FROM PLACID PLANNERS TO PASSIONATE PIONEERS
PURSUING THE NEXT THING

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WINNING: A CAUTIONARY TALE

Woolworth

- Founded in 1878
- 596 stores by 1912
- "largest department store chain in the world" in 1979
- Closed all stores 1997

* renamed itself The Venator Group in 1997, and then to The Foot Locker in 2001 — so a small remnant of Woolworth remains
WINNING: A CAUTIONARY TALE

- Founded in 1921
- "world's biggest manufacturer of personal computers" by 1990
- 7,300 stores, 3 miles from 95% of households
- Bankrupt by 2015
- Bankrupt by 2017

7300 stores, BTW, is still about half the density of Starbucks locations ;)
• Founded in 1994
• Around $108B in 2000
• Microsoft bids $45B in 2008
• Bought by Verizon for $4.5B in 2017
WARDLEY'S MATURITY MODEL

http://blog.gardeviance.org
Wardley describes three kinds of people, mapping to different levels of maturity: Pioneers
Wardley describes three kinds of people, mapping to different levels of maturity: Pioneers, Settlers
Wardley describes three kinds of people, mapping to different levels of maturity: Pioneers, Settlers, and Town Planners.
THE TRAP

• Pioneers, Settlers, Town Planners: Who’s Best?
• “explore never-before discovered concepts, the uncharted land”
• “turn half-baked thing to something useful for a larger audience”
• “take something and industrialize it taking advantage of economies of scale”

You’re likely well served by having some mix of these, though the mix will change with the maturity of the organization
The biggest Battleship ever built: The Battleship Yamato. Only two of its class were ever built; neither survived WWII. Keel laid down in 1937, and finished in 1941 (a week after Pearl Harbor).

72K tons
9 18.1” guns
16” armor at sides, 26” armor on turrets
The armament on the Yamato changed between 1941 when it was launched to 1945 when it sank, focusing on more and more anti-aircraft weaponry because, after 4 years during which Japan built the bad-assest ship ever made, it turned out that surface (and sub-surface – submarine) combatants were no longer the only, or worst, threat battleships had: Airplanes became a problem (with the first airplane-assisted battleship sinking being the Bismarck in 1941). The problem with a badass battleship is that it’ll never be anything but that – it’s hard to pivot. So they added 138 AA guns, but it wasn’t enough. One guess as to how the Yamato went down.
AERIAL ANTI-SHIP DISRUPTIVE INNOVATION

- 1913: First air attack against ship, in Mexico
- 1915: First aircraft torpedo attack, first sinking
- 1921: Squadron sinks ex-German battleship SMS Ostfriesland
- 1940: Battleship Bismarck sunk with aircraft assist
- 1940: German cruiser Königsberg first major ship sunk by aircraft

Aerial anti-ship warfare advances prior to the launching of the Yamato
Bunch of benefits to being big. Tons of money, we have spare engineers to make bets, relationships with vendors who want our business, etc.
Some potential downsides to being big and successful

- Fewer pioneers
- Complacency
- Bigger target
- "We've solved this"
Heresy

belief or opinion contrary to orthodox religious doctrine.
opinion profoundly at odds with what is generally accepted.

The more you can take advantage of — which requires encouraging — heresy, the more flexible your ecosystem is and the better you respond to changing conditions (including emerging threats)
A HISTORY OF HERESY

- 100% Cloud
- Originals
- Open Connect
- Containers
- Deployment and Orchestration
So what does it take to be a great heretic?
First, let's talk about what it looks like to be a terrible heretic. I once worked with a person who was brilliant. He was supposed to work with our engineering group to figure out how IT could partner with engineering when we go to the cloud. He went into meetings with them and they'd describe what they were planning to do, and he would say some version of “that's stupid, and you're stupid, and you should feel bad about yourself.”
He suffered the usual fate of heretics.
So what does it take to be a great heretic?
Joseph Overton coined the idea. An idea’s political viability depends mainly on whether it falls within the window, rather than on politicians’ individual preferences.
The further the heretic’s position is from policy, the bigger the potential benefit, but also the bigger the potential cost of successfully advocating this position.
Necessary qualities:
Clarity: Explain why this idea is valuable
Capital: Trust in the heretic
Collaboration: A genuine desire to help the organization and the people with whom you’re discussing this, rather than being motivated in being right, or demonstrating to them why they’re idiots
We figured out in WWII that battleships are dead
Aircraft carriers are the way of the future. This is the most recent supercarrier commissioned by the navy – the G W Bush, commissioned in 2009. About 5500 servicepersons, and 6.2B cost.
And because planes aren’t enough to protect them, carriers don’t go anywhere without their posse – the Carrier Strike Group
And all of this is for naught, because China has developed the world’s first Anti-ship ballistic missile, the DF-21D. 1000+ mile range. In 2009, the same year the Bush was commissioned, the US Naval Institute said there were no known countermeasures that could stop the DF-21D for sure. And with a 300KT nuclear warhead, it’s more than enough to take out a carrier (probably most of its strike group) in one shot. And yet again, it’ll take much longer to adjust. And the concern is that the mere fear of losing a carrier will cause us to leave them in port in a defended position, not allowing us to take full advantage of them — because the cost of failure is so high.

Because the cost of failure here is high, and it’ll take a long time for us to even know if we’re failing. So we’ll be paralized in fear.
So let's talk about failure. Or, you know, failure.
Prior to managing a group, when I was an IC in engineering I took on 12 projects in 18 months, 50% of which failed. Which is pretty bad and makes you wonder why Netflix kept me (me too!) – except that those failures were rapid, and cheap, and the successes have been taken on by far better engineers than me.
About 3 years ago, one of my engineers wanted to build our own deployment system, even though Netflix had one. I remember thinking, while we were having this conversation, “this is a stupid idea.” Literally, the word “stupid” was in my head.
THE OVERRIDE BAR
WHO WINS IN A DISAGREEMENT?

- Accomplished predicted results
- Massively simplified operational processes
- Improved resiliency and velocity
- Unpredictable results
- Used by other teams
- Inspiration
- Will retire
“Sphere of autonomy”: The area where you get to make decisions. In most classic org structures, one’s sphere of autonomy (SOA) is a subset of one’s boss’s SOA. So your boss can override you on any decision, and an org-wide description of the SoA looks like overlapping spheres (which can look like a ring structure as above)
One could instead think of SOAs as not at all overlapping — The domain where I get to make decisions is different, not overlapping, with Vinay's SOA, and different, not overlapping, with Ruslan's SOA. In that model, I can't override Vinay, Vinay can't override Sayli, and Ruslan can't override me (though all of us can try to persuade the person below us of the correctness of our opinion; and all of us can if we no longer have faith in the judgement of the person below us remove them from that position).
So this is great and there are no downsides!
· Duplication of Effort
· Dead Ends
· Friction
· Inefficiency
· Slower execution (or worse)

Except for the downsides
THE ONE SLIDE VERSION

- Be clear, and egoless, about the override bar
- Encourage
  - Dissent
  - Freedom
  - Failure
  - Heresy
- It'll cost you
  - Dying’s more expensive
It’s tempting at this point to think that, given that statistically speaking most people seeing this aren’t CEOs or owners of their own companies, this isn’t something we can do something about.

Every one of us operates within a given sphere of both autonomy — where we do get to make decisions, especially if our higher ups aren’t aware of them — and influence — where people simply listen to us because we have some capital. To one degree or another, chances are good virtually everyone in a position of leadership can take some of these ideas and find some space, though maybe a very small and cramped one, for letting them take root in your organization.
DISCUSSION.

BUT ALSO:

HTTP://SAYAT.ME/ROYRAPORPORT

TOMORROW, 6/22, 11:25AM-12:05PM O’REILLY BOOTH