipedia doesn't carry ads. While that is a core value of Wikipedia, it's not a core value of Jimmy Wales.

WALES: I'm not ideological about it. I remember early press interviews, people would assume I was some kind of crazy communist. It's like, "Don't you think it's terrible that these people at Google are making so much money." I'm like, "Nah, I think it's a great company, like that's great, you know, why not?" It just doesn't suit what I'm trying to do here.

HOFFMAN: Jimmy was concerned people might not be as willing to contribute freely if Wikipedia were for-profit. And taking money from advertisers might murky the waters of its neutrality.

WALES: I believe your business model drives behavior at organizations, and so if you have a certain set of beliefs and values that are in tension with your business model, you've got a real problem and probably the business model's going to win in the end.

HOFFMAN: You need to be aware of the tension that your lofty values can create with your business. If they are in conflict, the tension can be destabilizing.

But for Wikipedia, its values give it a clear course of action. For example, when the Turkish government deemed certain Wikipedia articles as offensive, and blocked the entire site in 2017.

WALES: So when we were blocked in Turkey, there was no question of like, "Oh, should we compromise," right? Because not only would we be compromising on some core values of our community, we'd also take a revenue hit, because the people who donate money to Wikipedia are, like, one of the reasons they do, we know this, is because we stand for the internet users. We stand for freedom of knowledge, right?

And so, if people say, "Oh, it's amazing that you guys would take that stand," and I'm like, "Yeah, it is amazing. Of course, thank you, thank you, thank you." But of course, like

our business model drives us in that direction, like people would be incredibly disappointed in us.

HOFFMAN: Wikipedia's values are more than lip service. They compel the company into this virtuous behavior.

WALES: I think it's really good that our business model drives us to be on the right side of those issues in a really easy and fluid way.

HOFFMAN: But unlike Wikipedia, Masters of Scale does accept advertising. Speaking of which...

[AD BREAK]

HOFFMAN: Before the break, we heard how Wikipedia went from being a source you don't cite to one of the few trusted places on the internet. And this was largely due to the values Jimmy settled on to govern how Wikipedia worked.

Things could have been very different if Jimmy had got those values wrong. Jimmy gives journalism as an extreme example of what can happen when your values don't align with your business model.

WALES: So I've been saying that the advertising-only business model for journalism is really problematic, because the incentives aren't aligned right for the readers. It's all about the inflammatory story and so on and so forth. But it is a problem because it over-emphasizes time on site as the key metric.

One of the problems is, that environment does tend to emphasize content that is engaging in a very simple and, I would say, reptilian-brain type of way. It's like what gets me to click.

HOFFMAN: Jimmy isn't saying that advertising is incompatible with journalism. Carrying ads supported the newspaper industry for decades. Sure, it was a model that didn't always sit easily with the journalistic values of truth and holding power to account. But by and large it worked, and it created a thriving news industry.

However, when newspapers went digital, suddenly there was no physical limit on the amount of content they could carry. But at the same time, competition for readers became virtually limitless as well. The tension between the business model and the values became too big.

WALES: There was a quality online magazine that ran a short little editorial saying, "Okay, we're just putting our hands up that something's broken with our business model. We published a story, a senior journalist took three weeks doing the story, investigating

leads, published a story, we're proud of it, it moved the needle, we got a lot of traffic. We're really happy, nothing super famous, but it was like a meaningful piece of journalism. The same day we published basically a listicle, meaning one of these silly kind of list articles by a funny millennial intern in the office. It got just as much traffic, made just as much money."

And so they were saying, "Look, we don't want to do that. We don't want to become a content farm, right? We want to do the journalism, but this business model doesn't work for us," right?

HOFFMAN: The news industry is still struggling to find a business model that fits its values. But that doesn't mean it's impossible. You can retool your values without giving up on your ideals. This is what Jimmy has been doing with his for-profit company Wikia, also known as Fandom, which he started in 2004. When he was trying to navigate the unfamiliar world of Silicon Valley VCs, he asked me for advice.

WALES: I had been a futures and options trader, knew very little about Silicon Valley, certainly very little about angel investing and term sheets, so someone, a mutual friend, introduced us. We had breakfast and then .. I mean, I'm just going to brag on you here, so you'll have to edit this out, but I do tell people.

I'm like, it was actually hugely important to me because I remember a phone call where you had reviewed a term sheet and I was like, "Yeah, Reid, I'm really concerned about this provision." And you're like, "That's completely standard, you're not going to talk them out of it. That's just the way it is. There's nothing actually wrong with it and here's why."

And then you pointed out something I hadn't even noticed and like, "This one, they're trying to screw you, right, just tell them to pull that out. They will definitely pull that out, because they're just having a laugh there."

HOFFMAN: Jimmy landed the funding for Wikia. It's powered by the same open-source wiki system that Wikipedia uses. And its content is also created by volunteers. However, it makes money from ads and paid-for content.

WALES: So the idea of Wikia, the original sort of concept or vision was to say, "We're building the rest of the library." So if you go into a traditional library and you look for the encyclopedia, it's the set of books, 26 volumes, and then there's everything else that you could do, and the idea is: let's be broader. Let's say, "What else do people want to do?"

HOFFMAN: It soon became clear what people wanted.

WALES: The area where it really works is Fandom, and there's lots of different Fandoms out there.

HOFFMAN: There's one example Jimmy gives to illustrate the Fandom phenomenon.

MUPPET VOICE: "Mah na mah na?"

HOFFMAN: No. I said, "phenomenon".

MUPPET VOICE: Ohhh.

WALES: So we have a Wiki about the Muppets, and I haven't looked recently but it's well over 20,000 articles. And I asked the guy, the founder, who went on to work for us later – now works at the Wikimedia Foundation – anyway I said, "Well, gosh you must be running out of things to write about." And he's like, "Oh, no, we're just getting started." Like, 20,000 articles about the Muppets.

HOFFMAN: Pretty much any popular franchise you can think of in any medium has a Fandom page: Minecraft, James Bond, Legos, Game of Thrones, The Simpsons. And even one for this podcast. That's right, Masters of Scale has its own Fandom wiki, which anyone can edit. You can find it at mastersofscale.fandom.com. Please help us build it. But... keep the geeky infighting to a minimum. It may come in handy for me making future episodes of Masters of Scale.

WALES: We saw an interview with one of the head writers of "Lost" – so you remember the TV show "Lost?" It was super complicated, and he said, "Yeah, we actually rely on Lostpedia," – which is our Wiki about "Lost" – "as our continuity guide, because the fans are obsessed about those kinds of things."

HOFFMAN: But it wasn't clear if changing the values for Fandom would work.

WALES: One of the things we weren't sure about because people said, "Well, maybe the only reason Wikipedia works is that it's a charity."

HOFFMAN: When Jimmy started Wikipedia, doing it as a nonprofit was a gamble. But now people saw this nonprofit status as being a core value of anything with the "wiki" prefix.

WALES: I said, "Well, look, people go on YouTube, right? People do these things," and by the way, it would be very difficult to get charitable status for the MuppetWiki, right? It's like the government's not going to consider that to be really a charitable project. And so it turns out though that one of the remarkable similarities is the Wikipedians do think maybe in a more global sense of like, "I'm doing this because it contributes to education in the world that I'm helping..."

HOFFMAN: Jimmy took the DNA of the Wikipedia values and changed them just enough to fit the Fandom model – without losing the magic that made Wikipedia a success.

WALES: And so what we see at Fandom is a lot of people who have what I would call a community motivation, right? So it isn't quite charitable, but it's also like people who are passionate about this thing that I'm passionate about, I'm evangelizing that thing and I'm actually making their experience better.

HOFFMAN: Fandom is an example of how you can thoughtfully update your values to fit a new product. And now Jimmy is trying to do the same with his social network WT Social, which he launched in October 2019.

WALES: So it's a social network where almost every post is collaboratively editable, which is a bit crazy, but I like crazy. There's no advertising and no paywall, so I've been joking, a series of bad business decisions, but that's how I've built my career so far.

HOFFMAN: Like Wikipedia, WT Social is entirely donor-supported.

WALES: Look, if you believe that something's broken in the world and you think, you would like to have a social network that optimizes what is shown to you, not based on how long you are clicking but on the quality, that is a time saver, not a time waster. Then you might want to chip in, and invite your friends, right?

HOFFMAN: The idea seems just as crazy as an encyclopedia that anyone can edit.

WALES: I said, "Let's make it like a Wiki where for every comment anybody can hide it, right, and anybody can unhide it, right?" And there was some, "That's crazy, Jimmy." Like, "Aren't people just going to fight about it all the time?" I'm like, "Let's try. Let's see."

It turns out, generally speaking people are hiding spammy comments, and they're not touching other people's sort of normal comments even if they disagree with them, and so that... Obviously, we haven't had a huge flame war yet, to see, does it create a problem, but so far it's been nice, yeah.

HOFFMAN: It's not just the relative lack of flame wars that makes Wikipedia, Fandom, and WT Social so special.

WALES: You know, if you just spent eight hours playing Grand Theft Auto, you might go to bed thinking, "Ah, I just wasted a lot of time today." But if you spent eight hours working on Wikipedia, you might think, "Ah, I wasted a lot of time today – but at least the world's a little bit better than it was."

They just do it because they're helpful people and they're passionate about this thing. So there are a lot of similarities, even if the motivations are somehow slightly different.

HOFFMAN: And this is where keying in to the correct value fit for your product can have a truly outsize effect: If those values fill your users with so much passion, that they will then dedicate time and energy to helping in its success.

I'm Reid Hoffman. Thank you for listening.