

[Transcript] The Diary Of A CEO with Steven Bartlett / Moment 130: Shopify's President: The 1 Skill You MUST Have To Thrive In Business: Harley Finkelstein

You referenced spikiness. You know, you said you, and that gave me flashbacks to a conversation I had with Jimmy Carway. He said, we don't need more people that are shit at physics. Find the thing you'll get out and like double down there as career advice for an entrepreneur. Also, when that's not an entrepreneur, what do you mean by spikiness and why is it important? Oh, so this is going to be a long way to get there. But I think it's important.

When I was building that teacher business in college, a mentor of mine, his name is Philip Reimer. He's a senior partner at a very prestigious law firm called Denton's. They're everywhere. They're all over the world. He's like, you know, he's had this incredible white shoe law firm career. He basically convinced me to go to law school and he convinced me to go to law school not to become a lawyer. He's like the skill set that you need given what I think your ambitions are around business creation, business building entrepreneurship. You are lacking some sophistication. You're always going to struggle with these sort of things. He's like, but I have this idea, which is go to law school, not to get good grades necessarily, not to get, not to become a lawyer, but to effectively, selfishly disseminate all this information from your classes to make you a better entrepreneur. And I think because I sort of had a very clear view that I wasn't sure at that time I was 21 when I started law school. I didn't know exactly what my spiky point was, but I knew it had to do with entrepreneurship. And so Phil, when you're 21, I didn't know very much at 21. I thought this teacher business would just be the thing I'd keep doing for, for, for many more years. But Phil had this idea that actually to sharpen your point, you should do something that is not obvious. And in hindsight, it really feels like what Phil was helping me to figure out was finding more alpha in terms of entrepreneurship, finding some arbitrage operation, something that that is that exists that no one is looking at, but that I can take advantage of something unique. Is that what you say? Yes, exactly. Something really unique that, hey, you're a good entrepreneur. You're not a great entrepreneur. You're not sophisticated. You don't understand.

You don't understand all these different aspects of entrepreneurship. You should go to law school to not to be a lawyer, but to be a better entrepreneur. And you should be selfish in law school and in that, in your curriculum, in driving as much insight as possible. So when you leave law school, you can return to entrepreneurship in a much better version of yourself. Because you'll have something that the competitor said other entrepreneurs wouldn't have. So you could have gone like, you know, Steve Jobs did that like typography class. That's right. And that's why we have these incredible devices in front of us. So it's an obvious skill that's complimentary. And that's why I say it's sort of finding alpha or an arbitrage opportunity because it's something that is not obvious to most people. But now in hindsight, when you think about it, you're like, well, that makes total sense. Look, I went to like, I went to public high school and it was a good school, but I didn't learn how to write very well. And then I went to McGill and economics. I didn't learn how to write very well. I learned how to write really well in law school because all you're doing is writing factims and memos all day, you know, all day long. I learned how to negotiate and how to do real critical debate and critical reasoning. I learned how to read 2000 pages and pick up the one line that matters. All of these things on their own doesn't seem like it would create the curriculum of a great long-term entrepreneur, but it did. And I think part of the reason why I

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allowed myself to go through that process of law school was I didn't know exactly what my spiky point was, but it felt like it's definitely in the realm of entrepreneurship. I didn't realize that I would help build a company that would create millions of new entrepreneurs, but I knew entrepreneurship was deeply personal to me because it helped me. It was my family story of survival.

It just felt like this incredible tool that most people had not discovered yet.

And so on that spiky point, I think the sooner you figure out that spiky point, you don't have to be precise. I didn't know I was going to run a software company, but I knew that entrepreneurship was deeply important to me. And so as I made decisions starting at 21 years old, every decision was under the lens of, is this going to help sharpen my point? Is this going to make me a better entrepreneur? And I think if I would have realized that 10 or 15 years later, it still would have been fine, but it wouldn't have happened the same way. And it may have not led me to join a group of a handful of really smart engineers building this crazy piece of software called Shopify 14 years ago. I think this is an exceptionally undisputed point, which is this idea of skill stacking, but stacking skills that are unobvious and rare within an industry. So if we take, and I think we should go through this in a little bit more detail, because I think it can really have a profound impact on people. I read about how the best people in the world, I think it's a mathematical equation where if you're the best at six skills in an industry that are like, unobvious, you actually are the best in a million people at that thing. So I mean, if there's a village of a million people, and they showed this little graph, I remember seeing it and writing about it a little bit, where if you just, if you're just in the top 10% at six complimentary skills, you're the best in the village at that particular thing. Like Cristiano Ronaldo, the football player, he's not the best, he's not the fastest player in the world. He's not the best shooter in the world. He doesn't take the best free kicks in the world, doesn't head the ball the best in the world. He's considered the best player in the world by many, because he indexes high the top 10% at various things. I think about Jack who records this podcast. Now, if Jack was wanted to be a podcast director, what all podcast directors or producers do is they'll go learn how to do microphones and cameras. Now, interestingly, I don't think that's the place to be placing your time to become the best in the world. As we saw in the case of Steve Jobs, who went into typography and design and then made these beautiful devices, Jack should probably go and try and get an unobvious skill that would be in high demand and low supply in this industry. So if Jack went into theater, he would learn maybe about how to construct a story arc, or if he went and did, like, I don't know. Or set design also. Yeah, or DJing. If he went and learned to be a DJ, then he would learn about stems and music and whatever else. Or set design, if he went and did a theater, so it's, and that would make him be, I'm not using Jack, I'm just saying someone in Jack's position, that would make them be a real fucking hard to find talent. But it's funny because we can, in industries, like, I always think this about coders, and I don't hate to sort of generalize here, but it probably does sound like a generalization. It's sometimes hard to find someone who can code, who's also an exceptional storyteller and visionary. Often in companies, they're two separate roles, right? So if you're a coder, instead of becoming even better at coding, for example, going and doing those little like public speaking sessions is probably an unbelievable hack, because then you can build and sell. Sure. And actually, that brings up two points.

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One is, most people start companies with people just like them. Yeah. Yeah. Most people start companies with people that they would have been friends with in high school. I think that's a terrible idea. In fact, if you were in college right now listening or watching this, and you're in the business program, commerce, or you're in the engineering program, don't start a company with the person sitting next to you, walk across the street, go to a different faculty, go to faculty arts, or the faculty of philosophy, or the faculty of engineering, and find someone there to start a company with. I think some of the best partnerships and relationships that I've seen that have built things that change the world from a company perspective, philanthropically, whatever they're trying to build might be. Building with other people with complementary skill sets is incredibly valuable. In fact, I think you get a much richer set of stacking of skills. You mentioned DJing in terms of skill set. I never appreciated ever how important my experience DJing, DJ like hundreds and hundreds of bar mitzvahs over my time hundreds. I never appreciated what I'd learned from as a DJ

and how I'm, how I apply to running a large public company. But the truth is, there's all these different things. So for example, something I noticed early on, it's like 14 or 15 years old, if the pre-meeting went really well with the clients, no matter how the party went, it was going to be a great result. Because if I had a good relationship or good connection with the client, even if half the party didn't want to dance, the client knew me and knew enough about me and knew that I was going to try my best, that even if half the party was dancing, they were happy about that. And they were on your side. And they were on my side. There was this immediate connection. And so now,

before I go into any, any, you know, serious negotiation, I try to get to know the person on the other side of the table. I try to find some common ground where both dads or both parents whatever, we're both from the same place. That's the first thing. The second thing is read the room. So one of the things about DJing you have to do is you have to read the audience. And if the audience, you know, is clearly, if you're, if you're playing disco and no one's dancing, and you got to make, you know, like a hard right into hip hop or rap or something like our top 40, like you can see glimpses of that. You try one song, you see how people, you watch their faces, how do people resonate? Oh, they really like this song. Great. I'm going to go like mo money, mo problems from Tories BIG and the whole crowd rubs. Things like that really do make a difference.

You know, there is instead of asking people to get up from their chairs and come onto the dance floor, which is an awkward thing to ask people to do after dinner, instead have something in middle of the dance where the people want to see. So maybe for example, one of the people that is hosting makes a speech. And you say, ladies and gentlemen, at this point, please, please get up in your chairs and take 10 steps forward, because the father of the bride is going to say a few words. And everyone gets up and comes on the dance floor. And then when that speech is done, everyone's already on the dance floor. And so finding these hacks and these sort of ways to not manipulate, but find better strategies for getting the thing accomplished. I learned all that in deejaying, and I can apply all that to running a large public company today.

This, you know, when we start businesses and stuff, going back to that point again, like we tend to go deep on the subject matter. But what I've heard from that is our hobbies and the things and the curiosity we have outside of the area that we're building in is equally important than

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like if I'm building up, I don't know, if I'm building a, I'm building mugs for people to drink tea out of, much of my inspiration will come from all the other things I do in my part. And the problem is we kind of deprioritize that part of our lives to focus on this thing. But taking a step away from the painting allows us to see the picture a bit clearer and also to create that picture a bit clearer, which I think is a conversation people don't have enough, because they think their hobbies are, again, deductive. Toys or games. Yeah, yeah, yeah. I mean, look, I mean, this is what a polymath is. A polymath understands a lot of different areas of the world, or a comprehensivist, understand a lot of, and pulls those different things in. My, what's a polymath? Sorry. A polymath is someone who knows a lot about a lot of different things. Okay. Now, there are two things that I've done that were hobbies that ended up being hugely valuable is one, my wife started an ice cream company in 2016 after we had our first daughter after our first child. My wife really wanted to start an ice cream shop in our, in our, in our neighborhood. There was an ice cream shop. And so it was clear, it was her business, not mine. She was very clear about that she wanted independence, but even just helping her on things like accounting or accounts payable or accounts receivable or helping her procure ice cream from the ice cream makers. That was super valuable, because one, it built huge empathy for the people that you shop that they're starting out. The second thing I did was during the pandemic, I was all by myself. I'm an extrovert as, as, as you probably can tell. My anxiety had, had, had increased to a degree that I had not felt in many, many years. And what I realized was I was drinking so much more coffee when I was by myself at home, way more like double or even triple the consumption. And my best friend, who's a sort of a tea, you know, tea guy loves tea said to me, I'm going to actually get you to stop drinking coffee in the afternoon and replace your coffee with really great green tea. I wasn't really a tea drinker. And so David started to bring me this great tea. And at some point, I was like, you know, David, I want to actually experiment with more of the features on Shopify. And I think this tea thing, I think most people's experience with tea was like, someone gave them a gift, a gift basket, and it was some bunch of crappy tea in there. I was like, people don't know like about this really great tea. They don't know how to make it. They don't know what to use it for, when to drink it. And so we created this little tea business called Fire Valley. And both, both those things were sort of hobbies in my life. They were sort of Sunday afternoon activities. I don't really watch sports on Sunday afternoons. I like to tinker and try different business ideas. Both those things have made me, as a leader of Shopify, so much more valuable. I understand pretty much every feature and functionality that Shopify has because I tried for myself. And initially, when I told people that I was starting a little tea business, the answer was, I don't like, why are you doing that? That seems silly. You're not going to change your life financially. It feels like a distraction. And I would say that's one of the greatest tools that I've ever, greatest things that I've ever done that has made me a better leader of Shopify. And it's just a hobby. That there's something really, really powerful in that, because when we, when I started this conversation, I asked you why people don't take the leap. And a lot of the reason why I think is because, and we talked about the psychology is when I think about starting a business, like a tea business, or any business, I'm stood at the bottom of Mount Everest looking up thinking, Jesus Christ, like, I've got to find a website. As you said, I think I need loads of

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money. Who's going to work for me? Where do I get the tea from? How do I send it in the post? What's the packaging? I need to do branding. And I need to do all now. And also, there's this other thing, which in our minds, we think of success as being me making millions or me making a ton of money. What I almost heard as you were telling that tea story was like, have this passion, remove the expectation, which Sir David Brailsford told me about really well, just remove the expectation if you have ever been anything more than a hobby, and just get going. And you'll stumble forward along the way. And that's okay. I think if more entrepreneurs could see that Mount Everest is just a bunch of pebbles. And there's a remove the timeframe where possible, remove the expectation of huge success, and just stumble forward through the process. We'd have so many great, great more businesses than we do now. And everyone listening to this has that they have the hobby, they have the they love tea, or they love I know coffee or matcha or whatever it is. That perspective change of like, okay, well, today, I'm going to start my Shopify store. Tomorrow, I'll think of the name. I won't even tell anybody just to remove even more expectation. And I'll just stumble forward through in my hobby and see where we get to in 10 years. Most people on Shopify don't register their business until weeks after they sign up for Shopify. So most people don't even assume they're going to need to register a business. And that's okay. And it's not to say that every idea you have in the shower needs to be commercialized needs to see the light of day. But if, if there's an idea you have in the shower and you're having it a couple days in a row, try it out. Like, I mean, this isn't a pitch for Shopify, but like, it's, it's less than a couple Starbucks coffees to go start a business today. And if you fail, the cost of failure is as close to zero as it's ever been. You don't have to take a loan out, you don't have to mortgage your house, you don't have to take food off the table, hopefully. And if it works, you try it. And if it doesn't work, you try something different. But this idea of, yeah, there's like this barrier to getting started. And I think, you know, one of the reasons that I think one of the best times to start your entrepreneurial career or your entrepreneurial, you know, business isn't, isn't school. The reason I think is because when you're in school as a student, there's very few expectations on you that this is going to be a huge success. So it's kind of the perfect time to get started, whether you're in high school, like with my DJ business or in college with my, with when I sold t-shirts, there was very little expectation on me. No one thought it was going to be successful anyway. You sell one, everyone clown. Yeah, they're like, great, you're, you're, that's so cool. You have a business. No one asked me what my revenue is. No one's asked me about my Ibada margins. I think it is a lot easier to get started on a business when you're in school or you're, or you have a job and this is sort of your side hustle. The amount of people, Shopify right now is about 10% of all e-commerce in the United States. In places like Australia, it's even way more than that. I know most of our largest merchants because I'm obsessed with this stuff. I love it. Most of the businesses on Shopify that are really successful, the homegrown success stories, they were accidental. It was Heather and Trina sitting at a coffee shop not too far from here with a friend of theirs that was a doctor who was wearing these hospital scrubs that just looked like shit.

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They're like, we can do this better. And that's a fix was born.
It was Ben Francis who said, why is there no clothes for just regular gym people?
Either it's like gym rat stuff, like bodybuilders or it's yoga.
And that was the, that's how Gymshark came to the world.
Or it's Tim and Joey at Allbirds saying, why is there no really great sustainable sneaker that feels good, that's washable, that costs this amount of money?
That was, that's how Allbirds got started.
So most, no one had this massive 80 page business plan and then got started.
That's not how businesses are created in modern times.
They're created based on this nugget of an idea and they're explored and you have, and you get curious about it and you try this other stuff.
And that's how you build companies that are long lasting that change the fucking world.