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Robert Glazer: Welcome to Elevate, a podcast about achievement, personal growth, and pushing limits in leadership and life. I'm Robert Glazer and I chat with world-class performers who have committed to elevating their own life, pushing the limits of their capacity, and helping others to do the same.

Welcome to the Elevate Podcast. Our quote for today is from Warren Buffett. "Risk comes from not knowing what you are doing."

Our guest today, Tom Gardner, has spent his career helping others understand the investing world and has built a world-class company in the process. He's a co-founder and CEO of The Motley Fool, a multimedia financial services company that advises investors through stock and personal finance services. He has co-authored numerous books with his brother, David Gardner, including The Motley Fool's Million-Dollar Portfolio, and Rule Breakers, Rule Makers. Tom, welcome. I'm excited to have you on the Elevate Podcast.

Tom Gardner: Hello. Great to be here, Bob.

Robert Glazer: In 1993, you started The Motley Fool to teach people about investing. How did you get that off the ground and how did you first ... how did anyone find it when you started?

Tom Gardner: Well, the first thing about our company is that we did not intend to be a company. I think David and I were both excited by the possibility of getting a job from what we were doing. We had been taught by our father how to invest as kids. We had been crank-calling radio stations throughout our childhood. Any time there was an opportunity to interact with the world, we took advantage of it and David was very early on in using different internet news groups or different ways to connect online, and so there we were in 1993, with our love of investing as a game. We weren't taught investing as Greek alphanumeric or a hugely risky endeavor. It's a big gambling casino where you can lose everything. We were taught to look around us and see the companies that we love and the products we loved, and buy a few shares. That was kind of how our dad taught us about long-term investing.

Then the Internet came along and we decided, "Hey. Let's just begin answering people's questions out here online." America Online saw what we were doing and offered to invest in us if we started a company. We had a short funding negotiation and began in August of 1994. Incorporated in August 1994 but we really began in 1993 with the whole idea but again, we started just thinking,

"Imagine" ... When we signed that first AOL contract, we were like, "Imagine if we could each make \$15,000 a year. Then we could cobble together other jobs and that would be such a fun life," and then things went much farther than we anticipated.

Robert Glazer: I'm realizing sadly now probably how old I am, that half the audience probably does not know who America Online is.

Tom Gardner: That's so good.

Robert Glazer: Now that you say that ... or never saw a CD or heard the, "You got mail." We're starting to reach that threshold. What were you doing professionally when you started this? Was this a night and weekend side gig or did you kind of quit your day job to do this?

Tom Gardner: I was a graduate student in the masters program of linguistics at the University of Montana, in Missoula, Montana. I had gone to high school and college on the East Coast. I graduated from Brown, and I decided I wanted an adventure of some sort. I had thought I would go work out on the West Coast but on the drive across country, I kind of fell in love with Montana and I decided, "Let me take some classes here and I'll teach ESL," and so that was kind of the where I was. David had worked for Louis Rukeyser, who's also somebody you wouldn't have known if you weren't watching PBS in the 1970s, '80s and '90s, but Louis Rukeyser was the long-term optimistic, bullish perspective on investing on PBS. David worked for his newsletter for about a year.

David had just left that job, and I was in graduate school and teaching as a teaching assistant. This crept up on us as a fun thing to do on the side and we were sending files back and forth, which was unusual to be doing in the early 1990s. What we were writing, sharing and publishing online ... so it really was, "Can I add \$10,000 to my life?" We're working on something like this at The Motley Fool right now, which I'm pretty excited about. It's trying to find ways to help people make that extra 5,000, 10,000 or \$20,000 a year, and that was exactly how we started The Motley Fool. It was like, "Hey. Let's side gig to what we're doing and thinking about in life," but it just so happened David had left his full-time job and had more time to put toward it. That really gave us the accelerator to cause it to become a company.

We got lucky, Bob. I want to tell you this over and over again. Everywhere you can imagine [inaudible 00:05:13] plus the cost of our business was just plugging two computers into the wall. There was zero costs. It didn't take any of that. We never had any need to invest and when AOL invested the money they did, it was way, way, way beyond anything we'd ever thought would happen.

Robert Glazer: When you started, did you wear the hats? Did you have that personality from the beginning or were you trying to seem more credible to the people you didn't know?

Tom Gardner: We were definitely wearing the hats for ... We didn't have the belled hats out of the gates in year one. We were certainly acting in a way as if we were wearing belled caps the whole time. The only thing that we occasionally did to try and demonstrate credibility out there was refer to our offices as Motley Fool Global Headquarters, when in fact it was a small shack on the back of David's property that their cat had been living in that we cleaned up and put two computers in. That was Motley Fool Global HQ.

Robert Glazer: Have you read about the guy - the reporter in London - who started a [inaudible 00:06:06]? He wanted to prove that TripAdvisor reviews can be manipulated and he started a review ... a restaurant called The Shed, which was his backyard shed and built it into a top restaurant in London.

Tom Gardner: That's so good. I always love stories when people have applied a candidate to a university that doesn't exist. I think that there ... Obviously some of things could be pretty damaging out there but there's so much more room for pranks to show the holes that exist out there in society that ... in this case, TripAdvisor can be manipulated.

Robert Glazer: It was hysterical. I'll send you the article. He said the menu was all made up about the mood you were in and people were dying to get in. People were leaving actual review so that their friends believed that they went there because it seemed to be so exclusive.

Tom Gardner: Well, I would only add to the ... I would take too much of your time by going too deeply into this but the spirit of that joke ... of The Shed on TripAdvisor, is very analogous to what really was the origin moment for The Motley Fool, which is that we played a very large prank online. We created a company that didn't exist. It was a penny stock listed on the Halifax Canadian Stock Exchange, which doesn't exist. David and I were so frustrated by penny-stock hyping that was going on all over and misleading people that instead of trying to teach, we decided to jump in and play their game better than any of them played it in a fictional way, and it blew up, and the Wall Street Journal wrote an article about it. That caused America Online to get in touch with us and say, "What are you all doing? We might want to be involved in this. Would you think about starting a company?" It all started from a prank.

Robert Glazer: Yeah. When I used to be more into trading stuff, I remember going to these Yahoo forums and these penny stocks and it's unbelievable. The promotion and the hype and the stuff people would make up in these things, but yeah. You do something that gets noticed, right? I mean, I think that's a rule.

Can I summarize? You said your dad taught you investing and it sounded like it was invest in what you know and understand. Was that the core of his tenet?

Tom Gardner: Yeah. I think it's very Peter Lynchian before Peter Lynch had published his first book, *One Up on Wall Street*, which is a great book. It was build a portfolio and things that you'd love to learn about and having fun and you enjoy.

Robert Glazer: Are you distrustful of people and companies that you just can't understand what it is they actually do?

Tom Gardner: I don't know if I'm distrustful. I probably should be. I-

Robert Glazer: Skeptical?

Tom Gardner: I should be more. I should be more skeptical than I am. I actually feel humbled by it more than I probably should because I do think it's the challenge of the company to explain to all their stakeholders exactly what they're doing so I should have a higher standard for them, but I do generally avoid them. I mean, it's a lesson that everyone ... or maybe I'll just say I. It's a lesson I really learned over and over again. Like, did I really deeply understand that? Yeah. over time, you do, 26 years into *The Motley Fool*, start to learn what is your circle of confidence. What is the zone you should be investing in more and more? There are a few companies that I'm following closely at all that just seem highly confusing to me.

One of them is WeWork. Another one of them is Uber. Uber is big one-time charge here, coming out into the public markets for, "Oh, it was so expensive. This IPO ... we had all these other costs associated with ... so that's why we lost X number of billions of dollars." I looked through the accounting, then I was like, "I do not understand that company," and WeWork ... all of the governance issues and self dealing ... WeWork needs to have a reset right now if they're going to try and take their company public. Generally in those situations, if confusion is right in front of you, there's probably a lot more confusion right behind that.

Robert Glazer: What's your belief? Should companies make money? We seem to be entering the third phase of disbelief. I've lived through the first two and we seem to be entering the third one of disbelief.

Tom Gardner: I can't say. I can't say that if a company's not making money I wouldn't invest in it because there are a number of companies that are software companies that I am invested in, but I would say that if they're not making money yet, we would want to see a few things. Clear evidence that management leadership was engaged in a very, very long-term game, so not a lot of executive turnover. Number two; you would want to see that the costs are probably limited to marketing and people. R&D and marketing and people because the more there is a factory, the more there is product and inventory and the more burdens there are in contracts ... there are contractors across Uber, etc, the I think the company ... The only companies I'm interested in that aren't making money are companies that have written software applications that can be used

simultaneously by millions of people or organizations, and they're just pouring a lot marketing to gain share but you can see, like Shopify, that they have potential to be extremely profitable.

Robert Glazer: Yeah, because you mentioned before ... so you've worked with your brother now for 26 years.

Tom Gardner: Well, I-

Robert Glazer: Before your brother-

Tom Gardner: Those were the [inaudible 00:11:02] that I could. Yes.

Robert Glazer: Most people don't have the change to collaborate with a sibling.

Tom Gardner: They don't have that chance.

Robert Glazer: Yeah. Were you guys close before you did this? How is working together affected your personal [inaudible 00:11:13]? Is it enough once you're out of work?

Tom Gardner: is it okay if I start crying during this answer at any point?

Robert Glazer: Absolutely.

Tom Gardner: Okay. Good. Well, David and I have always been very close. We were very close as children growing up and naturally, we went to different schools. There's those gaps that emerge but I do think that The Motley Fool came into our lives and brought us back together in an extremely close way, obviously, in a day to day way, and we've been doing this for 26 years ago. I'll say that probably the most important thing that we've learned, we learned the last couple of years from some outside family business consultants that we worked with. The authors of a book called The Partnership Charter, for anyone out there who's trying to strengthen the partnership of their business or as entrepreneurs or in any organizational capacity. It's a great book and great concept.

I would just say that David and I both needed to learn how to be fully assertive of what we believe. Don't hold anything back. I need to hear your [inaudible 00:12:13]. Do you think I'm the worst person at the company? You need to tell me and then simultaneously fully accommodating or fully in listening mode as well, and that's a beautiful place to get. In any of our relationships, if we can be totally assertive and fully capable of listening to reaction and open tot he reaction so that they can be fully assertive.

That was a little tool that we learned and I think what David and I thought in that process is there were certain things that we were avoiding talking about because our brotherly relationship matters so much to us. Our family matters so

much to us and we have so much fun outside of work that there were certain that we weren't ... tougher topics that we were kind of avoiding and we learned through that process to become more direct and more accommodating in finding a compromise and being better at collaborating together, so that's been ... Our company has had an incredible last few years and I do think a metric of that is coming from the work that we did to be more assertive with each other. Now I'll cry.

Robert Glazer:

I was going to say. It sounds like you made it but it takes work. Well, you talked about sort of being authentic. The thing that's fascinated me absolutely Motley Fool is that investing in finance is really topics synonymous with Wall Street and buttoned up and seriousness and you guys have really kind of blown all of that away with just having a lot of fun and creating your own game, creating all your rules and also how you run your company and your culture. It's rare in finance. It might not even be rare. I can't even think of another example so tell me a little bit about how that evolved. Clearly you guys were being you but you were also going into an institution where people needed to take you seriously, so how did this all work in the beginning and how has it all worked as you've continued to grow?

Tom Gardner:

That's a great question. Well, I'll just say from a cultural standpoint, growing our company and how we worked together, I had the opportunity when I was just 16 years old to work with a group of people and start a co-ed summer camp in Maine. My high school football coach had run camps in Maine and so it wasn't a new thing but we were able to build this camp from the ground up and one of the things that he was sort of take stakes was like 120 campers would come in for eight weeks, and every few weeks we get together in the evening and talk about every single camper, so you'd meet at 8PM and the night would end at 12. It was fun. You'd be sitting around outside. Campfires and all the rest, but you would talk about every single camper and I just remember thinking while we were doing that, that's really incredible, giving that time to this, and that's been a core principle for us at The Motley Fool, so I think culturally to get very high level engagement from everyone to come to The Fool, it's to really demonstrate any organization ... show that you really care about the individual and that's hard to do as you grow but it's all very possible if you commit to it.

Then from the standpoint of being just disruptive and different in a stogy category, I'll say that how beneficial it has been that the internet arrived because now we have constant contact with ... Well, we have 30 million people coming to our site every month and so we have continuing contact with them and we can explain our principles to them and share with them why we think that somebody who wears a suit and presents things very well with charts and graphs but doesn't show fees in a very clear way is probably not your best friend out there in finance. Even if they seem very credible, they're probably not working for you and that unfortunately is true of cross financial services.

Even a friend of mine who I was meeting and talking through their finances the other day who has credit card debt ... I was looking at their credit card

statement trying to figure out what their APR is. What's the interest rate on this? It cannot be easily calculated by looking at it, and so the problem for the industry is that once you've built your businesses up on that methodology, the tidal wave of transparency from the internet is very hard to deal with and it gives us a lot of running room to be contrary, to be unconventional and to convince people that it's better to be a fool and to look absurd and to get it right than it is to try and present a polished approach that's very self-interested.

You said we've blown things away or I think that language, and I'll just say this is like every football ... every coach or every leader will say this to inspire everyone, but I mean it in my heart. This is a very true statement. 26 years in, our company's in the top of the second inning of what we have to do. We've had a long, crazy journey that I won't bore you with but it's been a series of very high highs and some painful moments along the way as well, and we've finally gotten to a place where we're wholly owned. We have the capital and now I think you're going to see over the next 10 years what The Motley Fool has always wanted to be, and it's going to be even more disruptive and even more fun and hopefully even more positively impactful for people, so I'm more excited now than when we started it but it's been a fun experience thus far.

Robert Glazer: What are you're your company's core values?

Tom Gardner: We're actually in the process of rewriting those and there's no one whose shoulders that falls on more than myself so Bob, I don't know if anyone for our company contacted you and asked you to ask that question to me but we're reviewing our core values in the context of Amazon's leadership principles, which ... I think every leader should read those. Obviously they created a company that's worth hundreds and hundreds of billions of dollars and that's the commercial side but obviously Amazon is incredibly customer first. Everyone should look at Amazon's leadership principles. John Mackey, the founder and CEO Whole Foods is on our board, so when Whole Foods was acquired by Amazon, he was at our board meeting saying, "These principles ... I wish we'd had these or something like this at Whole Foods in the beginning."

We're in the process of rewriting them but I'll say two things about our values that will remain with us. One of them is that we have every single Motley Fool employee add their own value. That was an idea emerging from a a team [inaudible 00:18:16] core values, which has been brilliant because if you have to name your own core value, that means you need look at the core values, so you're going to get a deeper understanding of them and then you get your own personal expression of who you are and, of course, The Motley Fool people are going to be very funny and very surprising in the way they present their value and what their value is. I think everyone should be able to bring their own value to work.

Then the second one I'll say is you're definitely going to see something about contrariety or unconventional thinking or looking at the world differently, but our core values at this point swivel around the concepts of honesty and

optimism and teamwork and innovation and being competitive, but they're going from caterpillar to butterfly, hopefully, right now.

Robert Glazer: Has company culture always been important to you from the beginning or is that something that as you scaled you had trials and tribulations with and then realized that it was important?

Tom Gardner: It's always been important. It's always been important. It's partially it's always been important because, again, we weren't thinking about starting a company. I don't look out our individuals or teams as assets that need to be productive. I want to be productive for their own life and their own happiness and of course, part of their happiness will be the success of our company. Culture's always been foundational at The Motley Fool but we've learned so much and we've made so many mistakes.

I'll just provide an example of one tool that is an amazing tool that has had a bigger impact than any tool that we'd use, and it's called Culture Amp, and Culture Amp is ... Yeah. It's a survey tool that allows us to see down at a granular level of five people so you remain anonymous. We can see how female software developers who've been with the company five to seven years are doing versus male software developers that have been at the company five to seven years, and any permutation slicing and dicing that you can think of.

Therefore, we can see that even though we have today 89% productivity and engagement and satisfaction score at The Motley Fool, which is our all time high and which is a wonderful number in a world where it's closer to 30% for the average company ... We're at 89%. That's great but within that 89%, there are still many problems to solve and that tool helps us go in and find small team of 11 people that don't feel they're fairly compensated or haven't gotten the tools they need to move forward or don't have the team leader that's helping them grow and develop. We would not have seen that without that tool so our company's gotten a lot better because of it.

Robert Glazer: Yeah. There's been an explosion probably a little too much for some companies in all of these cloud based culture tools that really allow smaller companies to have this kind of ERP software that has only been available to larger companies, I think, in the past.

Tom Gardner: Yes, and I do agree that it can go too far, although I also sometimes say and think, "Wouldn't we all at least like the option of having our own Olympic coach like we were a gymnast somebody cared so much about how our form and our practice and our diet and our everything to try and optimize?" Of course it can go too far and I think it really it really has to be a choice for the individual rather than you're obligated and you're almost being surveilled as you move around your office but I think with, of course, happens when you find great tools is people want to opt into them and they want to grow and they want to learn more about themselves.

I think that the advisory board to Stanford Business School which I think numbers in a few hundred people, was surveilled years ago and asked, "What's the number one trait that demonstrates great leadership?" and it was the pursuit of self-awareness. It's hard to be a great leader unless you're avidly pursuing self-awareness.

Robert Glazer: I always say at our company if someone could give me a test that could produce, with 100% certainly, a variable before we hired, then self-awareness would be the one that, if it was guaranteed, that I would bet on the most.

Tom Gardner: What would be an example? What's something you can tell us about you that we wouldn't know otherwise?

Robert Glazer: About me?

Tom Gardner: I'm turning the tables on you.

Robert Glazer: Yeah, but in terms of being self-aware or is it something-?

Tom Gardner: No, no. Just something you've learned about yourself in the last year.

Robert Glazer: Oh, yeah. I work with a couple different coaches and one of the things that I've learned in the last year is really ... which is a paradox of my role is that I need ... I'm sort of a natural introvert. I need sort of quiet and thinking time when what a lot of people want from me is face time, and while I love giving it an in the moment ... I was talking to someone about this yesterday. If we had eight of these podcasts in one day, I would love every one of them and then at five o'clock I would probably do a face plant when I got home-

Tom Gardner: Wow.

Robert Glazer: ... and couldn't speak to anyone. I have to be conscious about creating that space because that's when I do the stuff that's rewarding for me versus the stuff where people are wanting my help with it.

Tom Gardner: I interviewed the founder and CEO ... co-founder and CEO of Shopify, Toby Lütke, who's-

Robert Glazer: Yeah. I just listened to the How I Built This podcast with him. It was phenomenal.

Tom Gardner: Yes. I'm looking forward to listening to that. I haven't had a chance to yet and he's one of my favorite leaders in the world. It was interesting what he said to me in the last interview. I don't have ... I'm paraphrasing but it essentially exactly what you said. He said something along the lines of, "These last 12 months, I've realized I need to be involved in certain things in the company just because it brings me joy. It may not be the best use of my time. I may not be

leveraging everything to optimize the company to the nth degree but there's something also about joy and personal health that will help our company even more the longer I'm around to engage and inspired by what's happening."

I guess on the introverted side for our company, one of the things we learned with the open office dynamic that we have is that's not necessarily great for the introvert and finding more quiet spaces and more quiet times ... I'm an extreme extrovert so we're good partners. However, as I age, I find myself getting more reclusive and enjoying my alone time more and more, so I'm changing.

Robert Glazer: I would have guessed that but ... All right. We're going to take a quick break for a word from our sponsors and we'll be right back with Tom.

In 2004 Mike Zani and his partner started a search fund. A search fund is when you raise money with a leadership team already in place and then look for a company to buy. Well, here's what Mike learned the first time he bought a company.

Mike Zani: Bob, we were really pretty good at the strategy stuff and we were good at the financial side of things and knowing what to pay for a company, but when we finally bought the company, figuring out how to get the right people in the right roles and managing them was really hard. Surprisingly hard and we sucked at it.

Robert Glazer: Mike and his team used a predictive index to help them fix their people problems. Then when they bought and ran two more companies, they used the predictive index again. In fact, they became so enamored with the predictive index that - you guessed it - they bought the company.

Mike Zani: Yeah. We bought a 60 year old technology company. I have to pinch myself. I get to run a company that helps people solve their people problems. Designing teams, hiring, inspiring manager, and when it comes to it, almost all business problems come down to people problems.

Robert Glazer: If you're trying to figure out how to get more out of your people, I recommend you go to predictiveindex.com/elevate and request a demo of their product. That's predictiveindex.com/elevate.

When you started your business, I'm sure you didn't dream about all those admin tasks like drafting proposals and contracts and tracking down payments. Of course you didn't, and that's why you need HoneyBook. HoneyBook's an innovative online management tool that organizes your client communications, booking, contracts and invoices all in one place. It makes it really easy to run your business better. Professional templates, e-signatures and built-in automation keep everything on track and make you look good. It can even consolidate services you already use, such as QuickBooks, Google Suite, Excel and MailChimp, and that's why it's the number one choice for client and business management for freelancers and business owners. Right now

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All right. We're back with Tom Gardner. This is a question that really I want to get into with you. When we first met a few months back, you shared something you did with your company which I had never before which I thought was fascinating. You had two different days. It was Ask For a Raise Day and Ask For a Payout Day. Can you walk through how you came to these ideas, how each of them went, what you learned from it? Because I just think there's a lot for companies learn from what you did there.

Tom Gardner: Well, I'm going to disappoint you on the second one because we have yet to run, but we will run Ask For a Payout Day.

Robert Glazer: Oh, really? You've [inaudible 00:27:18]. Okay, but-

Tom Gardner: [crosstalk 00:27:19].

Robert Glazer: You had a strong theory behind it.

Tom Gardner: Yes. Yes. Yes. Yes. Yeah. Ask For a Raise Day ... Well, I'm an idea person so in my various Myers-Briggs, Koble, Synergist, DiSC self-awareness tests, I show up as wanting to innovate in a collaborative way, so I'm often dreaming up things and sharing them with people. I have no ability to implement them. I have no ability to build a plan or creatability to build a plan, and I often show up late for meetings, etc. [inaudible 00:27:55] ideas in people. That's pretty much who I am walking around in the world, so I'm kind of taking in data, looking around me, using my intuition, reading about other companies constantly and taking the best ideas I can and bringing them to our company. That's my role and there was a collection of different things that I observed.

One of them ... men asked for raises more often than women. Extroverts asked for raises more often than introverts. People viewed their compensation system at their organization as vague and ambiguous, and there were a lot of questions and Whole Foods' John Mackey being on our board ... Whole Foods has run a program pretty much since inception at Whole Foods where everyone can see everyone's compensation. You can call and ask and see on the network what people are paid so there's a tremendous amount of transparency. We don't do that at Motley Fool but that informs my thinking as well.

All of these different little ideas are forming or little data points are forming, and I wake up one day and realize, "Well, why don't we invite everyone to ask for a raise?" That seems like something that would be so beneficial even though it's very contrary, and you might think a company wouldn't want that. God, that would be deadly expensive if everyone came and asked for a raise in one day,

either it would end up costing you a lot or you'd end up with a lot of very unhappy people but it's something that matters to people and so let's go through the idea.

The second idea I had around it was; what if we actually pay them to do it? In our case, we paid everyone. If you ask for a raise, you were paid \$200 instantly just for asking for the raise. That would give an incentive for somebody to step forward who might be introverted or, in the case of male/female ... for whatever variety of reasons that's happening, that they would feel very welcome to do so, invited to do so, encouraged to do so and rewarded for doing so. Then we felt ... Well, if this works out, people will learn about our compensation system so they will become skeptical or suspicious that it's unfair. They will see that there a team that's genuinely trying to do what is right in every single case, but it's hard. If somebody is in job A that is rewarded at this level and they have asked to go to job B, which is a smaller role for reasons that they want to pursue that, how do we move their compensation down without discouraging them? What's the best way? Should it happen instantly? Should it happen over time?

We could pull the curtain back and show everyone all the work that's being done and just by people seeing how much work is being done, they would be more thankful and they would be more understanding that there are difficult moments in time where things are not as clear and there isn't as much precedent in our company and we're trying to figure it out together. That would be very helpful, plus if they came and asked for a raise and they could see the compensation system work clearly, they would have ideas for how to improve it, which would be great. Finally, if they came and they asked for a raise, they would feel valued by their company, that we really cared and we wanted them to be rewarded for their work.

All of those things played out. Now, there was one terrible part of the idea but I've made it sound wonderful, and that is I called it ... Because I always like a little good marketing tagline, I called it Ask For a Raise Day, and it should have been Ask For a Raise Year or Ask For a Raise Quarter. Thankfully, the team did restructure in a way that we bought weeks and weeks for people to come forward, but I'd say about half of our company came forward. We might ask, "Why didn't more?" Well, some people had just got raises. Other people felt they were already well compensated and they didn't feel like just getting \$200 to do it, but the nice thing that emerged from it is the half of the company that did come forward. They all had to think more deeply about their own career and ask themselves where they were going, why, why they felt they should be paid more or want to understand if they could be paid more. I think it was a great success for us and the data in Culture Amp shows that we made a double digit gain in people believing in our compensation system, and that's great.

The idea of Ask For a Paycut is just that sounds horrible. No one would ever want to do it unless you knew that the structure of that Ask For a Paycut Month was we want you to ask to be paid less in order that you can do a little bit more

of what you love to do. Tell us what you love to do that you're not getting to do and that you're willing to trade money for. As you can see, from even how I'm speaking now, I don't have it fully mapped out but I would like to take a \$50 pay cut in order to not have to work Friday afternoons, let say, or to work from home two days a week because I believe that when we give people the opportunity to work exactly as they want to, as long as they care about the mission, they are living up to the purpose of the company and they love working with the people ... and for all of our members, the more freedom and autonomy you give them in their daily work, the more output and sustainability and more higher and longer tenure. All things will become better, and so that's the idea of Ask For a Paycut.

It comes originally from a guy named Raj [inaudible 00:32:50] who's written some wonderful books with the chief learning officer at Morgan Stanley and Coca-Cola and, when asked while visiting her company, "What is the slice of happiest of people? What data do you have that shows who are the happiest people in the companies you worked at?" he said, "They're people who took a pay cut to do what they really love to do in life. That's kind of the origin of that.

Robert Glazer: Right. It's not really the pay cut. It's that framework as a force function to think about what it is the they are doing that they don't want to do or that they would give up in the name of happiness or satisfaction.

Tom Gardner: Yes. The head of our people team, Lee Burbage, who has been in that role for many, many years and has been at the company for two decades has said that any time somebody asks for more money, the first question to follow up with is, "What's not working for you?" because usually underneath that ... not always, but usually underneath it is, "I need to be paid more if I have to keep doing this." We have somebody for example at the company who somewhat recently ... He's highly strategic, brilliant and having a huge impact on our company. Because of that, he has collected a tremendous number of administrative tasks because in order to have such a large impact across so many people, it then piles up so many responsibilities for those people, and that is not this person's area of interest or enthusiasm, and so how can we make somebody highly strategic highly impactful without the burden of things that they don't do well and don't want to do well? Well, we could just pay him more and tell him, "You've got to do it," or we actually pay them less or just pay them what we're paying and saying, "You're going to take that off your plate."

Robert Glazer: Right. The irony is most people can't step back to do what ... this is sort of where most ... I see a lot of midlife crises. They can't take a step back to do something that they would like to do more when the data shows they're probably actually going to earn more if they do that, right? Let's take your example and say ... I say, "You know what Tom? I want a \$500 pay cut and I don't want to work Fridays." Well, if Fridays are so important to me and to my family, I might become much more productive in those four days and create better outcomes as an employee and be actually worth more to the company

than I was in five days because I really centered around what was important and made some better decisions with my time.

Tom Gardner: Completely right. I completely agree. I would say that if we're adults working in a company of adults and we've set up the mission and the values of the organization correctly, then the people that are coming to work really care about the work that they're doing. It matters to them and they're not looking for ways to opt out, cut corners or be an opportunist and get paid for things they don't deserve to be paid for. I'm not saying that there isn't a fraction of people who, in different situations, might behave that way. I'm saying that once that becomes kind of the organizational imperative and everyone understands the system, then you can say things like, "We have no sick ... The only sick policy we have at the company is, 'If you're sick, stay at home. Stay home indefinitely until you're better. We don't want you to come in and sneeze something infectious.'" Number two; we're not going to track your vacation days. If you need to take eight weeks, take your eight weeks off. We trust you. Just make sure your work is covered.

Most of the people at The Motley Fool use that freedom around vacation policy not to take extended trips around the world and not doing any work for long stretches of time. They're using it within the hours of a week where they want to be there for their child or they have some unexpected things come along or they want to do yoga in the afternoon. That gives them another jump for their evening if they're like ... Whatever it is, if you give people that freedom in the right system, they're not going to abuse it and if instead you restrict it because you want to protect the company against the tiny fraction of people will abuse it, you're punishing your highest performers, which you never want to do. You're punishing your most loyal, most dedicated people. What you want to do is give those people total freedom and set them the model for everyone else about how to behave and how to protect that culture that they care so much about. The productivity goes way up.

I think if we mandated it at The Motley Fool ... We would never mandate it. We try never to mandate something so I shouldn't say that, but I think if we encouraged people to work four days a week instead of five, our output and the performance across all of our key goals would go up. I do think that prioritization and freedom in the right system are very powerful.

Robert Glazer: You have a great culture. It sounds like you have a lot of psychological safety and open honesty. Do you struggle when people come from other companies and they kind of have some PTSD of that situation for them to really believe that they can be open and honest in your organization?

Tom Gardner: I'm going to give you a better answer ... if you ever welcome me back on to your podcast a year or two from now, because I think we're going to be doing more high level hires than we've ever done because we're starting to hit scale now.

Robert Glazer: The finance world is not known for a bunch of really great places to work.

Tom Gardner: It's a sad truth. I think for us a lot of people we hire, we are hiring earlier in their career right now and they're coming in to the environment and ... but certainly some of the higher level hires we've had ... I think yeah. It's a different experience for them and probably our board is the best representation of, "Wow. What's happening here? How does this all work?" I think we learn a lot from them. We get a lot of support from them too.

Robert Glazer: We have someone on our ... One of our board members in [inaudible 00:38:24]. He laughs now about it years into it, but we were an open book and he just can't get comfortable with it. He's like, "What? You share this stuff with people?" It's very funny but he's actually ... I think he's seeing the market move over the years but he looked like he was going to have a heart attack when we first told him this.

Tom Gardner: I think there probably is a great book and probably is an awesome set of articles online that I need to read about preparing board members for the companies of the future because that gap is broadening. Many, many board members come aboard towards the end of their full-time career and join a company that's innovating at an incredibly rapid pace, and in order to move at that pace and be positively disruptive in the world, there has to be a lot of trust and you've got to get as many people on the same page as quickly as possible. That pretty much requires an open book because if the people are trying to guess what the financials look like as you're making reinvestment decisions, you're going to lose a month of your year company-wide for not having that out in front of everyone.

Robert Glazer: Yeah, and I think a thing for leaders to understand too is there's a general trend towards openness and open information, and stuff that you don't want to be open might be made it without you wanting it. Someone just told me ... We all know about Glassdoor but there are now these kind of dark webs that are moving the regular websites where, in large organizations, people lay out the whole organization and what people make, who's a terrible leader, who's a good leader so that everyone will have the information. I just think you should assume that most things these days in the world we live in will become public and use that to your advantage rather than trying to fight it.

Tom Gardner: I agree with that. I think absolutely key phrase right there is "use it to your advantage," and I do think that a total loss of privacy across our world is not all good and I think that in the way that it could be unfortunate for an organization to see that everything was laid out outside the bounds of the organization ... it would feel comfortable for anyone going to work knowing that they were under full surveillance while in the office, so there is a compromise or a balance point, but I don't know if it can ever be struck. We may just simply have lost all privacy and you're right. It's better to go and assume that. Way, way better to assume that than to be surprised by it.

Robert Glazer: All right. Last question for you. What is a personal or professional mistake that you learned the most from? It could be singular or ... for many people, it's a repeated one.

Tom Gardner: My core value has never been this, but sometimes I think of myself ... I was born in the Chinese Year of the Monkey. I think I have-

Robert Glazer: Makes sense.

Tom Gardner: ... a lot of the traits of a monkey. I'm very curious. I'm curious. I'm kind of reckless in some ways, and then if you think of my leadership style, you would put me on a motorcycle. My assistant is really my work partner who's really the boss of my life ... has said, "Yeah. You're like a monkey on a motorcycle," and so that's kind of how I'm cruising a long. What that can mean is that I'm actually out ahead. I'm scouting out ahead [inaudible 00:41:41] work-wise but how do I communicate that ... what I'm seeing and where the world's going?

That communication piece ... I thought was ... I have so many mistakes. I just selected this one. I thought that communication piece was about putting on a good presentation and getting feedback but that communication piece for our company where we are and the rate at which we're growing ... communication becomes much more about alignment and it's about earned alignment, not forced alignment. In order to really get that alignment, it means having forums and many ... any big, strategic change. A monkey on a motorcycle is not going to lead strategic change in a large organization.

We're still a very small company of about 400 employees but we are hiring fast now and growing, and I just think some of the mistakes I've made in the last three to five years ... I think if you look back strategically, I was right. The idea was right. That was a great idea. That was a great way to think about where we were going. You were out ahead but there was a lot of wear and tear to try and get that thinking implemented and if there had been more structured communication and alignment and making sure that everyone's voice is heard and that all the ideas are refined and then there are plan put around them and tests, etc. it's much more of a systematic systems level approach and that doesn't come to me naturally. Thankfully I found a number of awesome people that are helping me because I would probably keep making that mistake. In fact, in small ways, I do make that mistake every week.

Robert Glazer: Well, thank you for sharing that. How can people get ahold of you or learn more about The Motley Fool and your writing? Where are all things Tom?

Tom Gardner: Well, I would say fool.com for The Motley Fool. I'm pretty active behind the scenes anonymously on our Twitter account so if you're following our Twitter account, you're probably seeing some of my thinking out there, and LinkedIn. I'm a LinkedIn influencer. I haven't been that active in the last year but I think The Motley Fool is broadening what we're bringing to the world. For most of our

26 years, we've been stock market investors but now we're starting to move out and give advice around real estate and give advice for entrepreneurs. We just launched a service called The Blue Print, which is helping business leaders of small companies find software applications that work most effectively for them. I think there's going to be a lot of Motley Fool coming out in the world and our purpose is to make the world smarter, happier and richer in everything that we do, and so I don't know that anyone should really be out there looking for what Tom Gardner thinks. I think the best thing you can find is something that we have to offer that would help you, and fool.com is the best place for that.

Robert Glazer: All right. Well, Tom thanks for sharing your story with us today. You're clearly doing what you love and making a difference doing that for both your customers and employees.

Tom Gardner: Well, thank you and it was honor to be on your podcast.

Robert Glazer: All right. To our listeners, thanks for tuning in to the Elevate podcast today. We'll include links to Tom and fool.com on the detailed episode page at <https://www.robertglazer.com/>. Before you go, if you enjoyed today's episode, I'd really appreciate it if could leave us a review, as it helps new users discover the show and the content that you enjoy. If you're listening on Apple Podcasts, you can just select the library icon, click on Elevate, scroll down to the bottom and leave your review. It's that easy. It only takes a few seconds and will be much appreciated. Thank you again for your continued support and, until next time, keep elevating.