

Masters of Scale Episode Transcript – Franklin Leonard

“How to find hidden value that others miss, w/The Black List's Franklin Leonard”

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FRANKLIN LEONARD: My grandfather, my father's father, who was born in the Deep South in the late 1800s, literally the son of a slave, was a Negro League baseball player.

Some of my earliest, fondest memories were sitting at his foot and listening to him tell stories about pitching against Satchel Paige. We would sit and watch baseball with him on TBS back when the only sports they showed were the Atlanta Braves games.

HOFFMAN: It sounds like the start of an indie biopic that hasn't been written yet. But that's actually Franklin Leonard, founder of the Black List. You might know some of the films his list has helped bring to light, like “Slumdog Millionaire”, “Juno”, “The King's Speech.” But right now, Franklin is talking baseball.

LEONARD: I was obsessed with baseball. I worked at the Minor League Baseball park in my hometown probably before it was legal for me to even have a job running the scoreboard.

HOFFMAN: As Franklin's love of baseball grew, he paid extra attention to the sport's statistics.

LEONARD: I was a kid at like eight or nine who was asking for the Bill James Baseball Abstract every year, which is this [1,000-page tome](#) of the history of baseball told through numbers.

I still love a good stat.

HOFFMAN Someone else who famously used baseball stats to make sense of the chaos is Billy Beane, legendary former general manager of the Oakland A's. You may remember him as the character Brad Pitt played in the movie “Moneyball” – a true story first captured in the book by Michael Lewis.

As general manager of the A's, Billy Beane assembled a winning team on a fraction of the budget of the Yankees or the Red Sox. And he did it by signing talent that other scouts missed.

LEONARD: The thing about Billy Beane and “Moneyball” that was fascinating to me was not this idea of winning a championship. It was this idea that the collected wisdom of an entire sport, of an entire industry, was fundamentally wrong.

There was this idea that scouts could look at players and they were looking for a certain kind of player, how he looked, how he hit. The fact that he could have the most home

runs. But if you took a step back and then looked back at the fundamentals of the sport and what resulted in wins and what resulted in championships had nothing to do with all of those things and had to do with a very different set of skills: the ability to get on base and stay on base; the ability to advance runners under certain circumstances; the ability to be a consistent hitter – and that consistency being more valuable than the ability to occasionally hit a home run.

All of these things to me, fit with my understanding of the world. That the conventional wisdom, the assumptions that people made about me, the assumptions that people made about other people were wrong, and that they were fundamentally overvaluing some folks and undervaluing others.

HOFFMAN: For Franklin, the “Moneyball” approach didn’t just win championships. It demonstrated the value of under-recognized players. That had a lot of resonance for Franklin working in Hollywood, where studio executives often behaved like veteran baseball scouts clinging to old ways.

With the Black List, Franklin would embark on a “Moneyball”-style quest to create a more meritocratic in Hollywood. One that tried to rely a little harder on data and a little less on gut calls of what an audience would want. And he would do it by focusing on really great screenplays, ones that didn’t match what the industry thought it wanted.

LEONARD: How can we create systems that give us more information to make slightly better decisions in a competitive environment that is not rightly looking at data, or frankly, not even rightly looking at the audience that it's trying to sell to?

HOFFMAN: L.A. is awash in unproduced screenplays. Which means that spotting the great ones – the ones that can deliver a championship, or at least a Golden Globe — can be like finding the proverbial needle in a haystack.

For years, Franklin was one of the people sifting through hay – reading script after script, hour after hour – a scout looking for his next great slugger. Until he figured out a way to do it differently.

LEONARD: Everybody in Hollywood is standing in a field full of haystacks, trying to find a bunch of needles. And they don't know which needle they're going to use when they find them, but they have to start with a needle. We invented a metal detector.

HOFFMAN: In fact, Franklin didn’t only invent a metal detector. He also went looking for a different kind of metal – one that turned into Oscar gold. I believe that in a crowded field – your competitive edge is in finding under-valued assets that others overlook. Build a metal detector – for a different kind of metal.

[THEME MUSIC]

HOFFMAN: I'm Reid Hoffman, cofounder of LinkedIn, partner at Greylock, and your host. And I believe that in a crowded field, your competitive edge is in finding under-valued assets that others overlook. Build a metal detector – for a different kind of metal.

I've always found the saying, "Like finding a needle in a haystack" a bit baffling. Why would a haystack be the best place to look for needles?

But ignoring the oddness of this metaphor, the point is clear. So often in business, we're searching for something valuable and rare – amid a lot of clutter. Whether it's star employees for your team, break-out opportunities for your company, or unicorn companies for your portfolio.

But what if you could devise a metal detector for finding that needle-in-a-haystack faster? And what if it could also detect needles that others didn't know to look for?

I wanted to talk to Franklin Leonard about this, because a "metal detector" is exactly how he describes his signature innovation, the Black List. It began as a survey amongst Hollywood executives to identify their favorite unproduced screenplays. But since its first, underground incarnation in 2005, the Black List has grown. It's a database, a script coverage service, a marketplace where film executives can find the next great writer in or outside of Hollywood.

Oh, and it has also identified 12 of the last 28 Oscar-winning screenplays, like "Juno" and "The Imitation Game", and four of the last 14 Best Pictures, like "Argo" and "The King's Speech."

Before long, we'll hear exactly how the Black List finds value that the rest of Hollywood missed. But we'll start at the beginning.

LEONARD: I'm a Black man now, but I grew up as a Black child. My mom was a teacher, and my dad was a military doctor. We moved around a lot as a kid. And when I was eight years old, we moved to Columbus, Georgia, which is right on the Alabama border. It's where my dad's from. It's where my dad's dad is from. And my dad's dad's dad was born a slave.

HOFFMAN: The stark change in legacy from slave to son of a doctor was not lost on Franklin, or his siblings.

LEONARD: We had a lot of advantages. We didn't want for much. And because of that, it was very clear to us that to whom much is given much is expected, right? Like, "Look, you guys have all this stuff, you better do something with it."

HOFFMAN: Franklin heeded that advice and worked hard in school.

LEONARD: I think I got into Harvard because I was basically Steve Urkel while Steve Urkel was on television.

COMPUTER VOICE: Steve Urkel is a fictional character on the show “Family Matters.” He is the quintessential geek.

LEONARD: Like, I was captain of the math team. I was that kid.

HOFFMAN: After Franklin graduated, he became an analyst at McKinsey. It’s the kind of move I’ve seen before...

HOFFMAN: Your very first steps were, go to a great college, Harvard, go join McKinsey, which is, generally speaking, the super-smart kids who kind of are thinking maybe they’re going to go into business or something because it’s the next Olympic event.

LEONARD: I’ve actually never heard it said that way, but it’s exactly how I thought about it. It’s like, “What’s the next level?” I didn’t really want to work at McKinsey. It was just the next thing that smart, capable people did.

HOFFMAN: But it wasn’t long before Franklin realized that it wasn’t the right fit. So when he found himself in a round of layoffs, he used the opportunity to reassess what he valued. Something besides “the next Olympic event.”

LEONARD: I was like, “You’re free to figure out what you want to do with your life. You have five months to figure it out.”

HOFFMAN: In those five months, Franklin let instinct lead the way. And it led him back to a childhood obsession... with movies.

LEONARD: I probably saw every major studio release from when my mother and father first allowed me to go to the theater alone, to the day that I left for college – like literally almost every one.

HOFFMAN: Franklin spent months reading up on the industry and renting every film he could. Until finally one night, it all came together – in a very cinematic way.

LEONARD: It was the blizzard of February 2003. I rented three of my favorite movies. I walked into my bedroom, looked outside, there were feet of snow on the ground. Checked the weather in LA, it was much better. And I bought a round-trip ticket to Los Angeles, and the idea was, “Let me just go check it out. And maybe something will happen.”

Literally my second day in Los Angeles, I had a drink with a friend of a friend. A friend of hers stopped by and was like, “Oh, there’s an agent at CAA that’s looking for an

assistant. I think you guys would get along, send me your resume." I sent her my resume on a Wednesday. I interviewed on a Thursday. I was offered the job on a Friday. And I started the next Monday.

HOFFMAN: Franklin had made a radical life change – by reorganizing around what he actually valued. He also learned something about how his new industry placed value on him.

HOFFMAN: Actually breaking into these network industries – Silicon Valley is one of them, Hollywood is another one – is actually hard.

LEONARD: Very.

HOFFMAN: And that's a little bit of the fairy tale of starting.

LEONARD: It was a combination of privilege and luck, right? The privilege was, I had gone to Harvard. My friend from Harvard went to Stuyvesant High School in New York. That friend from Stuyvesant was working at CAA. Had I not gone to Harvard there's no chance of it. If I was just a Black guy from Georgia, there's no version of me walking into Los Angeles, having that meeting, and getting the job.

HOFFMAN: What Franklin is describing may sound familiar. If you want to break into a closed network, you better know someone on the inside, or look like someone they're used to letting in the door.

Silicon Valley VCs, for example, look for founders the way that a seasoned baseball scout looks for a star first baseman. They look for patterns based on past success. "OK, so my last five investments were white guys in their early 20s from Ivy League schools, who started coding as a teenager. Let me find more founders like that!"

It's a natural outcome of investors trying to minimize risk. But it also leaves anyone out who doesn't fit the mold. And that's [why closed networks suffer from blind spots](#) – and also cause them.

This kind of pattern-matching can lead down a lot of blind alleys, and to some very homogenous results. That's something Franklin would learn the hard way once he'd moved on from CAA to a position at Leonardo DiCaprio's company, Appian Way.

LEONARD: I was a junior executive. That title is very highfalutin. But the reality is that your job is to filter everything that comes in, identify the good things, and run them up to your boss – either because the script is good and you think the company should make it, or to identify writers that may service other projects that you're trying to will into existence. So my job is basically to call every agent and manager, read every script, and find the good things and give them to my bosses.

HOFFMAN: Franklin followed the protocol of the other junior executives in his “hifalutin” position. He read... and read... and read.

Let’s do some quick calculations:

- A screenplay is usually between 90 and 120 pages, with a median length of 106.
- In a single weekend, Franklin might read 30 scripts.

That’s over 3,000 pages every single week.

LEONARD: You know, trying to boil the ocean is an approach, but it's not an efficient approach. And it's certainly not good for your lifestyle, right? This is pre-iPad or iPhone even. When you're bringing a banker's box full of scripts home every weekend, spending all of your time reading them, and you go back to the office on Monday morning and your boss says, "What should I read?" And you're like, "None of this. All of this is mediocre to bad." Not a great lifestyle. And look, again, extreme privilege. I'm not digging ditches. I'm not risking my life. But there were probably other things that I could do and have a more sustainable, happy lifestyle.

HOFFMAN: It wasn’t the hard work that bugged Franklin – it was the extreme inefficiency. What a waste of human capital, not just Franklin’s, but every other person doing the same thing he was. To borrow an insight from the world of programming: if you find yourself repeating the same function over and over, it’s probably time for a new line of code.

LEONARD: So I'm starting to have this moment of, "Wait, did I just choose... Is my job to pass on screenplays?" And if so, let me check the Fulbright app, if I'm still eligible for that. My mom's still asking me if my LSAT scores are still valid. Maybe I should take that phone call more seriously. There's either that, like the job was this, or I was doing a bad job at my job. But neither one was sustainable. And so a couple of weeks before I was going on vacation in 2005, I sort of said, "You know what? Let me try to take a systemic approach to solving the problem of finding good screenplays."

I literally went through my calendar, and I made a list of everyone I had had breakfast, lunch, dinner, or drinks with. If they had a job similar to mine, I sent them an email anonymously and said, "Send me a list of your 10 favorite unproduced screenplays that meet the following criteria: One, you love the script. Two, you found out about the script this year. And three, the film will not be in theaters by the end of this calendar year." That's it. "In exchange, I'll share with you the combined list."

HOFFMAN: This was the first step toward building Franklin’s metal detector. It was a crowdsourcing gambit in the form of a survey. Just send Franklin your 10 favorite scripts. He’ll collate the results, and send them back. Everything’s anonymous, which was a detail that surprised me, given my own distrust of anonymous requests. But the lack of a named recipient didn’t dissuade his colleagues from responding.

LEONARD: I sent that to roughly 75 people. Most, if not all, responded. And a bunch of other people were like, "Hey, can my friend so-and-so at this company get in on this?" I think the first list was 93 votes. Very small data set, right? I ran the votes through a pivot table, output it to PowerPoint, slapped a quasi-subversive name on it, and sent it out anonymously. And went on vacation.

HOFFMAN: Maybe it was that "quasi-subversive name" that intrigued people. Maybe it's just that no one can resist making a top-10 list. Or maybe it was that the other executives and producers who got that first email could already see the value in what Franklin was proposing. It was an elegantly simple solution to the haystack conundrum.

Many of the same scripts had been circulating amongst different studios and production companies all year. Dozens of junior executives had been looking for needles in the same haystacks as Franklin. So he just asked them whether they'd found anything good.

LEONARD: If I sat here and said, "That was part of a master plan," I'd be lying to you. I thought this was a selfish pursuit of a list of good scripts so that I could read them, and the transaction I was making was what was necessary for me to get what I wanted.

HOFFMAN: Well, sometimes the genius is in quickly recognizing a massive opportunity, even when you stumble across it. I've had that experience multiple times in my career.

HOFFMAN: The basic premise might have been simple, but the instinct was contrarian. Industry custom was not to share that information. After all, if you're sitting on a hot script, you don't want another production company to outbid you.

But just because you've read a good screenplay doesn't mean your company is going to make it. There might be impractical elements, or legal issues... Or maybe it just doesn't fit the pattern of what the industry expects out of a hit.

And this is one of the hidden reasons the Black List worked, where I've seen similar crowd-sourcing efforts fail. Every participant in the very first Black List believed they had found a needle in the haystack. And if they hadn't been able to convince their bosses to pursue it, well, when the Black List came out, they were going to look very smart. And that would give them leverage they could use.

Franklin, by then on vacation, had all but forgotten that anonymous email he'd sent.

LEONARD: I did not give it a serious second thought other than to collect the scripts that were on it. Check my email at the hotel business center, a week in, and it had been forwarded back to me 75 times. When I got back to Los Angeles, I'd go to industry events, "Oh, where'd this thing, the Black List, the scripts on it are really good. Where'd it come from?" And I was terrified.

HOFFMAN: Wait, terrified? That's not the usual reaction to your idea going viral.

LEONARD: I was sure that I was going to get fired and run out of town. Fundamentally, this wasn't a genius idea. There must have been some unwritten rule of the road that prevented other people from doing it.

HOFFMAN: Franklin was encountering a question many innovators face: "Did I create something amazing? Or did I just break an unspoken taboo?"

In Hollywood – just like in Silicon Valley, stock trading, or tabletop board games – information is an advantage. And yet, the voluntary exchange of this knowledge is the only thing that makes the Black List work.

Franklin worried he'd done something not just wrong, but heretical. Fortunately, no one knew it yet.

LEONARD: The first six months, I was just not telling anybody that I had done it. I was living in pretty constant fear that I'd gotten out over my skis. And then in the middle of 2006, I get a phone call from an agent who was pitching me on a client.

AGENT: Hey, I have this new client, I love his script. I'm pretty sure Leo is going to want to do it as his next movie. I already sent it to Brad Pitt's company. So you should probably read it tonight.

LEONARD: The standard agency spiel. But this one ended differently.

AGENT: Look, and don't tell anybody, I have it on really good authority, this is going to be the number one script on next year's Black List.

LEONARD: And I remember sitting in my office on Sunset and looking out the window trying to process what this guy had just said because I had made the Black List. I was not planning on doing another one because I was terrified of getting run out of town and having to go to law school. And even if I was planning on doing the Black List again, it's a survey, so the notion of "I have on good authority that this is going to be number one" is just a bold-faced lie. Right?

But it was also a simultaneous realization that, "Wait a minute, this thing that I created just to find good scripts for myself apparently has more value than I anticipated." Because if this agent is out here calling random people, and for all he knows I am a random person, saying...

AGENT: This script's going to be number one.

LEONARD: ... that must mean that being number one has a great deal of value. And if that's true, there may be other things that are true about the forces that the thing has set into motion.

HOFFMAN: What had the Black List set in motion? First, it had delivered on its very first promise to identify good scripts. The top script on the list that year was called "Things We Lost in the Fire." It would eventually become a film starring Halle Berry and Benicio del Toro. Number two on the list? A quirky script titled "Juno." It would go on to win a Best Original Screenplay Oscar. Number 3 was "Lars and the Real Girl", which would star Ryan Gosling and make headlines for its unusual plot – about a man whose girlfriend is a doll.

In each case, they were the writers' first features. They were also qualitatively different from the scripts that were being greenlit at the time. They weren't chosen based on predicted Box Office success. They were chosen because they were really good scripts.

And without the Black List's survey data declaring these screenplays to be valuable, it's very possible they might never have been made into films at all.

LEONARD: Hollywood is standing in a field full of haystacks, trying to find a bunch of needles. We invented a metal detector. And so we come back with a bushel full of needles and say, "Hey, does anybody want these?"

HOFFMAN: But as efficient as this metal detector was, the Black List's bigger innovation was its ability to spot new types of precious metals – like innovative plot structures, oddball characters, original voices. Identifying these voices was a lot like finding the slugger who always gets his teammates on base.

HOFFMAN: When you think about how do we balance out more privilege to meritocracy, it's making sure that these network paths are available to the many, many people who have a lot of talent who don't have access to those network paths. Obviously, I think in networks. That's one of the ones that's under-described, I think.

LEONARD: I agree. I mean, look, all of the work of the Black List has been explicitly about unlocking those networks for people who have the talent for the benefit of both those people and the economics of this closed network that has been undermining themselves, not even realizing how much money they're leaving on the table.

HOFFMAN: However big the risk had felt, it looked like the Black List had no choice but to keep on. But it wasn't going to stay anonymous for long.

LEONARD: I decided to do it again the next year. And in January, the *LA Times* outed me as the person who had created it, which was a moment of extraordinary fear to be sure.

HOFFMAN: Franklin Leonard had been unmasked. But he wasn't "run out of town." Instead, he went to work for legendary filmmakers Anthony Minghella and Sydney Pollack in the final year of their careers. And then, on to Universal Pictures, then to Will Smith's company, Overbrook Entertainment.

LEONARD: The Black List was, even at that stage, meant to be a side thing that I did every year that now served two purposes. It gave me a list of scripts that I should read, and writers that I should prioritize in my day job, which was producing movies. It also gave me a sort of personal brand as an individual within all of these jobs that you move through over the course of a Hollywood career.

HOFFMAN: I find this part of Franklin's journey fascinating. The top scripts on the Black List weren't Franklin's opinion. They were based on data. That's the point. But having the insight to gather that data – and the ability to interpret it – put him in a new echelon.

Anyone can pick up a metal detector and scout for buried treasure. But there's a skill in knowing where to look, and how to sort the value of what you've found.

By now, the Black List was a lot more than a once-a-year survey. It was a series of live public readings, starring big-name actors and playing to sold-out crowds in L.A. And it was cementing a reputation for finding screenplay gold.

LEONARD: Over time, as the List continued to happen every year, and there were more and more successes from the List, it created a virtuous cycle that allowed us to be trusted. And then I've been very deliberate about making sure that we behave in a way that merits people's trust, and that we exist as an organization, first and foremost, to identify and celebrate great writing.

HOFFMAN: But Franklin had even bigger ambitions for the Black List.

[AD BREAK]

HOFFMAN: We're back with our guest, Franklin Leonard, founder of the Black List. When we left him, Franklin had built an apparatus that worked as a sort of metal detector for great unproduced scripts.

But Franklin had started to notice a small flaw in the system. The Black List was great at finding great scripts already circulating in Hollywood. But what about all of the gold that might exist outside?

LEONARD: I would get invited to speak at film schools or film festivals. Invariably the first question that I would be asked was, "Hey, it's great what you've done to get writers who are already in the system the attention they deserve. But I live in Iowa, and I don't

know anybody who works in Hollywood. And I have this script that I think is pretty good. How do I get it to somebody who can get it on the Black List?"

I would sort of mumble through answers. I would point people towards the Academy Screenwriting Competition, the Nicholl Fellowship. But I didn't have an answer that I found adequate, because they all smacked of things that imposed more barriers than you should if you recognize writing and writing talent as the lifeblood of an industry. We should be out there trying to find these people, not hoping they come to us.

HOFFMAN: Once again, Franklin was seeing not just inefficiency in the system, but opportunity. The result was a Black List website that was more than a database of past winners. It was a platform that would help find new ones.

LEONARD: I set about building this sort of two-sided marketplace that was a catalog of all the scripts that anybody could make, along with access for the industry to find them. Right? Like outside of the walled gates.

For me personally, I'll take an attempt at screenwriting from somebody who's been living a "normal life" over someone who was able to come to Hollywood because their parents worked in the industry, their parents gave them a trust fund, whatever it is. My personal experience would suggest that those people have more insight in telling an emotional human story than folks who have not.

HOFFMAN: To put this back into our metaphor, this would be like holding your metal detector up in the air, and asking the haystacks to come to YOU.

LEONARD: We could allow anybody on earth to upload a screenplay to the website, for a fee. The writers could pay to have their scripts evaluated. And then we could share the information about the good scripts, the ones that were reviewed positively by our readers. And because of the credibility that we had built over the previous eight years at this point, people might take our word for it.

HOFFMAN: This move, to create a two-sided marketplace for producers and screenwriters, was a way for artists outside the system to meet the movers and shakers inside. It was the Hollywood version of a Y Combinator, or a Techcrunch Disrupt. And it happened all year round.

LEONARD: We launched Oct. 15, 2012. We were profitable on day one. The first writer to get signed by a major agency was a 23-year-old kid living with his parents in Staten Island, New York. He signed at CAA and Management 360, two major Hollywood companies, less than six weeks after we launched. And then that script made the annual list a couple of weeks later.

HOFFMAN: Since that launch in 2012, the Black List has continued to stay profitable, and the platform has opened up to TV pilot scripts as well. It's not free, but it's a lot less than moving to Los Angeles, to try and "break in" to the business.

With this new marketplace version of the Black List, Franklin was promising a new way into the closed network of Hollywood. And making it accessible to more marginalized writers was firmly at the center of his goal. In the ongoing search for new kinds of needles in far-flung haystacks, it was a way to create something to draw them closer. Something a little like a magnet.

And this part of Franklin's work has a lot to teach us – in Silicon Valley and the corporate world – about how to attract diverse talent. It's less about using a metal detector on incoming candidates, and more about being a magnet that draws the right talent to you.

I asked Tatiana Mac about this. She's a Portland-based software engineer, who often talks about the lack of diversity in tech.

TATIANA MAC: So often when we talk about the lack of diversity, or equity, or inclusion within companies, they're often looking at what I would consider downstream to the talent and saying talent doesn't have A, B or C, or talent isn't applying.

HOFFMAN: Tatiana's seen so many tech firms try and fail to attract the diverse talent they seek. And she's drawn to the idea of a magnet.

MAC: I think that the way that we recruit is completely, intentionally broken. They always talk about casting a bigger net, but I'm like, "Maybe the people don't want to go to the pond that you're at." And so, that's why the magnetizing example I think is helpful. You need to be attractive to the talent in order for the talent to come to you.

HOFFMAN: Being a magnet for great candidates of diverse backgrounds and circumstances means a lot more than just putting out the call and hoping they will come. The candidates need to trust that your company is the place for them to grow and thrive. Tatiana says that trust starts at the interview stage.

MAC: There are so many barriers in the ways that we interview and ask questions of our interviewees, things like, are you able to travel? What do you do in your free time? What's your favorite alcoholic beverage? What's your favorite physical activity? And it's very easy when you have a primarily able-bodied, cis, hetero, nucleated family type system. People aren't going to find those questions offensive because they're crafted for them, they're crafted with their inclusion in mind.

When we think about creating a system that's seeking out talent, if it is created by people that don't look like or have had lived experiences like the talent they're seeking for, they're going to be focused on completely different priorities. There's a saying in accessibility, which I focus on in a lot of my work, which is: "Nothing about us, without

us.” So, in that concept, it's about ensuring that the people who are creating the products, or work streams, or systems are the ones that are most vulnerable and most impacted by those systems.

HOFFMAN: The concept of “nothing about us, without us” has been a driving force in how the Black List attracts talent outside of the Hollywood mainstream. They launched screenwriter labs to cultivate talent and added specialized lists to find the next great script from under-represented groups. Think of it as building an entire network of metal detectors, committed to finding uniquely valuable kinds of metal.

LEONARD: For the last couple of years, we've been doing these lists with affinity groups, like the GLAAD list for LGBTQIA+ writers and scripts, the CAPE List for Asian and Pacific Islanders. We just announced a Muslim List, we're doing an Indigenous List, we're doing a Disability List for the second time this year.

So we're trying to identify that stuff that the industry is like, "Oh, we'd love to make it, but we can't find them." We want to put people in a position to be like, "Well, here you go. Here's a menu. Here's that bushel of needles. Don't worry about the haystack."

HOFFMAN: I love this iteration of our theory. Because lest we forget, haystacks are terrible places to keep needles! Surfacing talent is a challenge in any industry. And surfacing diverse talent has stumped many a Fortune 500 company. It's not because the talent isn't out there. It's because the search efforts are often so lackluster.

Back to our “closed networks” discussion: If your board room – or your writer's room – is filled with mostly white men from high income brackets, when it's time to fill a position, they'll reach out to their networks first, which usually means networks of people from similar backgrounds. Creating these lists especially to find the best writers from different demographics helps upend the old systems, and let new talent into the room. It disrupts that old system of pattern-matching by looking for new patterns.

But in the case of the Black List it's been important to Franklin Leonard to make sure that the proof is still in the product. After all, art is subjective, but moviemaking is a business. Who's to say the scripts and the writers they're finding are actually ‘the best’?

Well, the numbers say it, for one.

LEONARD: Twelve hundred scripts on the list, 400 of them have been produced, 54 Oscars, 4 Best Pictures, 11 of the last 28 screenwriting Oscars. That's crazy. Thirty billion in worldwide box office. But the icing on the cake for me was Harvard Business School did a study, specifically trying to look at the economic impact of the Black List – and I want to be clear that this is not causative, it's correlative, but it's still notable. Movies made from scripts on the Black List made 90% more in revenue than movies made from scripts not on the Black List.

Start with a great script. Have the best chance of making a great movie. Have the best chance of making money.

In practice is it 90 percent? No, maybe, I don't know. Is it always 90 percent? No. It's a probabilistic situation across the portfolio. And I think a lot of people in the industry have trouble understanding those kinds of thinking systems.

But at the end of the day, I will take a 90 percent revenue advantage based on my ability to select material. I'll put that up against anybody else controlling for all other factors. And again, it just comes from a simple place: find scripts that people are responding to emotionally.

HOFFMAN: We're now at the heart of a couple of the questions that I thought was so amazing about what you've done. There's always some kind of art and science in these things. But just like I've seen in venture capital, part of what you want to say, well, how do you blend the art and science? How do you blend data? How do you blend patterns? How do you blend portfolio analysis? How do you get to the what is contrarian and right?

LEONARD: Yeah. I mean, I think of film financing as venture capital. Film producing is a different thing. And I think that – though the Black List is producing now, we're producing some of the best stuff that we find – I think our real competitive advantage would be in the financing realm, though obviously to finance you need finance – and we're working on that.

But I think I have always been a person that defaults to systems. I was obsessed with baseball statistics as a kid, and I still love a good stat. I think I look to them and always have as an attempt to make sense of a world that I knew was fundamentally chaos.

HOFFMAN: The stats on the success of the Black List scripts have been so good lately that it caused the company to start doing something it had never done in the past: produce. As in, turn the scripts they find into actual motion pictures. That can mean everything from finding locations and negotiating permits, to casting and hiring key members of the creative team.

Taking this step means the Black List as a company is taking on more responsibility – and more risk. They're putting their money where their mouth is, in a very real way. But at this point, the Black List has already proven that it's a metal detector that works. Time after time, it finds scripts and writers of value that are worth investing in.

LEONARD: We went to a writer named Amanda Idoko who had a script on the Black List two years prior, and said, "Look, why isn't anybody making your movie? It's really good. What's going on?" She was like, "Well look, everybody loves it as a sample, but no one's trying to make it. It's female driven. It's a little bit quirky." And Amanda is a

Nigerian-American woman who just turned 30, who writes like one of the Coen brothers. I was like, "Look, I think we can get it made. Let's squad up and try to get this done."

HOFFMAN: The reasons for building metal detectors can be mission-driven or solely profit-focussed. It can be about finding applicants from extremely diverse backgrounds, and then making sure those applicants get a fair shake. Or, it can be about getting better outputs and making more money. And of course, it can be both. Either way, the result is the same.

LEONARD: It's very dangerous when individuals, especially the individuals who have historically been running Hollywood – which are not representative of the audience as a whole – are the ones choosing what everyone sees. So I think that there's opportunities in the Black List in that it identifies more diverse, higher merit content that is more likely to make money.

HOFFMAN: There's no better proof that Hollywood needs the Black List than the biases and bad pattern-matching that still persist, despite the numbers.

LEONARD: I'm a person who does not function without receipts and I don't say things unless I feel like I have receipts for them. I mean, I say it a lot. The conventional wisdom is all convention and no wisdom. And I mean it, not based on some sort of pithy slogan, but because the numbers back that up.

When I was coming up, it was taken as law, female-driven action movies do not work. Don't even think about pitching one to a studio because they don't work. So when things like "Twilight" are at Paramount, they put it into turnaround. When "Hunger Games" comes out in manuscript form, all of the studios pass, except the one studio that is having to do things differently because they're on the outside and that's Lion's Gate.

Turns out female-driven action is super successful. And by the way, if you look back, female-driven action has always been super successful because you know who's really good at female-driven action? James Cameron, and his movies make money. "Terminator" is a female-driven action film. "Alien", female-driven action film, and they were always successful.

Similarly, there are people in Hollywood who will tell you right now, Black movies don't sell overseas. Still, they'll tell you this. And I've been told this my entire career.

I was in Shanghai two years ago, and the entire time I'm in China, I've got that ringing in my head, this idea that's like, "Oh, I can't sell Black people in China, it just doesn't work." And I'm walking back to my hotel in Tomorrow Square, and I look up and I see a billboard for the iPhone, and on that billboard is a Black woman with dark skin. I remember thinking to myself, so Apple thinks they can sell their iPhone in China with a Black woman, but studios want me to believe that they can't sell movies with Black faces

on them. If I have to choose, I'm going to trust Apple's marketing department over the Studio's marketing departments.

HOFFMAN: But the stakes for the Black List and for the future of the film industry are far higher than making sure that people make good choices that get everyone paid.

LEONARD: There are lots of different ways in which the industry's conventional wisdom is all convention and no wisdom, and some of them are more pernicious than others. The undervaluing of writers. Okay. We're probably making less money because of that. We could be making better movies, if we didn't think that way. But I don't know that that failure is responsible for rape culture or police violence. But our undervaluing of Black people, our undervaluing of women – how we choose to portray them on the screen – absolutely projects and amplifies rape culture and police violence, and has real material consequences for people on the ground.

There's this quote, often misattributed to Plato, but was actually a 17th century Scottish writer, Andrew Fletcher, and the basic thrust of it is, "Why do I care who's writing the laws of a country if I can write its songs?"

We can never forget that the first Hollywood blockbuster was "Birth of a Nation", a racist film that was responsible for the rebirth of the Klan and the lynchings of hundreds, if not thousands, of Black people in America. That is the industry's legacy, that's where we started. And the question is, what are we going to do from here, now that we're beginning to be aware of the influence that we have and the consequences of that influence. And I don't know the answer, but I'm excited to see how it goes, and be part of the process of figuring it out.

HOFFMAN: I'm Reid Hoffman. Thanks for listening. If you want to share this episode, use the short link: listen.mastersofscale.com/blacklist.