

Finding the Next Figma, Wiz, & Stripe Before It's Obvious | Neil Mehta Interview

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SUMMARY

The discussion centers on the philosophy and practices of Green Oaks Capital, led by its co-founder, who emphasizes the importance of investing in exceptional founders and companies that deliver "jaw-dropping customer experiences." The conversation touches on personal anecdotes, the influence of family, and the significance of craftsmanship in both business and life.

- The speaker believes that having unreasonable expectations can be a competitive advantage in business.*
- They emphasize the importance of focusing on a small number of exceptional founders who can create significant value.*
- The concept of "jaw-dropping customer experiences" (JDC) is crucial, with examples like Coupang's rapid delivery service illustrating its impact.*
- The speaker shares personal stories about their grandfather's influence and their journey in the investment world, highlighting the importance of craftsmanship and appreciation for quality.*
- They discuss the evolution of their investment strategy, focusing on long-term growth and the ability to adapt to market volatility.*
- The speaker reflects on their commitment to improving San Francisco's community through real estate investments, aiming to preserve its unique character.*
- They highlight the importance of mentorship and learning from mistakes, sharing a pivotal moment from their youth that shaped their values.*
- The conversation concludes with a focus on the joy of building relationships with founders and the impact of investing in beautiful businesses.*

If you were running a company, that's the one stat you should care about more than anything else in the world. Anything else in the world. Having unreasonable expectations is a competitive advantage. We're happy with volatility. It's kind of counterintuitive. The laws of great businesses are the laws of great businesses. It is not complicated. It is the discipline of only looking for those types of businesses and those types of founders. I'm so freaking glad I asked about the holding company thing.

[Music] I think I have to ask about your grandfather first. Yeah. Who whoever taught you the art artisan craftsmanship of gunmaking. Can you start with that story? My parents moved here in the 70s. Uh and my my grandparents are both from India. Uh both sets of my grandparents are from India. And uh I was particularly close to my my dad's side. Uh my my grandfather in particular. I my dad was busy, traveled a decent amount.

He and my and my mom would tell you that my grandfather raised me just as much as they did, especially when

I was young. And uh he was, you know, my dad was hardworking. He's an amazing he's my best friend. He's an amazing influence in my life. He's I'm still considered my best friend. Uh my grandfather was kind of the opposite of my dad. He was very calm. He meditated for an hour plus every day. He used to use the culture I grew up in is Jane uh which is a subset of of of you know the med various Indian uh cultures or Indian religions and uh and Janism has a lot a little bit like Buddhism has a lot of you know sort of uh tenants around meditation. He was the most peaceful, calm guy. And so when I was growing up, I just knew him to be this very calm, uh, straightforward, uh, you know, sort of deep, deep equanimity.

And it was only when I was like eight or nine years old, I learned that he owned a gun shop, which, you know, was sort of counterintuitive to the guy he was. And we would go back to India uh, to to Bombay uh, Mumbai uh, every every year at least at least once a year, sometimes even twice a year. And when we got there, we his house was tiny. It was it was it was one or two bedrooms, a kitchen. Hard to make this up. Anybody that's been to India, you know, back in the 80s would would recognize this. It was literally just a hole in the ground for the toilet. Uh so it was like a it was it was it was a pretty rundown uh piece of property. Uh dirt everywhere. U very little flooring. But what he did have in that house was an amazing gun collection. I mean, it was it was it was astonishing. And it came from these stores uh that he used to have. and and he he was it was not really you think about like a Bass Pro shop as a as a as a gun store. It was kind of not that. It was really it was really um uh collector's items uh that that he had sort of found his way to to to collecting and and and selling over the course of many decades. And uh and the people that would come into the shop, I'd hang out at the shop all the time.

And the people that would come in would be everybody from like English uh you know like you know I don't know gentry that were that were looking for a place to hunt in India and they'd you know know him well. His name was Tharind was his name. Uh and they'd say Tharind you know what about this gun versus that gun and he'd sit there and he'd opine for 10 minutes on which gun was better than the other gun. And it wouldn't be uh you know the the the millimeter casings or the or or or you the pullback. It would be about the design and the craftsmanship that went in to each parcel on the gun. It was sort of an appreciation for who we were just talking about art a little bit. It was appreciation for the artistic uh uh craftsmanship uh that went into uh this beautifully designed piece. It was it was it was it was a little bit like talking about art. Uh in fact, I there's almost no relevance to to what the capability of that gun would do. Uh and so I I would just spend hours with him in the shop. That passion he had for it um was deeply infectious. I mean, my brother and I would spend all the time studying every gun, ask him every question, and you know, by the end of the summer, I could usually catal I could usually run down whatever was in that shop and tell whoever was in there.

Can you tie the feeling of that appreciation for the craftsmanship to what you do now? Like, is there a direct line? Was it that impactful, that like early appreciation for craftsmanship, or would you have come to it a different way? It's hard for me to know the difference if I hadn't experienced that, what it might have been like. But having experienced it, there's no question in my mind that there was an appreciation for humans creating beautiful work uh for other humans in particular uh that that I really uh appreciated. And if you think about what the business I'm in today is is evaluating founders, building what we think are generational companies and being a partner to them.

And I do think there's an artistic uh form to I mean, you know, I I I we oftentimes internally at Green Oaks describe a company as as an as, you know, it's just an artist painting a painting. And uh I tell a lot of our young team, if you're in the business of of evaluating painters, you got to study, you know, the types of tapestry you could use, you know, what paints you, what paints they use, the different forms. You study all the great artists of your of of every generation uh through history. You talk to artists all the time. And uh and in some ways uh companies are just really uh you know their founders painting uh in many ways.

And uh I think there's an appreciation I I certainly got uh from that of of what quality can look like on a comparative basis to something that's like just not as good quality. Could you describe this acronym JDCE that I know is a key part of like the early Green Oak story. And it's something I'm sure you still think about a lot. And maybe pick an example and go as far down as you can on what made for a JDCE in a company or product that you were evaluating. JDC stands for jaw-dropping customer experience. It's like if you put five drinks into everybody at Green Oaks on like a Friday night and you're just like, "Tell me about tell me about your life." They just talk about jaw-dropping customer experiences and JDC's you know like it's like we have a tattooed on our arm. If you step back, there's a fundamental tenant at Green Oaks, which is a very small number of the world's founders are going to produce a significant proportion of the value that humans enjoy, and they're going to move the world forward through the products they build and the companies they build. And everything else is just kind of a shell game along the way. And there's some tenants around building those remarkable businesses uh at scale that we think are really important. One of them is is is is building a jaw-dropping customer experience. It's really hard in in the world of capitalism to to build something that delights humans at a differential rate to what anybody else on earth can do. You've experienced these pro I'll start with kind of what the end state think about you know when you pick up your iPhone or the first time you might have used an Uber or the if you're a developer the first time you use Stripe uh you know for for for for payments or you know if you're if you're a trader maybe you open the Robin Hood app. Capitalism is basically full of a sea of businesses that are not really doing anything that difficult. They're just kind of meto products uh that are swimming in the ra river of beta if you will. And I think the the steps to creating a JDCE, a jaw-dropping customer experience, it usually starts with like breaking trade-offs. It usually starts with doing something very difficult either technically or operationally uh that that would usually give competitors nightmares. Uh you have to sort of uh do something that was borderline impossible or perceived to be impossible before. Uh you have to do it from a customer centric perspective. Uh you have to really figure out what the customer pain points are. not not you have you could ask some customers but usually customers can't even articulate uh all the pain points they're facing. They just know they're frustrated or they know this experience is suboptimal. Um we're lucky at Green Oaks uh over the last uh 12 13 years we've we've been lucky enough to partner with a number of companies that have built jaw-dropping customer experiences. I'll tell you where we created the word. I created the word after spending a lot of time with Koopang right at the beginning of Green Oaks. in the case of coupon. So, so Bomb started uh a business that was just starting to sell products like any other online uh site would sell products. It was really a marketplace and he made the decision in in 2013 2014 that he would start to transition that to building one peak capability meaning that he could pick, pack, ship and deliver a wide variety of SKs. Everything from soap to tissue paper to golf clubs to fresh groceries over time. And the early days of that, if you asked people around Korea, they would tell you like we don't need faster delivery. Like, you know, like everything shows up here in 2 and 1 half to 4 days. It's great. It's it's totally fine. And his view was actually it's consistent, reliable, fast delivery. You get the stuff you ordered on time, usually within 12 to 24 hours.

And that sounds like obvious today, you know, like you order something, 12 hours later or 24 hours later it shows up at your door. Now it's called the Rocket Experience at Coupon. Uh but at the time uh you know building that it sounds easy. It's like like open a warehouse, put a bunch of stuff into that warehouse, hire a bunch of drivers, uh uh work with those drivers to like fill up their trucks, deliver to the door, take it off. Now there's a bunch of stuff that breaks when you actually you sort of try to build that experience step by step. The first thing is the unit economics completely break. Second, you know, to actually drive throughput through these uh you have to where do you do you buy from manufacturers? You know, how much do you buy from manufacturers? Uh uh you know, what do you do about your turns, inventory turns? Uh how you surface the right stuff on a website? It is extraordinarily hard to go build all that stuff. And um and it took years, it took two to four years to really start to build that flywheel so it worked. And what did it entail to build a jaw-dropping customer experience? It took it took new technology uh you know coupon built not just a new warehouse management system from from what the consumer touches on a website all the way down to like new routing software for how to make sure drivers if FedEx famous I think it was FedEx maybe UPS famously never wants a driver to take like a left turn because it takes a little bit more time right it was like that kind of optimization it was infrastructure it was building warehouses that were the size of football fields in place that doesn't have a lot of space, by the way, in in in in Korea. It was it was um building delivery camps and it was building localized distribution points where that you have thousands of apartments uh to be able to make sure you could have even people run up and down the apartment to deliver something. It was making sure that you had the right packaging so that people didn't have to uh didn't get stuck with lots and lots of boxes.

Actually, it's a problem in the US. I don't know for you, but for me, my wife like complains all the time about how many Amazon boxes we have. Yeah. uh Kubang was able to reduce that. It became like a very very uh low waste company. It it came down to where do you leave it outside someone's door so you don't wake them up when you deliver it at 6:00 a.m. in the morning, but you sure make sure it's safe and and and and sort of when you add all those things together, what actually the way we came up with the term term is bomb would uh show us you'd see in the cohort behavior average retention uh pre1p delivery was probably in the 30s, you know, overall for the market, not for coupon specifically. coupon for Rocket, which was eventually called Rocket, their oneP capability, was in the 60s on a cohort retention basis. So, it was clearly working, but that wasn't the coolest part about it. The coolest part is when we would sort of ask customers uh about their experience. We do these like video recordings and and and Coupon would do them as well. And uh I remember multiple of the videos, the woman was like crying, like the the the the mom of the house was crying because the diapers were showing up the the the morning of and she didn't have to carry these giant boxes home from the store. She's like, "If you took this away from me, I don't know what I would do. Please don't take this away from me." That is that is not a good that's not an MPS score of nine.

That is a jaw-dropping customer experience. That is incredible. When you think about Bomb and a person like that that you met early, I think you led five of the eight rounds in coupon. Yeah. Maybe tell like the investment side of that story. So that's what Bomb is doing for one aspect to create this incredible loyal uh customer and fan base. Meanwhile, you're doing something very differently through Green Oaks, which is typically a company like yours would invest, maybe lead the series A and participate in the rest of the rounds, own 5% or something at at IPO. The way that you've always done it is very different. You're very, very concentrated. Maybe just talk about, you know, kind of step by step the five of the eight that you led. So, how much did you end up owning?

Like, talk us through the numbers and the position and this as an investment case study. Obviously, it's an important one for Green Oaks, but it's indicative also of the kind of investing that you do and how it's different from other firms of your type.

We sort of like to think of ourselves as very long-term investors. And if you really want to understand how long I've been on the board for about 15 years and uh this is public information, just last quarter, we were buying more shares. So, it tells you tells you exactly uh we're still we're still actively uh investing and helping uh where we can in the company. I kind of consider Bomb's uh uh development of Kong and and the development of Green Oaks that I've had is is they're kind of intertwined. I mean, it was one of the first investments we made. Uh and I joined the board pretty quickly. Uh and it was a seed investment. It was, you know, we we didn't know Green Oaks is is probably best known for its growth investments. Uh we like to lead growth rounds in in in companies that we think will be a meaningful part of the S&P 500 over time. When we invested in Koopang, Green Oaks barely existed. When I was telling Bond that it was Green Oaks, he's like, "I've never heard of Green Oaks." Don't worry, nobody nobody sort of greeted me. This is this is the this is what you're hearing about for the first time and I just made it up. He was kind enough to bring bring us in as an investor.

And it's hard to start anywhere but the founder and bomb, you know, I would I would say there's a bunch that's it's a lot of the tenants we look for in any great founder. Bomb possessed right away. Um so maybe I'll spend a second on that. You know, starts with focus. Obama had this unique ability early on to identify what was the most important thing in the company and focus all his time on that at the exclusion of everything else. Uh, you know, it wouldn't be unusual if you looked at Bob's calendar on like a Sunday night.

Everything the next week, Monday, Tuesday, Wednesday, Thursday, Friday, it would just be blocked out with one single thing he was trying to accomp. If it was negotiating cost, cost cost of goods sold in the uh diapers division uh in 200, you know, in 20 mid 2014. there just be two weeks blocked out to just do that for six hours a day, five hours, and he would just assemble a team and go deep on that and do and let everything else burn if needed. That kind of focus is just extremely unusual. People like to say they're focused. They don't really understand what focus means.

Focus focus means saying no to everything else, everything else at the cost of doing what the single most important thing is. And I think the ability, there's two parts to that. It's the ability to prioritize what is most important. Not people don't necessarily you have to practice it to be able to intuitively grock what is most valuable and most important and then the ability to sort of uh maniacally uh uh do that at the cost of everything else is like an intestinal fortitude that just not a lot of people have. Second uh just the ambition. There was a lot of clarity reasonably early on that by building this this this one P capability. Uh Bomb could build the best e-commerce experience in the world. Not the best in Korea, not the best in like Asia, the best in the world. Uh the better than Amazon, better than anywhere else on earth. And I I he has done that today, but at the time that that that didn't just ring hollow. There's a lot of people that say that. You you meet founders all the time that have like very lofty ambitions, but there's a credible aggression to it that uh you're sort of able to validate along the way.

It's like, you know, I've never met a founder that doesn't want to like climb the tallest mountain. Like they're like, "Of course I want to climb the mountain." It's the ability to sort of map demonstrate that they've mapped out their route. They've shown you how they're going to ration materials. They're going to show you shown you what trade-offs they might have to make along the way. They'll tell you like how they've built the team to make sure they get there. They'll tell you the steps of what's going to happen along the way.

They've maybe even like tried a few paths and come back and, you know, sort of said, "Okay, now I'm going to go this way." It I it really there's a credible aggression to it that I think I think is is is unique uh to just pure aggression. Extraordinary determination. Part of the I'll get to some of these rounds in a second, but many of the rounds we led in the company were a result of bomb attacking this mountain. you know, sort of building the the building of coupon was was was over 101 15 years to where it is today. And you know, there's like beds in in every delivery camp. Bomb was like sleeping on the floor. I mean, there were points where I tal I I talked to Bomb more than most anybody else in my life. I mean, Benny and my wife Josh. Oh, yeah. Still, yeah.

To this day, I still talk to him a tremendous amount. And uh, you know, back then I would talk to him. I don't think there was an hour a day where I hadn't talked to him. you know, like 2 a.m. in the morning, 3:00 a.m. in the morning, 4:00 a.m. in the morning, 3 p.m. in the afternoon, you know, 10 a.m. in the morning. Like, it was just it was just his cycle times were 24 hours. I mean, there were there were points of enormous exhaustion for him and the team. So, if you think about those rounds that you led, I always struggle with you a little bit of trying to understand and I guess it's just the answer is both. if you're a more founder centric investor or a more business and business business model ccentric investor and I know the answer for you is that you care about deeply about both but I'm sure at different stages of those eight rounds you were investing for different reasons is that often the case that you know at some point you might be backing really just the founder and what they're capable of at other points you're like really focused on the unit economics like is every single investment idiosyncratic in that sense because I don't remember a conversation with you that did about a company that didn't include like pretty hardcore or quantitative angle, but so much of I think what's made you successful is you've backed some of the best founders.

And so help us help us square like what matters when. I have a controversial statement which is I don't think there are many truly amazing founders that are building bad businesses. Um I I maybe ran into one or two, but they figure it out pretty quickly. I think that truly remarkable founders find their way into because they they think in terms of jaw-dropping customer experiences. They think in terms of competitive modes. They think in terms of uh scale uh you know getting to large TAMs. Um so so every once in a while I run into run into a founder that hasn't figured that all out yet, but usually they're very young and the learning curve is very steep. It always starts with founders for us. Now, I'm going to come to business models in a second, but uh if you believe what Green Oaks believes, which is I don't know, there's been what 100 billion people on Earth that have lived and something between the number of 10,000 to 100,000 have affected the technological progress of our of of humankind. Our job at Green Oaks is to find, you know, if we're lucky, a few hundred more. Yeah. That that that could join the pantheon of like great humans that have driven humanity forward. then then like we're squarely focused on that first where we could generate alpha where we're sometimes differentially great partners is by having a deep understanding of the business model. So in the case of coupon the case of most of the businesses we invest in we multiple rounds in it's never up and to the right. Often times in internet and

technology uh good businesses are hidden in bad P&Ls. Not everything works right away. Uh but things are going really fast and people sometimes think greens is like looking for momentum or forward progress.

Actually, we're we're happy with volatility. It's kind of counterintuitive. Like volatility is something like we're very open to and and we're open to it because when there's moments of high volatility, I it sort of uh it's a lot harder to understand, uh what's what's happening to a business, what's happening to a market. And so, uh we will we will we will follow great founders into their businesses. And there'll be moments where the businesses do not feel all that great. I mean I can't across a portfolio there's been I think without exception there's there's most of the businesses we've been invested in for more than 5 years have gone through a rough patch or two where the fundamental premise of the business and the quality of the business is being questioned uh and I think if you could see through and sometimes that's right to be questioned we were wrong but but every once in a while uh you know you you you could sort of see through that and see the other side that this is just one step along the way of building a great business. So in coupons just to close out that case study like how over how many years I guess from the first one through to today. So the whole time did you invest but like how much did you invest at each round? Like how much did you end up owning of the business? Like put bring some like some meat to it. We invested a little bit under a billion in total capital across 10 years. Uh we invested um led 5 to 8 rounds. We invested almost every other year if not every year in the company for 10 years until it went public. And then since it's gone public, we've bought more shares maybe uh you know for two of the two of two or three of the years. I want to get into your deep belief in growth, not just from like an investment standpoint, but from like an almost deeper economic or even like philosophical standpoint. Yeah. Why do you care so much about the concept of growth? Like it seems like that is the thing underpinning like all of your behavior. We're big believers in capitalism. I mean the the microphones we're in, the chairs we're in, the the view outside, it's all built with capitalism. As far as I'm concerned, this has been the greatest invention humans have ever had. I I'm I I believe it is our job to further uh our our our journey as humans within the framework of capitalism.

Um growth people, when we started Green Oaks, we described ourselves as a growth. I we actually never used the word term growth. We just said we like to invest in great businesses that are going to be a meaningful part of the S&P 500. To this day, I still have a list of the S&P 500 companies on my desk. Start at the list all the time. And I just try to figure out what companies are not on that list today that will be on that list tomorrow. And then how do I work tirelessly to become the single most important partner they have? And to be honest with you, I've been surprised that people think there's other large scales to ways to invest uh besides growth. I I think this is by far the most interesting way uh to invest. And a couple reasons why. I mean, you could go back to the 60s and you could talk about companies like AMD and Intel, um, you know, that were around in the '60s. You could go up to the 70s, um, where you had Apple and Microsoft, um, you could go to the 80s where you had Dell, um, uh, you know, and ASML, you you could go to the '90s where you of course have like Google, um, you go 2000s, you have Facebook, a small number of companies. I think I think 1% of the S&P 500 make up like 90% of the value and most of those were growth all of those were really growth companies. They were companies that sort of over the course of many decades um reappropriated free cash flow away from these legacy incumbents moved it into their own purview and became sort of a staple for how consumers and enterprises work in the world. And to me that is it is such an enjoyable way to spend your time to find founders that are hellbent on trying to create one of those S&P 500 companies that delight customers at scale. Um it it's also the most rewarding financially. Uh I I think the companies that we invest in will capture a lion share of new

economic value in the world. Everything else is just a shell game around it. Uh you know I I I I have lots of friends that that figure out like what's happening quarterly with Netflix. Doesn't matter to me at all. I I'm much more interested in figuring out is Netflix a great compounder that is going to grow over 20 30 years. What about growth? The good, the bad, you know, the the the hidden costs of really high growth. There's going to be a lot of people that disagree. Growth is an output, not an input. Also, growth is u growth for growth sake makes no sense. But one of the unique things about our industry and about great companies, if you sort of in historically look at the growth rate of many great technology companies, they were very high for a long time. They had a lot of growth persistence as well or growth endurance is another way to put it which sort of means the the the year that they were able to to grow the next year uh you know was it in the 80s or 90% of the previous year and you sort of the best the the best companies have extraordinary high growth persistence or growth endurance. I am a believer there there's sort of this meme that's come out which is too high of growth like destroys company. I I I think very high growth is very good for companies. I think like unreasonably high growth is very good for companies. the Mario and Dreddy quote where it's like if everything's under control, you're not going fast enough type thing. Um, it it is it is it is healthy in my mind in the businesses I've been involved in. It's healthy to let a few things break here or there uh in order to keep pushing and that results in high growth and I'm for especially for software companies or or uh bits companies rather than atoms companies. I think it's good. Do you have a favorite anecdote or story of a company growing really fast from the history of Green Oaks that like kind of makes that point? A lot. Yeah. And by the way, you know what's what's interesting is when our companies have when what almost every company in our portfolio that's been successful has had many 100 plus year year-over-year growth, you know, growth rates. Uh, you know, Whiz is a great example when the war started, uh, you know, more recently, uh, when when Hamas attacked Israel and some disproportionate share of the people involved in Whiz on the go to market team and the engineering team went to go serve for their country. Of course, you know, our natural reaction, I think it was like Q3 or it was October, of course. So we were like h you know like like this is the right thing and of course we should just we should absolve the company of any expectations for November and December like you know like like just forget even reporting just worry about you know worry about your people and worry about the country. I think they have like one of their best quarters you know they're just like that doesn't mean we're going to slow down we're going to keep going having unreasonable expectations is a competitive advantage. Another example of this is is Bomb Kim who who grew the business incredibly fast at Kong for a long time. And oftentimes when when when you have strong product market fit, the the natural it is like your moral obligation to drive it as fast as possible, but things break along the way, especially if you're if you're if you're in in the Adams business, too.

And at points, we had stockouts and we're constrained by what we could offer consumers. We had to hire more drivers. We had to build more warehouses. We had a year that was like 18% year-over-year growth. And and there were people involved in the company that were telling Bomb, "Oh, that's that's that's good. You you don't need to you don't need to take it back up. You you just leave it." You know, Amazon never grew more than 30% year-over-year. That's fine. You're good. Just get back to 30.

I remember having this conversation with Bomb and he said, you know, I think I think one of the hardest things you'll ever have to do is convincing everybody at the company to be a high growth company again to try to take that growth rate well above 30 and and and to start to bring a growth mindset, grow culture back to the organization. I think he he he commented to me many years later. He said he was one of the hardest things we

did. I'm so glad we did. So glad we became a high growth firm again. I want to come back and really talk in detail about this process. is this I like the way you framed it which is this search for the next potential S&P 500 company and that everything else is sort of a footnote and there's all those famous studies about whatever 4% of the companies delivering 95% of the returns through equity history just seems like that's just always been the case and probably always will. How does that impact how you uh run a first meeting with a company? like what what are the sorts of things going through your head when you're wondering from the start can this be a company that everyone in the world has heard of and used because these things all start small like how do you evaluate that question even at the series B or C or whatever versus if you were just saying is this company going to make me a nice return but maybe it's never going to end up in that list I think it starts well before a first meeting I think it starts with figuring out why you want to meet someone like why why are you differentially great for that person to meet. What do you understand about that business? What do you understand about that opportunity? For a vast majority of what happens in our market, we and I are not the right person to have that first meeting with, but there's a select number, you know, I don't know how many meetings happen in our markets. It's tens of thousands at this point. There's probably 200 that happen a year where we think we be a differentially great partner to that person and we know it well in advance. And so, we prepare. The first thing we do is like prepare an incredible amount before that per first meeting. I don't mean like go on the website and use the product a little bit. Our first meeting should feel more like a fifth or sixth meeting to that founder rather than a first meeting. Um allows us to go much deeper and and and that the things I'm looking for you know someone just asked me I'm going to I'm going to give you a tangential aside. Usually I like to visit a company rather than them come to us which is also counterintuitive because you can do you just do less meetings if that's the case. Um, so I'd love to go visit and and I'll give you a battery of things I'm looking for, but if you gave me if you put a gun to my head and you said there's only one thing you could have asked this company or this the people at this company, um, and I never actually ask it, but I always think about it right away is I I when I visit a company and I watch people and I meet people, I'm trying to evaluate just one thing, which is if you pulled everybody at this company and you asked them, "Are your best days ahead of you or behind you what would the proportion of people say and especially the most important people it's not like year-over-year growth it's not margins it's not like strong form competitive advantage it's not JDC all of those things matter but if I picked one thing that's kind of what I'm and very early on even in the startup you could kind of tell if the energy is not there of like like I'm excited about more excited about the future by the way I think this is I mean I just was in Europe a couple weeks ago that like a vast majority of people for it seems like 40 years have believed like the best years are behind them not ahead of them right I I think I think if you if you were running a company, that's the one stat you should care about more than anything else in the world. Anything else in the world.

When I spend time with a founder and I'm talking to them about uh their business, I'm trying to figure out are are they are they high focused, high ambition, determined, do they have divergent thinking that allows them to see something in the world and in their business that other people would vently disagree with but is right. So it starts with the founder, the personality of that founder. And I I haven't been able to sit down and write on a piece of paper. I think every great founder looks approximately the same. Every bad founder looks different. You know, there's some quote about about Yeah. Exactly. Um but I I I do believe I do believe this is controversial. I do believe there's an archetype for for a great founder and I think that that that once you see it and learn it, um it's repeatable process. Uh and I think some of the things I mentioned are part of that. I think that you're looking for usually someone that's built a jaw-dropping customer experience. That's why we invest at

the stage we invest in.

Talk to customers. Takes some time. It takes some time to get that experience right. Especially in things like infrastructure SAS where at the beginning the infrastructure product's just not that good. Just takes time to get the product into a performant uh into a performant level where it could actually delight customers. Consumers a little bit different. You could feel it right away. Um we're looking about for defensibility in that. What technical or operational trade-offs have you broken that allow you to have, you know, the early signs of a moat? We're looking for competitive advantage. You have network effects, shared skill economies, counterpositioning, cornered resources.

These are just adjectives we use to describe the characteristics of a business that allow it to produce unfair amounts of free cash flow over a sustained period of time. I I tell this to our team all the time. I think with Buffett, you could sell like 30 points of IQ and still be great. I think with us, you could sell like 40 to 50 points of IQ. It is not complicated. It is the discipline of only looking for those types of businesses and those types of founders. That's the secret. There is no secret sauce. just consistency of doing that over and over and over again across you know thousands of companies. Is it true that you are doing pretty much the first meetings almost every time with these founders? Yeah, that is strikingly different than the industrial complex of private gross stage investing that has emerged around you and the in the time that Green Oaks has been alive as a firm. Maybe highlight all the other ways in which you feel you and your process is the most different from what has emerged as the norm way of investing for your peers. Let's say I think what's happened over the last 10 years in particular, but it's been happening for a while is when when I grew up in the industry and you like drove down Sand Hill, you there's like six firms and all of them, you know, the way the process worked is you'd walk into someone's office, you know, usually someone was kind of famous, you'd be a no-name entrepreneur, you tell them your idea, they kick it around for a while, they do three more meetings or maybe four more meetings. There's this great Elon Musk quote which is every manufacturing process is wrong, every production process is wrong, every design, you know, I won't get it exactly right.

Every design process is wrong. It's just a question of how wrong because the likelihood we could have envisioned all the available capabilities that we have today when we designed that process is like zero like you know so many things have changed. I think our industry is a little bit like that. you you're going from this process where people would, you know, take a little bit of time. They wouldn't really know your company when you walk through the door um to now there's like we've gone from a cottage industry into like a large scale asset class at this point. And I think there are a lot of firms correctly so that believe venture at scale venture with lots of capital, lots of companies, lots of coverage, lots of AUM, lots of people is the right way to prosecute it. And I think they're right because I'll get to why I think, you know, we're doing it differently, but I think they're right because why should people have earned 35 net IRS for the course of like many decades? Like that's too high for any asset class. It should be in the teens and you you could deploy a lot more capital, a lot more people, and bring it down to the teens and still have lots of people excited about the way you invest.

I think that has resulted in essentially like the private equitization of our industry. I think of a lot of our brethren and these are friends of mine. And I really like like them and I think they're doing a great job. But they

essentially have like a matrix, right? They have like industries on the top and uh I don't know maybe geog geographies or stage on the whatever whatever their matrix is something comes into their firm they like serve it to that part of the matrix that little box of people goes and chases after it. And what they've done is they've said listen everybody has a slide which says what are the series A's or series B's or series C's that happened this quarter and what percentage coverage did we have? And so they've they've what they what they're explicitly telling you is they're saying, "Look, we we we are optimizing for coverage." That's all we just want to make. There's too much happening. There's too many ways to make money. The world's a big place. We have we have five offices and all these great people and we are a factory that's able to produce it. Now, I think that's actually the right end state for a vast majority of our industry. I think like 90 something plus% of our industry should work that way. But I think for like the 10 to 15 best founders each year, that's precisely the wrong way to work. Like what you should definitely not do is meet someone in that little matrix, have it elevated to a senior partner at the firm or maybe like and most of these firms are not founder run anymore anyway, but um have it elevated to someone at the firm and then they like chase it all down and bring some people in and try to like win it and you become one of 35 or 40 investments they make that year. a year. I think it kind of reduces the purpose of venture capital, which is a little bit of validation, a little bit of actual company building and partnership. Um, a little bit of speed and velocity. And so, I think if you're one of the 10 to 15 best founders, people like us should be able to find you before anybody else finds you. You shouldn't have to explain what you do all that much. We can understand from the outside in better than most anybody else on Earth. And you should get all of Green Oaks, not a little bit of Green Oaks, all of us. And because we know that there's not more than 10 to 15 people we want to really meet each year, we don't need we don't need to bifurcate our firm into multiple layers and have investment committees or any of that. We could be laser focused on the things on the vital few and basically leave AC leave alone the trivial many. One of the coolest things about Green Oak because I've seen the reports. I've talked to you about companies and so I' I've seen it firsthand and know that it's true is the the sheer amount of information like you said that you gather on a company even before you meet them. How has that process evolved? Like talk us through that machinery because it's very distinctive relative to other firms that I've encountered. You you when I call you, you tend to know more about the company than anyone else that I talk to about the company. Sounds very non-scalable in some way. Like yeah, you know, if if your if your customer is one of these 10 people each year, it sounds like, you know, one of the guns in your grandfather's store, not not like, you know, mass manufactured Smith and Wesson or something. So, how do you do both of those things? Like, how can you have so much information about these companies and still have it feel to them like artisal or something or hightouch where it's you in the meeting, it's not some junior associate. Like, the two seem a little bit at odds, but I've, you know, I've seen the work. So, I don't think there's any secret to it. I think I think it's I think it's highly replicable. I think that one thing to notice is we started growing I was 27 when we started the firm 40 now. Got a long way. We have no beach houses. We like being in the office, you know, 80 hours a week. We like working with each other. We're extremely high performing and so we and we love understanding companies. We don't there's like nothing else like we don't we're not on Twitter.

We like basketball. We don't have to go to any games. Like by just being ultra focused on this at the exclusion of anything else, surprising how much you could get done. Are there common negative things that you hear about people that actually excite you? Yeah. Oh man, what a great question. Tons. We learned the hard way on this, too. Early on, we were building Green Oaks. This is like GCO1. Uh, we had heard some amazing things about Elon Musk at SpaceX.

Obviously, he was already he was already Elon Musk at SpaceX, you know, and Elon Musk at Tesla. Like, he was already the guy. But we had some mentors, some people in the venture capital industry like, "Oh, no. You can't you can't you can't you it's actually the biggest mistake we've ever made at Green Oaks. This is a mistake I'm about to tell you. Um which as we had heard he fires people quickly. He's hyper aggressive. He's a he's he's he's he's he manages down to like the nth layer. Uh you know he micromanages people like crazy. He disappears for large swats of time.

Comes back in and changes everything. And we're like wow this guy sounds like he's doing too much. And and we had mentors and friends of ours like you know he's not he's not backable. and you'd be like, "Oh, well, I guess we came back." And we didn't do the primary work ourselves. We actually outsourced that work. This is why this is one of our big learnings. And if you looked at the feedback we got, it read like it was much worse than it actually was. I'll never let that happen again. Some of those characteristics are exactly what we look for in a founder. We like micromanagers. We like people that are in the weeds. We like people that uh fire fast. Um there we like there's oftentimes we read about founders who uh have such divergent thinking like their team thinks one thing and they are hellbent on going another way and they have some data to back it up but they're hellbent on going another way. What have been the hardest moments in building Green Oaks the firm itself? Like you said before none of these companies are up and to the right. There's always these existential moments. Have you had like truly existential like scary moments in in Green Oak's history? No.

The thing about our business is the barriers to entry are very low, but the barriers to excellence are really high. And and we care a lot about being excellent at Green Oaks. And so I think a lot of the challenges, anybody who starts a business has tons of challenges. They haven't always felt like that because we have a lot of fun with the way we do things, but I could give you I could give you an inordinate number. Actually, I was just looking out the window and Benny and I first came out here. We didn't have a seed deal or we didn't have anybody that was going to back us when we left. uh Dshaw and and and and we kind of had to go do it all on our own and and um when we raised our first 50 million of capital, I remember we came out here and we stayed at the Double Tree on Lexington. I don't know if it's still there where they give you the cookies and we we stayed in one room and in and with two double beds and I don't know if it's still there, but Blackstone used to be across the street and we had friends we were too cheap to like go to Kinko and print out the deck.

So we'd have our friends at Blackstone print out all our green oaks decks in the printing room and then we staple them together and we go up and down here. Uh, and we had some amazing investors who joined us. Uh, right away. Who was that? Who was in that 50? Oh gosh. Uh, uh, Henry Kravis was one of our our first investors. What an amazing By the way, I I I'll go I just want to I should talk about a couple of them because, uh, you know, you always hope to get to a point in your life where you get to pay it forward. Uh, one of our first ones was Henry Kravis. And Henry, we went to go see him at at his I think it's his old office at KKR. And we walked in and uh, we didn't know we were supposed to wear ties. I don't know if you knew this about, you know, we maybe wore a suit jacket, but we we certain I was dressed probably something like this. This is what I wear every day for 15 years. And uh we walk in and Henry's in a tie and he walks into his conference room. It's breakfast and he looks at us. He's like, "Nobody nobody told you about the dress code." Felt terrible. And he sat down and you know, he was a legend to us already. And um he sat down and he listened to every word.

He asked incredible questions. At the end of it, he's like, "I'm in. I'm committed. I'm gonna I'm gonna I'm gonna invest with you at Green Oaks. And then he offered a number of other introductions which I'll come to in a second. But not only that, he kept about six months later, he came out to Green Oaks. He came to our office just for our team to meet like Henry Kravis. Like he I remember he came into our bullpen and he's like, "I hope you guys are making me some money." And then he, you know, kind of walked away. And just just to do that for a young team, like a young fledging organization that, you know, that sort of is looked up to someone like Henry. By the way, the best part about that story, I'm not the only one that has that story. I think there's like a few dozen people that that that have that story about Henry, which is just incredible. What was your pitch to him? What was the what was the original Green Oak's pitch? Yeah. I'd have to get back to some of the hard things we've gone through because it wasn't all that that was one of the good things. But so when you're 27 years old, there's two ways you could walk into a meeting like that. You could walk well maybe on a spectrum. One end of the spectrum is I'm 27. I'm really smart. I don't know what I'm going to do, but just trust me, I'm gonna figure it all out and make a lot of money. The other way is I have a set of ideas and these are ideas that I think are really interesting. Some portion of the money you give me is going to go into these ideas and they're going to be and the rest is going to go into ideas like this. I was very much in the latter camp. I was describing what we were seeing at companies like Paluntee, which was one of our first investments, tiny amount, um, Flipkart, uh, a company called OYO Rooms, uh, uh, Kong. I was starting to say, look, these are the kinds of ideas we're seeing.

this is what I'd like to be investing in. Invested a diminutive sum of of of money in these businesses today. I'd like to invest a lot more tomorrow. It was it was driven by really three things. It was driven by the teams. It was driven by the quality of the businesses that I thought those companies were building. Uh and it was driven by uh sort of the return returns math and and and my view was this is the beginning of of of a 20 or 30-year opportunity ahead of us. Um and uh and I articulated that over the course of maybe 30 40 minutes. And how much of that was the legendary internet businesses are being built and we're going to back them? Like was it that did it feel that simple at the time? I want you to tell the the deeshaw 10 cent story at some point here is like a key moment of realization I think for you in your history. But was that like the gist of the story that this new enabling layer of technology is getting digested by the global market and that's going to take 20 years and we're going to back that. Yeah, it was at that point we were at we are well over a billion smartphones being shipped. Facebook was already a big company. Alibaba was a big company. You know, this was like 2011, 2012 kind of thing. Uh and uh cloud and mobile were obviously going to be pretty large. And so, you know, somewhere in that presentation were penetration curves of cloud, penetration curves of mobile, and how there's 10 to 15 plus years uh opportunity here.

There's nothing about AI, there's nothing there's there's there was nothing about there's a little bit about fintech and sort of what we were seeing in China on fintech and how that might be relevant for other parts of the world. I think Brazil and India and Europe were in there in that context, but it was really across consumer internet, fintech and application infrastructure, software and the opportunity to sort of build new platforms that would become future S&P 500 companies. Is it true at that time that you deleted your personal email?

Yes. Yeah. Yeah. Yeah. Yeah. I deleted I deleted my I do not to this day have a personal email. Uh which which probably is a compliance issue somewhere, but yes, I just have a Green Oaks email. I really felt at the time and I feel this today that this is what I wanted to do for the rest of my life. I was lucky enough to figure out pretty

early and nothing was going to stop me from doing it. Just to set the like the initial, you know, fertile soil or whatever, tell the story of being with De Shaw and encountering Tencent and and like everything that that episode taught you.

Well, I was at Kane Anderson in LA buying software companies and and I had a great mentor and uh I I think about him as a great boss uh named Adam Fischer who's at who's at DHA. He was he ran a small group there which is financed by the parent company called OPG. It's in New York and then I moved out to Hong Kong. Uh, and when I got out to Hong Kong, you know, this is like 2007. Uh, you moved there like on a whim, right? I moved there on a whim.

This is a great story. Adam, uh, called me and he's like, "Hey, you know, I want you to come join me." I was like, "Great. You know, I'm happy to do it wrapping up here probably another six months and we can start to talk about." He said, "No, no, I mean like Monday." And uh, and I was and and I was like, "Well, you know, I I I probably need I probably need to figure it all out, but I guess I could just be in the office in New York on Monday." He's like, "Well, I need you out in Hong Kong on Monday."

And I was like, "Wow, that's uh that's fast." And I got out there and it was like I mean, we're looking for office space. Uh it was it was it was not well organized. We were figuring it all out from scratch. And it was an amazing time to be out there and and uh at 20 at 24 or something like that. And and to be out there was amazing. It was it was an incredible experience. Uh and China was sort of taking off. I spent and I spent my time doing all sorts. It was a special situations group. So I actually spent none of my time on internet companies. I spent all my time looking at Macau real estate, Chinese real estate, India real estate, distressed debt and some came later and and Adam would describe it. I'll give the most favorable interpretation. If Adam was sitting here, he would describe it as I was a benev benevolent but negligent uh boss and I let Neil go spend time on things that were interesting to him at the cost of spending time on things that were important to me. I'm very grateful to to this day for him allowing me to do that. Um I remember going out to Guangzhou to look at real estate. It's like 2007 and I'd get out there. Guango was nothing at the time. It was like, you know, it was like a couple buildings and and and I'd be there's no Google Maps out there at the time. So, you'd land and say, "Hey, I have to go to this apartment building. I have to look at, you know, potentially buying this like new high-rise apartment building that's just coming up. Built by de spec developer, I get to buy it. We're going to rent it out. The yields might be in the 12 to 15 range. Pretty good yields.

Get out there." Nobody would know how to get to this apartment building because like the road didn't exist, you know, six months ago. So, you'd have to pay some guy on a motorcycle to like take you out there. They'd take you out there to the to the uh to the to the high-rise. You'd sit down in a chair and they'd auction off the apartment building. And I was I'd be sitting there competing with a guy that was like wearing a wife beater smoking three cigarettes. I'm like, "Who is this guy?" You know, like I represent a multistrat \$30 billion plus investment manager. Who is this guy? and he and I, you know, there's moments you get in life where you realize there's like a top um and this was one of them where this guy just had like a 100% LTV financing from some bank that you know would eventually have to wash the the the NPL through their balance sheet and but at the time I was blown away I was like wow this is this is pretty crazy world but they would take out their phone and

start using their phone for things and I I had a BlackBerry at the time um you know 2007 the iPhone came out in March of 2007 I think the app store in 2008 so and it hadn't really got to China in any way whatsoever I remember oh the Beijing Olympics during 2008. Yeah. And so I I went out to um to Beijing. So I would do that. Yeah. I was having a great time doing that. And it was really at the Beijing Olympics where my my I started to flip into into what could be happening in technology where uh you know Michael Phelps won all those medals at the Beijing Olympics and the lights would go down in the cube and they would spotlight the swimmers. And the first time they did that like nobody's phones were out. The last time they did it, everybody had like a little glow on their f on their face and and the BlackBerry just didn't have that same glow. I would look over and ask my friends like, "What are you guys using?"

And they're like, "Oh, we're using QQ," which was the predecessor to WeChat. And I remember going home and being like, "Que, what is this thing?" And I'd look it up, study as much of it as I could. And I remember finding a stat, which was QQ was adding something like 30 million subscribers a month, which is still a crazy number, by the way. But at that time I couldn't that was like an unheard of number. Uh you know it would eventually turn into WeChat and at the time Adam was asking me to look at for like distressed banks in Europe and I that had been around 150 years and had 30 million total deposit holders and this company was adding like 30 million people a month and I was like I want to spend all my time on 10-centent. I don't want to spend any of my time on some distressed bank in Europe. This aren't interesting to me. and much to his chagrin, but but frankly thanks to his support, um I ended up being able to do a little bit of that there, I ended up having to leave at the end of I left at the end of 2010, beginning of 2011 and moved back to San Francisco to to start Green Oaks purely because I this is all I wanted to do. Can you tell me everything about Benny? Oh, sure. Yeah.

Uh I don't know if I can tell you everything about Benny, but I could tell you a lot about Benny. Tell me a lot about Benny. Someone you know, someone asked me a couple days ago. They were starting a firm. They asked me, you know, like how do I how do I how do I find someone uh like Benny, I was like, you know, it's like finding it's like how do you how do you marry one? Yeah.

It's like an impossible statement. I I I wish upon anybody in their life to have a partner like uh and a partnership like what I have with Benny. Uh I think I think if if Green Oaks was an abject failure and screwed everything up, um I would I would I would still be grateful for the journey I had with Benny. Benny is my true partner. I talked to him I think I talked to him more than I talked to my wife Josh actually by a fairly large margin. Uh and Josh would agree with that. Uh so would Cheryl uh Benny's wife and it has been 20 plus years uh where I don't think there's been a single day we fight all the time.

There's never been a single day where we've actually been frustrated with one another. I met Benny. We were both still in college. uh he was either he was kind of between freshman and sophomore year and I was I was in my junior to senior year and I was working on a I was I was working at investment bank and as an intern I was working on a financial transaction. Uh it's actually a really interesting financial transaction. It had to do with uh cruise line ships and uh the way you would finance some of these cruise line ships is is you would find a country that was willing to give you 100% LTV financing. Uh you know in Germany they're called like a KD or KG structure. In Korea they're called something else. you know, these countries would do it in order to give you jobs

uh to get to give their local citizens, you know, the shipyards would be full and they'd make it very tax efficient for doctors and dentists in these countries to invest. You have to really be steeped in like, you know, sort of strange financing structures in your in your mid- te in your late teens to be interested in this stuff. So, I was telling my brother, my younger brother was at Penn, um I think he was a freshman. It was during like spring fling and uh I was telling my brother about this financing structure. My brother couldn't care less like this is not what he is interested in. And Benny, who was his roommate, was sitting on the couch and I was like, "Oh, like KD or KG financing structures, right?" And I was like, "This kid knows." And I was I was one of these older brothers who thought all their younger brother's friends were like goons, you know? You're like, "These are not serious people." And I perked up. I was like, "Who is this?" It was love at first sight. Benny and I became close friends. Uh, and Benny right away I kind of knew Benny's Oero to one clock speed is the fastest I've ever seen um to this day. I've never seen someone look at a business or look at a model or think about a situation and so quickly get to the jugular. Uh he's he's he's astonishing. The second thing I'd probably tell you about him that's unique is he's able to extend our time horizon as a firm uh pretty consistently. Sometimes when things are moving really fast and you're in kind of the fog of war, you could sort of uh find yourself constraining your time horizon. you know, you're trying to make decisions that are optimal in the short term, uh, just to make sure that's the corner you could see around. And Benny is so good at stepping back and reminding everybody, including myself, especially myself, um, what we're trying to optimize for over the fullness of time. I mean, really, really astonishing. He is the most clear and concise thinker one could have as a partner. So often I describe a situation that I'm thinking through. We talk about every everything at Greenox. I mean we down to down to like when you walk in what the lighting is in our office. I mean there's no we we are micromanagers to the max and uh when we talk about investments you know green oaks it's not atypical for us to sit around as a team and talk for 3 4 hours about a single company and then we go home we put our kids to bed and I'll call Benny and we'll talk from 9:00 p.m. to 1:00 a.m.

in the morning. It's not it's not it's not I mean we almost do that every night. Uh I've talked to Benny already four times this morning. How do you process AI? So do you sit with Benny and team and think through like okay you talked about yesterday the the genetics of the model companies just like weren't good when you first you know first encountered them. How do you do that on an updated basis to make sure that like whatever opportunities emerge because of this technology like you're most on top of? Do you form some core view on like are you obsessively looking at like the benchmarks when like Deep Seek R1 comes out like is that the sort of thing that you're doing? We do do a lot of that. If you just step back for AI, like how do you we're invested in a bunch of different companies across a bunch of different industries and how how what is the common thread and there's this great um I forget the name of the book, but it was about like it was about the Wright brothers. Yeah. You know, uh like like figuring out how to like get a plane in the air and there's all these people chasing trying to get a trying to be the first one to flight and you know, of course, you look at the bird and they flap their wings and you're like, I'm just gonna like I got to replicate that.

And the Wright brothers like wait a second the laws of aerodynamics are like the laws of aerodynamics like you don't like you don't need to change like you're not going to change the laws of aerodynamics you just you just have to figure out how to make fixed wing flight work and of course they make it work and I think business is kind of the same which like the laws of great businesses are the laws of great businesses like they like you know the the the we know how this works like we know how like like did you delight customers did you create

something like like really like do you break trade-offs to create something operational or technically like really great uh do you have like a competitive advantage? Uh, is it a large market? Like these are like those questions you could ask. In fact, whenever we've screwed it up at Green Oaks, it's usually been because we ignored the laws of like crypto, you know, is someone's like, "No, no, you don't need a board in crypto. Don't worry about it." Like, "Oh, no, you don't need an auditor. Like, it's not a thing that you need. You don't need to delight customers. Has nothing to do with customers. Has something to do with, you know, price movement and and and fund flows." You're like, "This doesn't make sense to me." But, you know, I guess the laws are different this time. They never are. And so we absolutely look at like eval and R1 benchmark and and like figure out like like wow Deepseek figured out a way to to to deploy a model at like a 35x reduction for input output tokens on a comparative basis to open AI's reasoning models like that's a pretty impressive feat. Like what are the takeaways in terms of like competitive advantage for open eyes model and comparative basis to others? That's a really interesting question, but it it we will not what we try not to do at Green Oaks is get excited about that development and then like deploy our time and effort and eventually invest a lot of capital just based on that. We try to bring the abstraction level back up to what does this mean for customers and then we work backwards from that. So when we talk about the model companies, my feeling has been and by the way I've been wrong if you look at the valuations of these businesses uh but the investment that you have to make versus the payoff you get and then the fact that you have to make that investment tw 12 months later and there seems to be like a pretty fast catch-up. It just didn't strike me as in the laws of business is a great as a great business model. Of course, you know, Chachi BT has has proven that you could build a consumer business on top of it. I'm curious how you would characterize the changing nature of competition. So, you're not the only person looking for these 10 outstanding people every year. There's other really talented players in this game and on this playing field. When they meet one of these 10, I'm sure lots of them move heaven on earth to try to be the partner of choice. Early on, you you probably faced less competition. There were fewer this less less industrialized this industry. How has that changed over time? What what have you had to do to keep well or to have your win rate stayed as high when you want to win? But what have if they have what have you had to do to keep the win rates as high? I used to think about this a lot especially when we were starting because in our first many funds people would ask us they'd have a list of other firms they'd ask us about and be what about these guys? What about these guys? I found that first of all if we're going to screw it up or lose it it's usually something we're going to do internally.

It's almost always we've internally messed something up that has led us to led us astray. uh and just getting this stuff right internally. That's hard enough. So, I don't spend that much time anymore thinking about the competitive dynamic in our industry, I would actually argue has become much less competitive. It's counterintuitive. Think about what we're doing. We're we're scouring the world for founders that we think are going to build future S&P 500 companies at the exclusion of everything else. But if you think about the job to be done in our industry, it's been layered and people that injected complexity in ways that are so counterintuitive. Like there are firms whose only job is to do fintech in Brazil. Their firms that their only job is to do everything that comes out of Y Combinator. Their only job is to do like New York City consumer startups. It it's sort of become this uh the specialization of our industry has led to people sort of that goal I mentioned that's Green Oak's goal. Everybody would agree that that may be their endstate goal, but they have maybe a different job to be done on a day-to-day basis.

Investing is not a game of of it's a game of reducing complexity. To me, it's a game of reducing noise. There's too much noise. And I find the people that will are willing to have the intestinal fortitude to dramatically reduce the noise and make their job extremely simple and have the temperament to allow it to be so simple to like know that you only need 110 points of IQ to do this. that the number of people that I feel we compete with on that is very very low. I I want to get as far into this as you possibly can. Again, I won't name specific firms or names or anything, but really really really drill into why it's less competitive today because naively I would say it's it's different the supply demand and balance. If I just think about there's a unit of transaction here, some cash is going into a business for equity in that business. the supply demand dynamics of how much supply of cash there is for equity limited amount of equity in great businesses has gotten way out of whack relative to when you started like there's way more cash I think it's 10 time sorry 100 times I think it's like two billion when Don Valentine did Nvidia and now it's like 200 billion or something like that a year so naively you might say it's way more competitive and the expected returns to your point used to be 35 doesn't need to be 35 now it's 15 and all this cash is driving down that return. So really walk me through in lots of details why the nature of firms, who's leading them, the partner at those firms, like all the dynamics that happen to make it possible for your statement to be true that it's less competitive today for you than it than it was 10 years ago or something. Two things are allowed to be true at the same time, which is our space has too much capital.

It's allowed to be and and and it's actually less competitive for great companies. And and I'll try to explain those the the dichotomy. Uh a lot more companies are getting funded like like thousands of companies will get funded by really great investors and if you look at the matrix we just described of you divide by sector you divide by industry or whatever it's geography sca stage by and large people are doing investing like it's it sort of looks like painting with numbers or something like that right you know you're looking for certain types of characteristics around growth rate um you know and by the way venture capital invent Summit and TA have been doing on the growth side for a long time. You know, Insight's pretty good at it. Um, on the private equity side, like the entire industry works this way, right? If it's a 21 IRA, you do it. If it's a bulk bracket private equity, if it's 21 IR, you do it. And if it's an 18 or 17 unlevered or levered, you don't, right?

Like maybe that's even changing, but like those are kind of the numbers. I think the mistake people are making is this is not the private equitization of our industry. These are founders building companies. Now, now with private equity, it goes to the highest bidder, right? Like every company essentially goes to the highest credible bidder that could move fast and straightforward. In our industry, I can't think of a single company in our portfolio, not one. Tell me if you can think of one in yours that took the highest valuation only. They took some combination of the partner, the brand, the speed, the understanding, the capability of that firm and valuation.

Now that doesn't mean you could be the lowest valuation. That's that's certainly not what I would claim. In fact, I think in some cases uh we are the highest valuation too. But we have differentiated insight on why we are willing to pay that without sacrificing returns. And that comes from understanding. And if you are driving for coverage, if your job is to make sure you don't ever miss a series A and you're doing that by hiring an a a very large number of people, then what you're sacrificing is fidelity and insight.

I've never met a firm that's had more than a few good investors. It's so hard. Uh it's so hard. So, you end up just

doing a lot more and and it's not clear to me that any firm is that good at figuring out what's good and what's truly exceptional immediately. You figure it out over time. But in our industry, I I was looking back at a lot of our series B's that we that we've invested in. Most of what we do are series B's and onwards. And I was I was looking back at like every round that we had done for like the better part of 13 years. Every single one of those had some other company that traded like in its sphere of of of competition that traded at approximately the same turn uh within the same 12 months. Is that crazy? Like like the best companies and the worst companies at the series B or series A kind of trade at approximately the same multiples. There's exceptions here and there, but but by and large, very few people could actually tell the difference between the two. Now, if you and I were were evaluating Coca-Cola, uh you might know 10 times more than I know about Coca-Cola. If we both had to figure out what earnings per share were in 10 years, we wouldn't be that far apart. Doesn't matter that much. But in our industry at the series B, the comp we we could both look at two companies kind of competitive, both doing 30 million in AR, growing 100% a year.

there's a chance that the one you invest in is worth many billions in enterprise value in the future and the one that I invest in is borderline in solment in fi in five years there's a huge spread but yet it's most likely that the series B's those trade at approximately the same multiple or same term and so I think having a system that allows you to build differentiated insight um in a targeted way can yield better I can't promise it but but it's also just a much more fun way to live I think when you talk to founders now again for the 3,000 founders that will get funding um this the the the matrix large scale I'm glad our industry is becoming going from a cottage industry to becoming this large scale asset asset asset class it's going to help so many people get so much more it's actually great for green oaks for the later rounds too uh you know there's some of those companies that might be very interested in this down the road but for the 10 to 15 best founders that care about that relationship they care about speed they care about fidelity and they care about price. I think we could I I think we are much better experienced. Do do you care about the enterprise value of Green Oaks? No, not at all. Zero.

Zero. Doesn't matter to me. My my painting I have no plans to sell my painting. Like I have no plans. You don't even have an email. What would you do? Yeah. I don't have Yeah. Like I like I have no I have no other hobbies. No, this is it. This is all I want to do for the rest of my I mean as long as I can and and investors allow me to and and and the founders we work with allow me to. Yeah. If you think about the ways most recently that you've improved your craft, what comes to mind? Like even today versus two years ago. Yeah. What are you doing better today than you were two years ago in this in this craft of finding and and courting the 10 best each year? At the highest bid order, we have got much better, not a little better, much better at separating the vital few from the trivial many.

There's a version of Green Oaks two or three years ago where not just me, everybody at Green Oaks would do 12, 15, 20, 30 meetings a week. We used to show this slide to our investors of here's how many series B here's how many series B's happened and we had 92% coverage. Like aren't we great? We never leave a stone unturned. It's the way I grew up. I grew up believing that the way you generate great returns, the way you is you find undiscovered opportunities.

Part there really only a few ways to make money in the world, right? One is speed. You just move faster than

everybody else. You know, Citadel may be a version of that. That's really interesting. Our favorite combination is when you have the same speed and the same information, but you have differential insight. I think what we've become much better at at Green Oaks is increasing the speed and velocity in our information asymmetry, like much more information and being able to generate differential insight that matters to long-term enterprise value. Putting those things together with a small team and building a flywheel for doing it over and over and over and over again every day. Um that has been a sea change in the last couple years. The ability to write a \$500 million check. Maybe we should tell the Carvana story at this point or something. Move really fast in real huge size on something that you know you're not going to have a full written memo about like you have to act quickly. It seems like that's a great answer to your earlier point about it being less competitive because you could probably rattle off the other investors that could do that same thing today without an investment committee meeting or without this that or the other thing.

Um I remember the the Robin Hood story that that Mickey Malco from Rivet told me which rings like a similar you know just like a guy making a couple calls to make something happen. Yeah. Maybe talk a little bit more about that. Carvana could be the example here but pick a different one if you if you'd prefer. I'd love an example of like weird high conviction fast that would be impossible in a committee structure. I'll give you three. Great. Let's do them all. I'll start with Non, which was formerly called Trip Actions. Trip Actions for those that don't know it is a travel management company. It is sort of it sort of does your uh corporate travel and expense management kind of end to end. Um and uh it's a company I'd been following for a little while. Uh and uh COVID came and you know as a travel management company that's not a it's not not a good thing to have happen to your business. And so, uh, trip actions, which is what it was called at the time, revenue, you know, went from 100 million down to zero. It happened overnight.

Remember Trump first version, Trump went on TV and shut down all the flights from Europe and uh and and it kind of felt like Leman Tuesday or Wednesday or whatever, but I think it was a different day, but it kind of felt like, oh, this is not good. This is not good. This is real. I called him like a week later and and and I was like, you know, I know your revenue just went to zero. Um, but I have conviction that you are the right endstate solution for this market. And I think instead of sort of battering down the hatches and and and and and preserving all the capital you have, I think you should be aggressive in capturing Flowshare uh and and we'll write uh you know sort of unlimited number up to 500 million. Ended up being less than that. Um but up to 500 million for you to go do that and uh it took us 4 days or something like that. and and and uh and trip actions dramatically accelerated its market share leadership over the course of co over those two years. It sort of went from number four or five in the industry maybe even number eight in the industry I think to to top two uh in the industry uh and and was able to be aggressive at a time when other people were nervous.

Um another example is uh SVB weekend with Parker and Ripling. Um we've been investing in the business for a long time. it has always helped us to have a prepared mind. Uh and when we have these moments of volatility, um it doesn't change the end state all that much. SVB weekend, you remember it was kind of on Thursday, Wednesday and Thursday, it started to have some trouble. Uh Friday morning, Parker called and said, uh you know, SVB looks like it might go into insolvency or be taken over by by the Treasury or by the Fed. Um you know, we and and and people make this mistake.

People think that Rippling was having financial trouble or troubles. It was like the opposite. Uh Rippling used SVB for its essentially plumbing. Essentially it's pooling of of of of capital that would be then dispersed to employees for customers of theirs. Um and so it was just like rails that it was using. And by the way, credit to Parker. I there's a lot that's been said about Parker from his previous company. Uh, and I I have to say he's one of the most high integrity uh, people I've ever met in the world. I just to talk about customer centricity, the reason he called me on Friday morning wasn't because Ripley was in trouble. He called me because he wanted to make sure that on Monday morning all his customers weren't in trouble, that all of his customers got money. I mean, there were other uh payroll companies that were planning to send an email out on Monday that was like, "Sorry, you know what's happening with the US financial system right now. Payment to your employees will get delayed." Park, that was not an okay solution for Parker. So, Parker called me on Friday morning. It took us about uh 30 minutes to agree to invest 500 million. Um we uh spent the weekend, a credit to his team, by the way. We spent the entire weekend, day and night. I mean, it was it wasn't like 18 hours. It was 24 hour, two blocks, 48 hours of straight work. Yeah.

Uh and by the way, Sunday, another credit to Parker, Sunday kind of looked like everything was going to be okay. And Parker's like, just in case, this is the right thing to do for we're going to do this. We hand shook on a deal. We're doing the deal. What an amazing partner to have in and and Parker Monday morning, every RIP customer got their money on time as as scheduled. Carvana is a little Carvana is a funny one because it was public. Carvana is a company we had been following for a long time. never took venture financing, you know, Ernie a little bit. Uh he was out in Phoenix, he was built, he was building a customer experience that we always thought very highly of. Whenever you talk to customers about Carvana, they would talk about how much they liked Carvana at a differential rate to CarMax or Yeah. And it kind of makes sense. You know, you could buy and sell a car easily. You get you get it delivered to your door. You have much larger selection. It's like the bomb Kim story a little bit like it rhymes with it. Yeah. a little bit little bit little bit of of hard work operationally, hard work technically, kind of doing it out in in the middle of nowhere on behalf of customers that you want to serve differentially. Well, um similar dynamic to you have a bunch of, you know, in in Carvana's case, you have all these sort of local competitors that have a limited number, limited selection. Usually, they're wearing leather jackets. It's not a great experience to to to buy from them. Um Carvana was making that a much better experience. Only got to know Ernie uh when COVID came. Uh the stock was maybe a \$100 stock uh during COVID.

It went down to like the 30s. I called, we called Ernie. We're like, "Ernie, now's the time to take some money from us." Uh he's like, "Great." You know, I'd love to do it. We got very close. Uh uh for for for Green Oak's reasons, we did we ended up not proceeding and and and investing I think it was going to be about 500 million in the business at the time. It would have been a great investment. I would have talked about as one of our big mistakes. it went from maybe uh \$ 35 \$40 a share up to \$300 a share whatever it was uh over 2020 and 2021. Um you know sort of a we have these moments at Green Oaks where you're like ah now it is well recognized as this amazing uh used car experience.

It's going to be dominant. People understand it's the Amazon of cars uh and it was maybe at maybe 400,000 you know 450,000 units being sold each year. And Ernie did this big acquisition which is Adessa uh you know was sort of ramping up. He used quite a bit of debt to do that I think he financed all of it with debt and and so added

a bunch of debt to the to the to the balance sheet and uh when things started to slow in 22 everybody's excitement about the fact that he was sort of building infrastructure to go to a million or two million cars went the other way. uh uh people sort of became very nervous about the the the business surviving and the stock went from \$300 a share 330 to eventually went down to five which by the way how many companies can you name that went from \$70 billion market cap to one and weren't like a fraud I don't think like zero companies we looked after you and I had this conversation we actually looked it up the answer is none is none right is none and and so I as it started to go from 70 billion or \$300 plus a share down to uh down to \$50 a share. Actually, at \$100 a share, we started to become very interested in it.

Um and there was two questions. The first question was you were going the market was getting killed. Uh you know, the peak to I think it was one of the largest peakto trough drops in used used cars uh like in the last 30 40 years. Was this a one-time thing? Was this was this going to reverse? The second is his unit economics were terrible. I don't think he'd mind me saying that. I mean, he he was he was losing like \$3,000 a unit uh on an IBIDA basis. And then he and you know, if that wasn't enough, he had about \$2,000 of interest payments per unit. So, uh so he had like \$5,000 per unit of of of of costs. Uh so the question was like when's this not if, but when is this company going to go bankrupt? And so the stock went from 100 to 50. We started to to to to buy around then. Of course, you know, we we we started to buy all the way down to about five. Um, but my my partner Ben, it doesn't feel great when you start to buy at 50 and then at 30 and then at 20 and then the 20 goes down to five and or 10 and then down to five. My my partner Ben has a great line which is um what's the difference between being down 95% and 97 and a half% just half and so so uh that was a tough moment at Green Oaks. Uh we invested a substantial amount became one of our largest investments in in in our fund.

And we had a view. We our view was that Ernie had a decent amount of runway. Uh there was things he could do operationally to fix the business fairly quickly. And we did what any investor might do at the time. We sort of went line item by line item. We said here's where he needs to cut. Here's what he needs to change. And much to our sugarin at the time, Ernie didn't do any of those things. Stock kept going down. He just didn't do and it wasn't until later, I'll come to a couple stories. It wasn't until later that I realized he wasn't there's certain cos that might react immediately in order to plate the market. What he was doing was doing a bunch of AB tests internally to figure out what were the right things to cut to make sure that he could manage the company through it and grow on the other side which takes a lot of intestinal fortitude. That that wasn't there's a bunch of really good stories about Carvon as the stock started to drop and we started buying more. Not everybody was thrilled with us. Um uh but we thought we fundamentally understood that he would be able to reverse the the unit economics on a perunit basis. There are things he could do to to to sort of not just stave off bankruptcy but be be an ongoing concern with like strong capital structure. And then the second part of that is the debt side was really reflexive. If if if if you're right on the first part, you're kind of right on the second part. So it's a two-part investment for us. One was the company won't go bankrupt. Second is is this a business that could go from, you know, 400 500,000 units to 2 million, 3 million, 5 million units over time. used cars are about 40 million units a year or something like that. I went out I remember this is a big debate for us but it really almost comes back to founders.

I went out to Phoenix. I flew out to Phoenix, sat down with them for dinner, you know, like I got on the plane. I was like reading the papers and like four of the articles were about Ernie and how terrible Ernie was. It was like

he's a crook. He's awful. The company's terrible. They can't pay their bills. It's about to go bankrupt. Employees are leaving in droves. I mean you could not It was like It was like Left for the Dead. I remember. And you remember this and and I remember getting out there and I remember sitting down with him. We talked about the business. We talked about all the things. But I remember the first thing I did is I said, "Boy, you're in the papers a lot nowadays.

How's it feel? How's it how do you feel?" And he didn't talk at all about himself. What he he almost was like down to tears. He was talking about his team. He was talking about what it's like for employees of his who have been at the company for a long time to have their kids go to school and hear that their parents company is going bankrupt. And like he was going into like like enormous detail about this and you could feel the pain like that was it wasn't on the articles about him. It wasn't even on the ability to manage cuts. He was trying to balance getting through this with making sure that his team felt good about how he got through this. There's very few CEOs in the fog of war. When things speed up, people start to make snap decisions very quickly. What impressed me most about Ernie at that moment in time was how he just slowed everything down. I remember uh at the dinner like the waitress came by and she's like, "Would you like to use your like Marriott gift certificate card?"

He's like, "Oh yeah." He like searched for like 10 minutes to find his like gift certificate card. I was like, "Wow, like like you're like you're supposed to be in a hurry, but you really care about this gift certificate something, you know, like points off or something like that." We went through operational step by operational step. It was so clear to me that there was a spread between where the market thought he was and and that happens all the time in our industry.

the spread between perception and reality for private businesses, for public companies, it could be quite significant. As you go back to the early days, you had this first fund that was so successful, huge multiple on on money. How did you decide how much money to raise in subsequent funds all the way through to today? This is like constantly a question for every investor ever that's been really successful. They tend to have the opportunity, you certainly did, to raise probably as much money as you wanted to raise given your past results. How did you choose the amount through time? like how would you teach if you're Kravis giving money to you know the next you what what coaching would you give them on how to answer this question I think you have to decide whether you want to be in the hall of fame of returns or the hall of fame of aum and I think if you want to be in the hall of fame of aum that's a per by the way you know like every LP has to like shut their ears but like that's an okay answer for for for for a ton of people like that it is it is it is a great like the hall of fame of aum is is a welltraedic game with some you know lots of buildings in New York have names of people that have been in the hall of fame of aum That's a that's a great way to live life. Not to take away from that. I for Benny and I and maybe it's because we had success early. We're large investors in our own fund. It's just a more interesting way to have to to try to be in the Hall of Fame of returns by partnering with the kinds of companies we like to work with. If that's the case, then then then you sort of want to reach the the the right limit where you can invest without reducing returns. And for us, our largest investments are 500 million to a billion plus in size. And and we do that with some regularity. like we want uh our the founders we work with to call us and say we want 500 million to a billion dollars. We are thrilled to get that call. Uh and we want to make sure that we could always answer that call and we can be the partner and that number may move up over time. Uh but that number has

served us pretty well of like at least a couple times a year we'll get a call for can we get 500 million to a billion from you. Uh and we want to be able to answer that call. So that's kind of determined how we think about our funds have gone from the I guess tens of millions to the billions. But but that it hasn't really been a function of the number of companies per fund has not changed at all. In fact, it's gone down.

How many is it refer? 10 to 12. Yeah. And we've had as high as 15 historically, but our numbers actually come down uh quite a bit. And we only have 55 companies across 15 billion of AUM at Green Oaks. I could talk to every single one of our founders in half a day and still have tons of time. Have you ever thought about other structures for Green Oaks? Like making it some sort of permanent capital base like Bergkshire style or you know all this creativity with Apollo and a theme like having some sort of insurance you know seems like every great investor reaches a point in their career they want an insurance company for a permanent capital base or something or a balance sheet. Have you ever thought about like that side the asset side of the business of like where the money comes from how it sits and and its structure? Yes we have. In fact, Greeno started with uh with the idea of an alternative capital structure. And interesting, it's uh what was it? It was a holding company that owned insurance businesses. Okay. Frontier and emerging market insurance companies. Benny and I had spent a lot of time at Dshaw studying insurance businesses in places like Pingan in China, Dongu in Korea, uh uh Qualas in Mexico, uh Celinko in I want to say SCB in Thailand, uh Sinko in Sri Lanka, uh you know, businesses like this and and actually the cool thing was if you study these PNC businesses, they all follow the same kind of curve.

they all have uh G you could draw an XY axis you could put uh GDP per capita on the x- axis and then on the on the y- axis you could put uh insurance penetration as a percentage of GDP and it kind of follows this S-curve and the S-curve is basically you know like rich country has 10% insurance penetration that's kind of where you you know 10 or 12%. So, US, uh, all of Europe, uh, even even like a Korea, uh, you know, some of these wealthy, the exception to this, by the way, is the Middle East countries that get really rich on oil and then like don't have insurance penetration.

Um, and then the really poor countries, uh, you know, sort of are at the bottom. They have very low GDP per capita and they have low insurance penetration. And our view was if you believe in a country's GDP per capita growth, a levered investment is to buy the best insurance company, the PNC consumer insurance company. Interesting. So we did this and it was a phenomenal investment for like Dong Buu and Qualatas and SCB. They were really good investments. So our idea at Green Oaks when we started we had a traditional sort of fund structure. Our idea was let's start a holding company where uh we buy anywhere between 51 and 100% of these insurance companies. We sort of suck up those premiums and we can invest them in a wide variety of different assets. It's like phenomenal idea on paper. In fact, uh we did it right when we started Green Oak. So we went around uh and raised 150 million of capital from you know some great investors many of our longtime investors and we started a holding company.

Now I don't think one person asked us have we like been to Africa or Pakistan or any of these places but we we did it and and our and then we took a small team from McKenzie uh insurance practice which you know was was kind of known for helping some of these insurance companies and our idea was you can't buy pingan in

China it's too big with 15 but you can buy the frontier and emerging market insurance in places like Pakistan or Rwanda or Nigeria places like this so so like the first thing we did was just get on a plane and go to these places.

So we went to Nigeria. I have so many fun stories about this. I'm like bring it on. I love this man. It was it was the craziest thing. So we decided we started a holding company. It's called GGH. By the way, the the the the punchline here is it like went terribly. It was like one of the is the single biggest mistake we've made at Green Oaks. I think it's a funny story. So we we started it um we took a team out of Zurich, Switzerland. Uh that was our operating team. We had about 12 people at that size and they were sort of working with local teams. Uh the first trip we made was to Nigeria. Actually, before I got on the plane to Nigeria, I was like in London. There's this late night flight and we had assembled a series of of like a list of businesses that we might potentially want to buy.

The list was probably six companies, seven companies. We had a banker that was on the ground that we were working with that was like only an insurance banker. We had known him for a little while. We had been, you know, sort of studying our approach uh for maybe six months or so. You know, the flights leave at like 2 a.m. and arrive or they sorry, the flights arrive at like 10 p.m. there. I don't know, you know, from London when they leave. And our banker calls, you know, he's like, "Hey, I'm so excited about the trip. Can't wait for you guys to get in town into town." And I'm like, "Well, great. Like, we can't we can't wait to get there." He's like, "I'm you know, I got to tell you, I got to skip dinner with you guys tonight though when you get in." I'm like, "Why?" You know, we were really excited about our dinner. He's like, "I had a long night. I was up all night. It was like it was kind of crazy." And we're like, "Oh, what happened?" Like, "What what what what went down?" He's like, "You know, I had a guy from London here last night. He flew in like I was going to do with you guys.

He stays at the same hotel. dropped off his bags, took him out to dinner. I told you a story. It's a fun took him out to dinner and uh and we went out to this great dinner, had a bunch of drinks. He goes back to his hotel and he proceeds to tell us the following story, which is this banker, this like English banker goes up into his room. He checks into his room. There's a guy sleeping in his bed. The English banker is like, "What is going on here?" And he closes the door, goes downstairs, tells the, you know, person at the check-in desk, there's someone sleeping in my bed. you must have must have double booked the room. Uh this is like a huge problem.

The guy's like, "No, no, no. That's like not possible. I'm sure." Like reissues him the key. He's like, "This is your room number. Go up." Goes in, stuff's laying there. Guy's still sleeping in his bed. Banker goes downstairs, goes to the front desk counter, says, "You got to come up with me. This is crazy. There's a guy sleeping in my room. I just want a different room." The front desk check-in person goes up with him. Sure enough, there's this guy still sleeping in his bed. The front desk person goes and checks his pulse. He's cold. like just dead guy in the bed. And bankers is telling us this story. We're like listening to it like where is this gonna go? And um and the banker is furious. He's like, "Look, this is this is crazy." You know, like I just want to go to sleep. It's like 2 a.m. in the morning. I got a big day tomorrow. Like they're like, "I don't know what's going on, but just like figure this." And the front desk checkin person is like, "I don't think you understand. I got to like call the police. There's like a dead guy in the bed. You got to stay right here." And the police come. Sure enough, dead guy in the bed. And the banker is furious. It's now 3:00 am in the morning. He's he's like, "This is crazy. You know, you just like

gotta get me." And the police are like, "No, no, you're like a suspect now." Like, "We gotta we gotta like take you to the police station." And he's freaking out.

He's like, "What do you mean? I don't know who this guy is. I don't know what happened. I just wait in my room. There's cameras you can check." Like, "Nope, we're taking you to the police station." They put him in the back of the car. They tell him he can make a call. Takes out his phone, calls our banker, um, whose name was Palagi. Palagi's like, "Uh, this happens." uh don't worry. How much money do you have on you? He's like, "I got like \$1,000 on." He's like, "That's not enough. You probably need like \$10,000.

Can you get a wire to them in the morning?" And uh he's like, "I don't even know how to get a wire." He's like, "Don't worry. I'll take care of it. I'll get you out by 5:00 a.m." Baji's up all night figuring it out. Banker gets out at like 5 or 6 a.m. Gets back on a plane back to right away. So Baji's like, "So I was up all night figuring this out." And we're like, "This is where we're flying in like an hour. This is terrifying." you know, and so that was like the first time we went out there was hearing this story. It was incredibly fun. We bought we bought 75 to 100% of a insure out there. We bought uh 75% of insure in Pakistan. Uh uh which Benny's Jewish, I'm Indian. We're both American. Like if you It was the first time I had gone out to Karach and I was Benny Benny was not Benny's like I'm not going. You got to go. And so I was going out there. We were about to close this transaction and my mom who's you know from India, she's like crying.

She's she's like calling my wife. She's like, "You can't go to Karachi. It's like too dangerous." And it was a phenomenal experience and we had an amazing partner in Pakistan. He did a fabulous job with the business. I have nothing but incredible things to say about him, about the country, about about our our our business there. It was this is a great story about Rwanda. We bought the leading PNC insur. We were also the one of the largest real estate owners because of the insured that own all this real estate. So we're in Kagali. We buy this business. We're growing it. And none of these businesses had great solveny law. I mean this is like very early in the life cycle of of how insurance worked in these countries.

But our view was no if you read about Rwanda it's like the Singapore of Africa right? We get on the ground our insurance teams there like this business is terrible for for every dollar of premium we get we lose a \$180 which is you know in the insurance business that's not you can't make that up with investment returns. You're you're in a bad position but and we were the best of all of them. Why is not everyone else bankrupt? They're like, "Well, it's a funny thing. Nobody really audits these companies and and and if as long as you continue to write more premiums the next year, you could kind of make it work." I'm like, "Well, that's not going to work for us." So, we decide we might not want to be in this business. Before we, as we make that decision, we get a claim. And the claim is from like a you know, I it's like a wealthy family that has some political connections and and it turns out that someone that we insured died in a car accident and and there's a terrible thing. Now, there's a pretty systematic way to think about PNC insurance globally. There's like a table for how to think about life. I hate to put it that crudely, but that's kind of how it works. And uh we flew into sorry, I fly out of Kaggali. We got to take care of this claim. It's a big claim.

And uh I'm like, well, we have to prosecute the claim because that's like too much. That's outside of the table for

how to think about the value of this of this accident. Um so, we go to court. the guy that shows up as the defendant in the claim. It's not the lawyer, it's the lawyer for for for the claimant. It's the claimant that died in the car accident. And we're like, we're like, how is it like, well, this is an easy I mean, case closed, you know, like the guy's right there. This is all done. And lo and behold, there's this performative jury that's like, ah, you know, like, you know, and we're like, this is out of bizarro world. This is crazy. And so we we we were like, this is this is not a country we want to be operating. So it it took that experience of building this insurance company. We're like there's no there's no winning here. It taught us a lot about the kinds of founders we want to partner with, the kind of markets we want to be in, the way we want to spend our time. Um it cost us real time and money in years and and and I still we haven't lost that that zeal of wanting to build something really special. I'm so freaking glad I asked about the holding company thing. You're in one of these positions where if you wanted to, you could just do this with your own capital. I think you're the largest LP in the funds. You've had the sort of success that all the investors chase.

Why still have outside partners? Like what what is it about, you know, you've made that choice obviously. What is it about working with great LPs? I know your LP base is super concentrated too. Very consistent theme in your life um that you're that you're really concentrated, but having achieved the level of success like it could just be your balance sheet could be the holding company in the Berkshire and make the marginal investments. like how do you think about that that trade-off that choice? I have friends that sometimes complain about like their LPs or or or the updates they have to do or the conversations they have to have or how they might you just love this stuff too much. How how they might make different decisions if they didn't. We've structured our lives in such a way.

Benny have structured our lives in such a way where like I I really enjoy the people uh that we spend I have a WhatsApp chat with my with my with my alback. I mean, I talk to them a decent amount. I I I talk to some of my investors like they're like friends of mine. I I get to do this with people I really love and admire and respect. Our best ones have given us courage when we when we might have even lacked a little bit of it. I I think about them as as partners and shareholders in our in in in our business. And I think there's three reasons why. I think the first is is is I enjoy them. That's like the most obvious one. I really do. The second is uh I like I'm a we're competitive. uh we're we're deeply competitive and it really bothers us if we're not amongst the best returning investment opportunities for our LPs. I remember there's a table that came out in 2021 and it had um the endowments by return and I was really proud of the fact that like for the three or four top ones we we drove some real performance for them.

But that matters to me. If I were to do like a great complete anonymous ubiquitous survey about you and Green Oaks and I were to find the critics to the extent that they exist, what do you think they would say? I'm sure we have tons of critics. I actively try to seek it out. So, I think I could have I think I can uh apply on some of it. Yeah. Although you you feel free to add in. I just had a dinner where I I I met a bunch of young people. I asked them this specific question. I said, "What what what are the most negative things you could say about Green Oaks?" And I'll give you each comment because I thought all of them were valid. Yeah. So the first was um Green Oaks wildly successful early but as of late what have they done you know like like what have they done and and and I think that's such a healthy attitude frankly like you're you're only as good as your next day and and um you know the argument is my push back was it gives give us it takes time to to the stuff you're judging us

on 10 years ago um you know there's stuff you would judge us on another 10 years that we did today but it just doesn't show. Um, so that would be the first. The second would be, uh, you know, some higher priced rounds that look like really crazy on the outside.

They don't make any logical sense. Why did you do them? Um, we think we have some logic for why we did them, but you know, we we could we could be wrong. Could be wrong. Um, I think we've we, you know, Benny and I as founders, we've we've sort of pushed our organization really hard. Uh, one of the other pieces of feedback might be like, are you pushing too hard? uh you know we we can't always hire well. We can fire fast. Um we we run a very tight team. Um we're we're reasonably intense in the way we run that team. You can make an argument that you should not run at this intensity level. You could run at 70% of this intensity level and uh and things would be just fine. Um I just don't think we'd be that happy if we did it.

So it probably the right feedback. Um but I I I I don't I don't value that much. Who do you think the greatest of all time is? I'm gonna have a controversial answer. I think it's Yuri Milner. The easy answer is Masa. Not I don't think I don't most people I think the Mike Morris's and phenomenal Peter Fenton's phenomenal investors. It's hard to argue against Masa. I will in a second. Masa have you have you spent time with Masa? No. Masa is incred. He gets made fun of a lot. He is incredible as an I mean incredible.

First of all, step back for a second. This guy came from Japan when he was like in his teens. didn't speak a word of English. None of like was like was was was ostracized for not speaking a word of English, studied um his butt off, goes back to Japan, creates one of the largest enterprise value companies in Japan uh you know over the course of 20 plus years along the way decides to become like an accidental investor. At one point he was the richest man in the world and and one thing I think is underrated is Silicon Valley is a fairly insular culture and has never really been that nice to Masa. They make fun of his PowerPoint slides. They make fun of his PowerPoint slides. They make fun of the investments he makes. There's almost like a twinge of like I don't want to call it racism but sort of like xenophobia to him of like what is this guy doing coming out of nowhere like just making these stupid the guy has multiple times made you know hundred billion dollar returns and he's done it I remember when he invested in ARM I have a lot of respect for MA and when he invested not I don't think green should emulate uh the way they invest I think MA is an N of one but when he invested in ARM I had a I had a friend of mine who runs a large investment bank call and say could you believe how stupid this guy is I can't believe he bought arm. That thing, that thing is tanking.

It's never going to work. This guy had his semiconductors analyst on the call with me. Semiconductor analyst runs out a list of reasons on why this investment is never going to work. Moss and another entrepreneur. I I decide I'm going to give all the reasons. I'm like, here are all the reasons this semi analysis semi uh analyst from one of the big investment banks thinks you're going to fail on our just list all I list them.

One, two, three, four, five, six, seven, eight, nine, 10. List them. He's like, "Ah, but he fails to realize that the market's growing." And he was right. And by the way, underrated for how great he is with entrepreneurs at times. Uh he's he's come up and stepped up to the plate. Sometimes you can measure investors not by figuring out what the where the momentum is going, but when the going gets tough, how they stand up for

entrepreneurs. And I've seen him three or four times step up to the plate in a meaningful way. Whether it's Tony at Door Dash, whether it's Bomb Kong, pay off most times. Not all the time, most times. And I think I think that's really remarkable. The reason I say Yuri when I was at TH Sha and and Yuri made the investment in Facebook, I didn't know you were allowed to make investments like that. I remember going to my boss and saying, "Are we are we allowed to invest in like money losing internet companies at \$10 billion in enterprise value that are still private?" Like I I know the growth investing of buying things at four times, you know, revenue that's a software company and, you know, adding a couple bolt-ons and that that to me was growth investing and and and and private equity and and sort of growth companies.

Yuri broke that mental model for me. I mean, he was the first one I remember making a large scale sort of category defining investment in a category defining company that that that was so obviously uh you know going to change the world. The way he sort of built DST, the number of correct decisions he's made compared to the number of bad decisions he's made, it really is a remarkable ratio. I can't name I think the total impairment in all of DST is like very low. the number the quantum of money they've made as a firm and then also with his personal investing in things like bite dance and and and Schwami I mean you know you just take one of those and that's like all of a firm's returns by the way who do you think is the best who am I missing I like this debate well I'll tell you the answer that most people give which is Meritz yeah I've only got to know Mike a little bit better recently and um not a lot of people would know this I don't know if he would describe us as a competitor when we were coming up but I certainly think about them as a I love I think they're an amazing firm and Mike uh you know recently retired. Uh when I was going through all this San Francisco stuff when you know politicians were holding my face on a picket um Mike Mike emailed me and I was like can I help you a little? Any any help what you got? And he he recommended that I write an op-ed and he's like I know you don't want to do anything publicly. I know you wouldn't like this but I think it's the right thing to do. You should be transparent and direct with what you're doing. And I was like sure I'll I'll I'll try doing it. he helped me and he was on the phone with me helping me and and like that will go outside of this conversation it would have gone unset.

What a remarkable thing to do for like a young kid uh that he doesn't you know need to help in any way whatsoever. He's a really amazing human being. Since we're at the end of a long session, I'm curious to hear a little bit about where your like instincts for understanding the world have brought you outside of investing. Are there other places that you find that same instinct to like get in and get to know and understand?

Whether it's I I don't know what it is. You tell me what it is. Are there other places that you apply the same instinct where your curiosity pulls you into a world where you're not investing do your, you know, huge sums of money? I think the thing if you were with us at Green Oaks and you just sat with Benny and I for like a day, I think the thing you'd probably be most surprised about is how much we care about like beauty.

The reason we like this so much is we like beautiful businesses. We like we love beautiful relationships. We care about like beauty in the world. Like we we we want to make the world a little bit better tomorrow than it is today. And we think Renos could be like driving enormous impact doing that. That's why we invest in the companies we invest in. That's why we don't care about finding a software company in Minnesota and buying it

three times revenue and flipping it five times. Like don't care about that at all. It's probably a better business than the one we're in. We're okay we're okay leaving that on the cutting room floor. Manifest in a bunch of different ways. I mean, as as as I think, you know, recently I I sort of I'm from born and raised in San Francisco, so I dedicated uh a reasonable amount of money to trying to fix just my street in San Francisco. Tell us that story. I love that. Oh gosh. Well, the story it's not a story I expected to have come out or ever talk about, frankly. Uh I mean, maybe you and I talked about it like off the cuff once. Um but I was just like kind of quietly doing it and and my view was and I did that as a nonprofit because there's no it's a terrible financial investment. I mean, just to walk through the financial math, I'm buying uh buildings uh in this one street called Filmer Street. It's in Pacific Heights. It's a street I grew up on. Uh and I'm buying stuff at like a five and a quarter cap, which you know, treasuries were five and a quarter when I was buying this stuff. uh buying like illiquid small rundown uh commercial real estate that's usually has no tenant uh or the tenants's leaving which is why the person's selling me the building and then I'm putting in like a mom and pop restaurant at a threecap which like barely pays its rent and I have to do all the TI and it's like a terrible financial investment so people like oh you're so like good for doing this no it's it makes no sense to do it anyway the way besides a nonprofit so I started a nonprofit um with a good friend of mine named Cody Allen and the idea was as more and more you came out to San Francisco during co I think San Francisco is a really important city. I think it's important for America. I think it's important because it's sort of ground zero for a lot of the most interesting people all over the world to come and build their version of the future. It's different to New York and it's different to, you know, like the finance and the real estate and uh and sort of other industries which are which which are a little bit more, I don't know, rent seeking is maybe the right word I want to use, but but but I think there's something about tech and and and and the aspirational nature of of of company building that San Francisco harnesses uniquely well. I don't think there's anywhere else on earth that's anywhere like it. Tel Aviv may be getting close, but like it's really San Francisco. I think losing that and we've tried really hard to kill it. um you know we like we're anti- business, we're anti-growth, we're high taxes, we're anti-f family. Um like a lot of things going in the wrong direction. My view was these were imminently fixable and if we fix them it could make San Francisco it could make San Francisco great for a long time. Uh and I don't think you could take these things for granted. I mean you go back to like the 1920s even earlier with the Hungarian physicists in Budapest and he had all these great you know the vonoyman of the world all living there in Budapest and you know World War II came along and Hitler came along and like wiped them all out and they all dispersed to different parts and they set phys those that group of phys physicists they were the foundation for modern uh physics for like a hundred years like string theory all the atomic weapon work that came out it was all from that like you know all from that small group in Budapest and so I think losing San Francisco to some of the progressive causes that have that have plagued the city would be pretty bad. And so this was my for this one part of my little corner of the world, you know, starting to invest and make it better. But it came from a place of wanting to make that street beautiful.

And if we can make that one street beautiful, then you could maybe do that across other parts of the city and you can make the city livable for families and have people still there. And um I started down that process about a year ago and um I was just doing it quietly because I didn't see any reason why you would like what what was there to share. Yeah, San Francisco has this funny um progressive bend, which is we'd rather have empty buildings than have someone own them that they deem to be like too wealthy to own. Yeah. So, you saw the I mean, there's there was a there was a mysterious investor. Yeah. Yeah. And there was a guy with a you know, Aaron Peskin is the guy's name. He's a he's a politician. He was a politician. He's out of office now. um who did

he had picket signs with my face on them, you know, marching down the street, uh you know, like billionaire taking over city.

And I wasn't doing any of that. I was actually I think they thought I was trying to develop the city. They never reached out or called or talked about it, but I was just trying to preserve uh that street and and and making them restaurants. And I think the goal, what I take a lot of joy from is it has a very similar feel to Green Oaks, which is I'm backing other people that are building uh like great restaurants.

We're putting in a new theater. There's a bunch of cool stuff happening on the street. It's really remarkable what we've done on that street. Uh but I mean enabling other entrepreneurs to go build something that will delight people. Now this is at a little smaller scale than what we do at Green Oaks. Uh but it's been such it's been so much fun. I don't I don't spend all that much time with it. I have a great team that runs it on a day-to-day basis, but uh I was just on the street yesterday and it was it was it was so fun to walk down and be like, "Oh, this is where I know this coffee shop's going in and we're doing all day diner and rebuilding the theater with a great partner and uh and it'll be really fun." You said you don't like any of the attention. Is there any kind of attention you do like? You've walked the walk here, by the way. Like you you I'm glad I'm so excited to do this with you, but something tells me like this is going to be the one you do and then see you again in 10 years or something. So, you've walked this walk of, you know, focusing on the work, which makes me curious. I think it could be distracting. I think that maybe some people maybe one of the flaws I have at Green Oaks uh and Green Oaks has in general is we find that when we make it not about the work, when we talk about the work, it can diminish our ability to do our jobs well. I'll give you an example. We write letters and and and historically I would write letters where I talk about an investment we made or or or something I was excited about.

And the moment I wrote it down, it became a perspective that I had to defend. One of the flaws maybe at Green Oaks is I change my mind all the time. Like I I I am I'm willing to try on an opinion like a sport code and if it doesn't work, I'll throw it off and and I have no pride in authorship or ownership. Uh and so the ability to sort of move opinions around as we talk about things without any uh touchstone of like this much must be true is like a really I found that to be a it's helped me. I find whenever you start to say things publicly, uh, then it sort of becomes part of of of who you are and and we haven't felt the need to do that. I think that's actually like a really interesting and compelling place to wind down. Um, I I love that that you don't want to get attached to things that like fundamentally what you've done at Green Oaks is always search for the next person, even if that person's bomb over and over and over again, which is so cool to have these special relationships. You know, the last question I ask everybody, what is the kindest thing anyone's ever done for you? A defining moment was I I went to public school and then I went to a private high school. I was a pretty cocky 14-year-old. I came in and I had a great mentor named Joe Rosenthal who uh who who kind of took me under his wing.

Uh just liked me and was like, you know, I'm going to kind of just get to know you. He was sort of an administrator at the school. And he would come to watch my soccer games every now and then. And one of the soccer games we had, uh I scored a goal and I did like what any 14-year-old hooligan. You know, I put my shirt over my head. I spread out my arms. I started flying around down the field. You know, I like celebrated like we just won a championship. And uh I think we actually lost the game, by the way. It's like really embarrassing, but

you know, I thought I And then after the game, Joe pulled me aside. He's like, "Don't ever do that again." Like, "What do you mean?" Like, "I scored a goal.

I'm going to do that every time I score a goal." He's like, "Don't ever do that again. Have some class. Know that you have teammates that helped you score that goal. Know you have people that passed. Know that you have a coach that trained you. You're better than that. Don't ever let that happen. I never did it. I never did anything like that again and it sticks with me to this day. I think about it with my kids. It was the kindest thing. Stuck with me forever.

Yep. Thanks so much for your time. [Music]