

Rapid Response Transcript – Marc Lore

“Launching a \$500 billion startup”

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Something that could be worth a hundred billion or more. We'll give a \$10 million check in 48 hours.

BOB SAFIAN: That's Marc Lore, the founder of Quidsi and Jet.com, who earlier this year left as head of ecommerce at Walmart. And has since made some bold bets, including investing one and half billion dollars to buy the NBA's Minnesota Timberwolves, alongside Alex Rodriguez.

I'm Bob Safian, former editor of Fast Company, founder of the Flux Group, and host of Masters of Scale: Rapid Response

I wanted to talk to Marc because, at a time of intense economic and societal uncertainty, he sees almost endless opportunity for transformative new initiatives – from a \$500 billion city in the desert to new \$100 billion companies across multiple industries.

Lore has a system for bringing big ideas to fruition, one that he believes applies equally to startups, the NBA, and a new, more equitable, sustainable model for urban life.

If that seems wildly ambitious, well, that's what Lore is all about – using the tools of entrepreneurship to challenge assumptions and drive change.

It would be crazy, he says, to waste the opportunities in front of us.

Oh, and he's looking for big-thinking founders to join him on this journey. For the right idea and the right person, he says, he's prepared to invest \$10 million in 48 hours. Any takers?

[Theme music]

SAFIAN: I'm Bob Safian, and I'm here with Mark Lore, founder of both Quidsi and Jet.com, sold to Amazon and Walmart respectively. He's an entrepreneur who has dramatically impacted our retail landscape. Although his interests are much broader as we'll be discussing. Mark, thanks for joining us.

LORE: Yeah, thanks to be here Bob.

SAFIAN: So earlier this year you decided to leave Walmart about five years after selling Jet.com to the company. And now suddenly you have wide open space in front of you, but instead of kicking back and resting on the fruits of that labor, you have a whole slew of initiatives underway from plans to build a new city from scratch, to buying an NBA team the Minnesota Timberwolves, to a range of new startups and investments. I am eager to dig into all of that stuff, but first I want to ask you about your mindset at this time. This is something we focused on a lot at Masters Of Scale.

Why didn't you just kick back after leaving Walmart? What motivates you at this point? Is it the same or different from what motivated you at other times in your career?

LORE: No, it's the same. I love it. It's fun, it's not work. I enjoy building stuff from nothing. If you look at it like an athlete, and you're sort of in the single A, and then double A, and then triple A. That's great, but it's pretty obvious you want to get to the majors. And then you get to the majors, and then you want to make an all-star team, and then you want to win a championship, you want to be an MVP. And to me in business, in entrepreneurship, it seems sort of obvious. You've got all this experience, and you've got the ability to raise more capital, hire better people. It'd be crazy not to leverage that, to waste that opportunity, is the way I think about it.

SAFIAN: So tell me about Telosa, this magical city that you've envisioned. I mean, entrepreneurs usually start with small focused ideas, and then they iterate and then expand. And you're starting with a pretty grand image here. Where did this idea come from? Did you go to Disney World and say, "Oh, I want to create my Epcot." Where does this come from?

LORE: Yeah. Well, first off I always come from the point of view that it's easier to do a big idea than a small idea. I find it really hard if you said, "Hey, start a small business, make it profitable. I want to make a couple million dollars a year," I'd be like, "I'm out." That seems way too hard. I don't know how you'd do it. But I think the bigger the idea is, the fewer the people there are playing in the space. So I always like thinking about how to make the idea even bigger. But when it comes to the city, it really wasn't about, "Hey, I want to build a city."

It didn't start like that at all. The city is just a tactic to a much bigger vision of testing a new model for society. Like many Americans, I think I've just been frustrated watching what's happening in America, wondering with all this material progress that we've made over the last hundred years, why are there still so many people barely getting by? Why are we all not winning here? And so it sent me down a deep dive researching.

And I came across this book "[Progress and Poverty](#)" by Henry George. He was an economist in the late 19th century. It turns out the book was the second most read book next to the Bible in its time. And he basically proves what the problem is with capitalism. And so that got me really fired up because an entrepreneur is always looking for what's that little hook, that little thing you can change that makes all the difference.

I'm a big believer in capitalism and the power of it, but there are definitely some drawbacks. Without government intervention and antitrust, we'd continue to have monopolies, and the workers would bear the brunt of that. And we saw that in the early days of capitalism in America. The government I think does a pretty good job now of preventing that and making sure that there is fair competition.

And after reading this book, it occurred to me that land ownership is this silent monopoly. As people own land and there's only a finite amount of it and you have control over it, and you basically are able to extract as much value as the market will let you. And that's sort of what a monopoly would do. And so it seems to me we missed it. I think we just missed it on land ownership, and I could talk for a long time about exactly the economic theory behind why it's true. But accepting it's true I said, "Okay, well how do you change it?" You had to start from the beginning.

So that's where the city comes into play. We need worthless land. Call it the Nevada desert. Let's find 200,000 acres. Let's have the land be owned by a community foundation, a not-for-profit. And if this foundation could get 5 million people to move there and create a real thriving city, the land would be worth a trillion dollars. And with that trillion dollars of land value, the community then would form an endowment, probably sell off the land, diversify, and have like a trillion dollar endowment where it would earn, call it, \$50 billion a year.

And it would use that \$50 billion to basically provide the most advanced social services in the world. Healthcare, education, jobs training, affordable housing, and it really would bring everybody along with this wealth creation. So that's the idea. I'm calling it equitism. It's sort of capitalism with just this one little twist, it's a small twist, but it's a really impactful twist. And I think if we're able to execute it, it's going to change how people think about capitalism.

I think we haven't taken enough shots as a country. We were incredibly innovative, tried a lot of things early on. And so hopefully this encourages other people to take shots and

test things on a large scale to see if we can make improvements. There's no way we've got it perfectly right in my opinion.

SAFIAN: And so you're using this as a test bed for this new model, which includes more sustainability as part of this city too. But the idea is that other cities, other locations will then, if it works the way you hope it will, will adopt pieces of this, will change their own structures?

LORE: Yeah, that would be the hope. Absolutely. Since we are building this city from scratch, we're seeing an incredible opportunity to not only make it the most equitable city in the world, but also the most sustainable. It would be powered by 100% renewal energy and only use autonomous vehicles and be very family friendly, lots of parks, very walkable, bikeable, a lot of nature. With a clean slate, there's a lot of really cool things we can do.

And I think the other cities in the world could certainly learn What does it mean when you go fully autonomous with vehicles? If you see it in action, live in a city of 5 million people, it might be enough to say, "You know what, let's do the hard switch."

That's one example, but there'll be a couple dozen, probably, examples of things that we do and make work that other cities can look to. And that would be the hope. That would be the dream, really.

SAFIAN: What surprised you about the reaction to this idea?

LORE: We've got thousands, probably more than 10,000 now, inbound responses from people that are excited about it. Many of them want to move there. That was surprising to me.

SAFIAN: The Saudi Arabian government has its own built-from-scratch city in the works.

LORE: We've talked to them. It's a very ambitious project as well. I think there's a lot of things that we could probably learn from each other. One of the approaches that we're taking though, that is a little bit unique, is we're really starting with people at the center, not technology at the center. What are the values of the city? What's the mission? How are we going to live these values in a way that no other city does? What are we going to stand for? And so, we want to be the most open, the most fair, the most inclusive city in the world.

And to our knowledge, no city that's been built has really started with a mission and a set of values and people at the center. It started more as a big real estate project. And that's what we're avoiding. I have no financial interest in this whatsoever.

This is just an opportunity to give back. It's not a real estate project and not looking to make money. I'm hopeful that is what makes the difference in the end.

SAFIAN: Before the break, we heard billionaire entrepreneur Marc Lore talk about his vision for a new city in the desert that he calls Telosa and how a small twist can launch a big idea.

Now we dig deeper into the big bets he's making – from buying the NBA's Minnesota Timberwolves to investing in a slew of new startups that he believes can be \$100 billion businesses. Lore wraps all this in a strategy he calls VCP: vision, capital, people. He stresses the need for a clear delineation between mission and values on one side and strategy and vision on the other. Winning – even winning an NBA championship – can't be the only goal, he says. Let's hear why.

You've also, this year, become an owner of the Minnesota Timberwolves. The NBA season starts this week. It must be exciting to be in that new business.

LORE: Oh, very exciting. This is a childhood dream. I mean, honestly, growing up as a little kid in Staten Island, New York, I was a huge sports fan.

There are no words. It's beyond exciting, and I can't wait to go to the games, and also dig in through the lens of an entrepreneur again. So, I've never owned a team before. I've never built a city. I'm just trying to take this startup playbook that I've learned through doing many startups, and seeing if you could apply that to a team.

SAFIAN: Why the NBA as an investment? I mean, is it a business decision? Is it a passion decision?

LORE: Yeah, I think it was a combination of both. So it's a lot of money and a lot of personal wealth tied up in it, so you don't want it to go down in value. I think looking at all sports, NBA seems to have the most upside, just it being global. It's progressive. The younger generation, it's probably the sport that resonates most.

We love the idea that the Lynx, the WNBA team, was also part of it as well. So we've got two teams. The fact that it was sort of an underdog, I would say, in the league. Minnesota is a big market, and if we get it right there, this could be something real special.

We're going to build the foundation the way we would in any startup. What is your mission? What are your values? How do you live them in a way that no other team does? What's the vision? Where are you going? What do you want to be in 10 or 20 years?

I'm always a believer in what I call VCP: vision, capital, people. If you get VCP right, everything else falls in place. That's been the playbook or formula that I've used that has worked really well for me.

SAFIAN: Isn't winning the mission?

LORE: People throw around mission and vision all the time. And sometimes it gets a little confusing. I always try to separate mission and values in one bucket, vision and strategy in the other. Mission and values is more the emotional connection you have, like why you exist. It's not a goal.

So winning a championship would be a goal. That's on the other side of the ledger. Mission and values. It's: what gets you up in the morning, and what do you stand for, and what do you value as an organization? You can live those values so that the fans can say, "Wow, the Timbales are X." "They are the most..." We haven't nailed the values yet, but let's say it was. The most open team word gets around, you build a reputation for being open and you live it. And that's how you build a brand. And that's how you attract the best people.

You need that to be the foundation of the culture: mission and values. It's so that people feel like there's something bigger than dollars and cents or even bigger than winning. That's the mission and values. Then on the vision and strategy side, certainly part of the vision of where you want to get to in 10 or 20 years, it's got to include a championship. That's part of it. That's not the only thing. When you're thinking about the vision and painting a picture, it can't be singularly focused on just a championship. It has to be broader and cover more things that you want to be.

And then put three or five strategies down on paper that are the big building blocks to that vision. And then you go set up metrics, you judge yourself against those metrics, you come up with the tactics, and then the organizational structure to support it. There's a certain formula and method. I'm learning to play basketball now, which I thought was appropriate since I bought a team. So I'm learning to play. And the coach is a great coach, and he has me doing a lot of air shooting, no ball.

And it's just foundational, foundational, foundational. Sort of resonated with me. I'm like, "Yeah, exactly." In business, a lot of times people shoot with the ball without doing the fundamental work beforehand. And that's what I'm really helping to sort of push here is, let's do the air shooting. Fundamentals. Let's not make any big moves, no big hires, no big firings. Let's just do the hard fundamental air shooting first. And then when everything's in place, when we start shooting, everyone's going to feel really good about things. So, that's the approach we're taking.

SAFIAN: You made transparency a big deal at Jet, wanted valid pay scales among other things. How transparent can you be as an owner with players?

LORE: No, it's interesting you said that because while I don't know and we haven't settled on the value, there'll be something in that area of being more transparent, more real with players and fans. And so right now we're in the process of actually learning

from the league and talking to agents. What is okay in terms of transparency? How far can you go?

SAFIAN: Within the rules that are in place?

LORE: Yeah, within the rules. But certainly, nobody should be surprised or read about a trade in the newspaper. That sort of thing. That seems sort of obvious. I'm certainly interested in pushing the envelope. Because I'm a big believer in the power of transparency and what it does to build a trusting relationship and what that does to culture.

There's incredible loyalty that builds over time with the players, but also we're only going to land on three values. I'm a big believer that you shouldn't have more than three values because you couldn't possibly live more than three in a way that no other team does. And also everyone that you add past three I find to be dilutive. You just become less likely to live in a really differentiated way.

SAFIAN: So you've made a slew of entrepreneurial investments. I'm sure many of our listeners would love to have you as a backer. So how do you decide what to invest in?

LORE: So the strategy is to come in early with a really big check, pre-seed, call it a \$10 million check with just a founder and a big idea. And then we'll help the founder raise capital and hire the team. I fundamentally believe as an entrepreneur there's a gap in the market where the typical approach is you're a founder, you have an idea, you get a million dollars, you build a little something, you do a little testing, then you put a couple more million in, you build a little more, five million. And there's an extraordinary amount of finance risk, and then time you take.

To answer your question, it would be a founder that has a really big vision that'll require a 10 million, 50 million, multi-hundred million dollar, three rounds of financing, that sort of size. Something that could be worth a hundred billion or more. But it's just a founder and an idea. And the thinking is like, if we like the space and like the entrepreneur then we'll give a \$10 million check in 48 hours.

SAFIAN: But you said a hundred billion dollars. You're looking for folks who are really trying to do something transformative.

LORE: Yeah. And it has the potential to be that. It doesn't mean it will exit for that. But if something has the potential to be a hundred billion dollar market cap type company, then that means that there's a high likelihood that the company is going to raise at a multi-billion dollar valuation and really go for creating tens of billions of value. I think it could work in any industry, if the idea is big enough.

SAFIAN: So you're not necessarily focused on retail, which is where you spend a lot of time more recently. But other areas, I know you're an investor in Archer, in passenger drones, right? What are the areas that you feel are ripe for disruption?

LORE: Just pick any big industry. Transportation, energy, education, healthcare, sports, e-commerce, retail. The biggest sort of buckets out there, can you find a way to transform the entire industry?

Wizard is a good example. We just raised 50 million for that company. And it's basically conversational commerce, this idea that in 20 years, people won't use a search engine to order what they want. You won't go to a website and type in toaster and get 5,000 responses and have to weed through them. I think it's going to be much more personalized, and it's going to be through text and voice interaction, and you'll just either text or say, I want a toaster, and it'll know everything about you and come up with three dead-on recommendations that fit exactly the type of price point, the types of brands you like to buy.

And you'll see the three, and you'll just say number two, and number two will show up. This idea of having to do the work yourself right now, which is the way retail works, I don't think is going to be a part of how people shop in the future. And that's what really Wizard is about. It's conversational commerce, we call it.

SAFIAN: And it's about the engine behind that's doing the work in the background?

LORE: Yeah, it's artificial intelligence, machine learning, and it just keeps getting smarter with every conversation. That's the idea. It's a combination of intelligent AI machine learning and really smart merchandising sort of bringing the two together.

SAFIAN: There's a lot of talk about the scale of some tech businesses. You mentioned monopolies earlier. You've contributed to huge platforms at Amazon and at Walmart. I had a guest on recently, formerly at Google, who kind of regrets that he helped make them so big, so dominant, so scaled. And I'm curious if you have any regrets, or any, I don't know, perspective about what scaling to that size does or means.

LORE: I mean, at Walmart I have no regrets at all. I think the retail market is very competitive, and it's very healthy. And Walmart investing aggressively to challenge the very formidable incumbent in Amazon was healthy for the world, for the market, for customers in general. Had we done that, that would be worse off. I mean, you don't want to have any one company with such dominant share of the market, because it starts to get monopolistic power. So, no, I'm glad we did what we did.

SAFIAN: Well, great. Well, Marc, thanks so much for taking the time to be with us. I really appreciate it.

LORE: Thank you, Bob. It was great. Thank you.