

# mutiny

*noun. /mju:tni/, an open rebellion against the proper authorities*  
**surviving as a start-up in the new economy**



## **Interview Transcript**

Mark Joyner, Founder & CEO, Simpleology

Interviews

Jack Herrick, Founder & CEO, WikiHow

## **PART ONE: MUTINY INTERVIEW**

Mark Joyner: Okay, viewers. Today, we have a pretty extraordinary guy. We have Jack Herrick. He is the founder of wikihow. Jack, welcome!

Jack Herrick: Right. Thanks Mark! Thanks for having me.

Mark Joyner: Really great to have you. Let me just talk a little bit about you. First, I want to say, I'm a little bit jealous of you and I'll tell you why. In our organization, we actually had a similar idea to wikihow years ago, didn't act on it, and then when we saw E-how come out, we were really vexed but we were like, you know, but ours is going to be better because it's going to be a little bit like this. And then, when wikihow came out, we were like, "Oh my God! That's exactly what we wanted to do!" And, we'll get into that in a minute because, I think you fixed the model in some pretty profoundly important ways. But, let's talk about how successful you guys are. So, Ehow is now the 165<sup>th</sup> most visited website in the world.

Jack Herrick: You mean, wikihow is. Yes.

Mark Joyner: Oh, is wikihow (inaudible)

Jack Herrick: Yeah.

Mark Joyner: Okay. So,

Jack Herrick: wikihow is top 165 For the podcast.

Mark Joyner: Wow, amazing! That is really amazing. Folks, if you don't understand what this means, I mean, there are millions upon millions upon millions of websites. And, if you know anything about Chris Anderson's long tale, you know, the websites that are higher up in that ranking starts to get exponentially higher. So, anywhere in the top 5,000 is a pretty extraordinary feat. Top 500 is, I mean, you got to be a flipping genius to make it

happen. 165, that's like, you know, legendary awesomeness. So, Jack, congratulations!

Jack Herrick: Thank you! Thank you! We're actually, you know, I don't see any reason why we shouldn't be in the top 10, eventually. So, we're going to keep plugging away.

Mark Joyner: Well, I think you guys should be as well. So, let's talk about that. I really want to get into the nitty-gritty here and I really appreciate you coming in and opening up yourself and your business to this so we can help all these guys out. And, in the spirit of what it's all about, we're going to get into real details, real things that you actually did as opposed to a lot of the theory and fatty stuff that is being taught to entrepreneurs that I think is kind of counter-productive. So, let's start with, so, are there any other numbers you can give us back besides 165<sup>th</sup> most visited, what other kind of numbers can you give? Like, number of articles, users, that kind of thing.

Jack Herrick: Sure. Well, we have over a 145,000 articles on the site. And, in that, in today's web terms, it's not actually a super impressive number because in their sites there are millions and millions of articles. But, the difference with wikihow is that each article might have been edited by 10, 20, even 100 or 400 people. So, there's been a lot of love and a lot of care that has been into every single article. So, we're starting to have a lot of articles. And, in terms of the readers, one thing that we're trying to do is we're trying to reach as many people as possible. And, we've recently passed 35 million unique visitors a month.

Mark Joyner: 35 million unique. So, that's not hits. That's not page views. That's unique visitors.

Jack Herrick: That's right.

Mark Joyner: Wow! Okay, so, what are we at in U.S. population right now? 304 million, I think, is that correct?

Jack Herrick: Something like that. Yeah.

Mark Joyner: Wow! So, about 10% of the U.S. population equivalently per month visits wikihow.

Jack Herrick: That's right.

Mark Joyner: Okay. And, how about, you know, without getting into a specific numbers, how are you guys actually making money with wikihow? Can you talk about that a little bit? I know you guys have a very interesting model there.

Jack Herrick: Yeah. Well, we kept it very simple ever since we started. We show ads, just, you know, go to wikihow, it's going to (inaudible) some ads there. And, we simplified it incredibly much. The irony of me running wikihow, sort of making my living out of advertising, the great irony is I actually don't like advertising. And, I always feel a little pressured upon when I go to websites that sort of shoving advertising down my throat. And, as part of that, as part of sort of how I remember people in wikihow talked about this, one of the things we decided to do early on, we decided to make wikihow sort of advertising optional site. So, if you go to wikiHow, you can actually press a little button that says "hide ads" and all the ads disappear. The, which course you would think as a business suicide, however, it seems to work. We get enough people. If you don't press that "hide ads" button, and, you know, we have so many millions of people coming constantly that, you know, show ads, it's enough to pay the bill. The business works.

Mark Joyner: What percentage of people are actually clicking the "hide ads" button?

Jack Herrick: Really small. It's really really small. You know, I don't know the number right on top of my head but it's well under 1%.

Mark Joyner: That's really interesting. So, and you guys are actually making it work with advertising.

Jack Herrick: We do make it work with advertising. I should say that the other way we lack as with the "hide ads" which is a larger number, if you register an account with wikihow and we turn off the ads forever for you. So, that's a much more significant percentage of people than the people who click "hide ads". The "hide ads" is just an easier way to avoid seeing ads if you don't want to see them.

Mark Joyner: I see. And, it's the thought there, if they were a registered user, they're going to be contributing as part of the community. So, therefore, you want to reward them in that way, is that the thought?

Jack Herrick: That's right. That's right, yeah. We, you know, if you take the time to actually register an account, our hope will be that eventually you'll be contributing content and we'd really like if you spoke of your experience on the content rather than the advertising.

Mark Joyner: Wow! That's really clever. Okay. And, so, you know, I don't really like advertising either. Being a guy whose actually written books about, you know, marketing, I went through a phase in my life where I just started to really get very disillusioned with that whole world. I mean, I find most of it distasteful now but at the same time, I'm really conscious of the fact that, you know, while I want to do a lot of things that are sort of not necessarily business-centric but used business as a tool to make really important valuable things happen the world. You know, advertising and marketing is still part of the game and we kind of have to accept it. Do you feel like there are models that are going to be able to work in the future that can sort of eject that, I mean, I'm getting the sense that you're part of a lot of growing number of people that don't really want to

participate in that old model, you know, that sort of, you know, very pushy direct marketing style model? How are we going to get from where we are now to where we are in the future? I mean, can we ever reject that completely or do we just have to change the way we're doing it?

Jack Herrick: You know, I wish, I don't have a great answer to that question, the, there may be a model that's better than this. The models I am aware of now that I can consider moving wikihow towards actually is like a lot less in advertising. You know, for example, we could, we could charge people a fee to read the content. We could charge subscriptions and so on. I could, you know, I might be at peace with that if we could somehow sold it for free for people and then charge some people a premium wikihow which is a different experience, I can be at peace with that. But, the goal for wikihow has always been to teach every person in the planet pretty much anything they want to learn how to do. And, because we won't ever reach every single human in the planet, that means we really have to figure out a way on how to be free. And, the beauty of advertising, for all the (inaudible)dislike advertising, it does allow me to opt, to sort of move towards that mission which is educating everyone in the world on how-to topics for free. So, it might be the best of the world's possibilities with the itemization right now.

Mark Joyner: You know what I love about it is that it's self optimizing, right? You know, the advertisements will go, will naturally gravitate towards people who are interested in a particular topic. I think what has to happen is the way people or advertising has to change. I do think that there are going to be more respectful than honest ways to advertise things and, I think, what is happening with the world right now with a lot of my friends talking about mutiny, you know, being increased transparency, increased access to information, is

that the world is kind of policing the quality of those things. It's like, "Hey, that's a dishonest ad!" People will speak up about it. And, I think business owners are figuring out very rapidly now, they've got to sort of clean up their acts. And, I think if that happens, maybe advertising won't be so bad.

Jack Herrick: I think that's right. I mean, that's right, the, I think there are certain ways to do advertising better or worse.

Mark Joyner: Yeah.

Jack Herrick: We try to do it from the better side. And, you know, I would like to think more sites to be moving in that same direction.

Mark Joyner: I hope so. Well, again, as part of this whole thing, we really want to facilitate the process of that happening in the world and show businesses that, "Hey, we all can do this together. We can," you know, "clean the business world up," so to speak. And, "make it a force for good."

Jack Herrick: Yeah.

Mark Joyner: So, the bigger idea for wikihow. Where did that come from? Was that something that you personally had? Or, was it a team member? How did it come about?

Jack Herrick: So, it started, I should probably, you know, rewind the eight years or so ago or maybe starting earlier. So, just for a long time, I've really thought the idea of loading a big how-to manual online. It's one of the best uses of the Internet. And, you just think what you want to do online, one of the things people do online is you want to learn how to do things. You want to extend your personal abilities. This podcast is an example of that, right? You have an audience to people who want to learn more about how to start businesses and how to have their businesses succeed. And, the Internet

is the perfect medium for this, right? And, so, I've always been excited about the Internet as a teaching tool to help people learn more things. And, early on, I tracked this business called Ehow which got started in 1999. I had nothing to do with the founding.

Mark Joyner: Oh Okay.

Jack Herrick: You know, it's one of those businesses that rate 30 million dollars during the first .com boom. And, had a great idea, (inaudible) in the world to have the biggest how-to manual. But, they couldn't, it was too early then. They couldn't make it work. The advertising market wasn't there. The revenue markets weren't there. The revenue systems weren't there yet. And, they went bankrupt in 2001. I knew the founder. I tracked the business really well. That Ehow got bought out by another venture funded business called Ideas Exchange which had 10 million dollars in venture capital or so, something in that order. And, they also couldn't run the business very well. They owned the business from 2001 to 2004, it was kind of tough times for the Internet and they've lost money in the business the whole time. Meanwhile, I was tracking the business. When I saw that Ideas Exchange was about to turn Ehow off, I swooped in and offered to buy it. At that time, I was running another company that I've started but I, again, had this idea that how-to was just one of the most important things on the web and really wanted to see if I could be involved in that. And, when I bought Ehow with some friends of mine who (inaudible), we really thought it was just going to be like this hobby business we ran on the side. Rookie and I both had full time jobs at that time. And, we were surprised that when we started this network Ehow, it really started to turn around. And, it became, quite quickly from very little traffic to five and a half million unique visitors a month which, back then in 2004 was the top how-to

site on the web. And, once we saw that, "Wow! This thing is actually really working," it was great. Meanwhile, as we were working on Ehow and still working on this other company where I was doing, my vision, my goal that I want to accomplish which was the world's highest quality how-to manual, every covering, every single topic and having that topic in the single best place to start to learn how to do something, and we covered multiple languages, I knew I couldn't get it done on the way Ehow was working. And, the reason why the way Ehow worked then was just pretty similar to the way that Ehow still works today. We would pay freelance writers \$15 to write an article. And, it's not, it shouldn't be that surprising that when you pay a freelancer \$15 worth to write an article, you get a \$15 job. And, it can be really good but it's not always really good. And, if you really want to cover things completely and even the multiple languages, you just can't get there on that model. And so, I was kind of confused. How do we do this? How do we put this thing how-to manual? And then, I discovered Wikipedia. And, I saw that Wikipedia, with the Wikimap did have, they had both an incredibly high quality encyclopedia, had done it in multiple languages, and had done it at a cost structure that was affordable. So, I basically started sperming with this concept called wikihow. And, early 2005, tossed up a little tab on Ehow that said wikihow. And, it was basically going to be the same thing as Ehow was but Wiki-style. And, it's one of these fine stories where in the first year of wikihow, it was pretty much unbelievably bad. The quality of the content was terrible. We had very few contributors. The very first month that wikihow, we had 2,000 visitors on site total. We probably had less than ten people to actually edit articles and contribute articles. It was really small. But the next month, you know, from 2,000 visitors to say, 10,000 visitors. And, we got, you know, maybe 10 or 15 people

contributing content. I can tell that things were kind of going up into the right. And, I knew that over time, with the magic of the Wiki-editing or articles start bad but as people contribute to them, they get pretty good, that we would eventually end up with a pretty good resource of how-to information. So, when I saw it's starting to work, I (inaudible) quick fell out love with Ehow and I ended up selling Ehow to Demand media and we split up wikihow and we've been doing that ever since.

Mark Joyner: It's a pretty extraordinary story. That is not your average start up story. And, so, are you happy that you made the switch? I'm assuming, yes.

Jack Herrick: Absolutely! Absolutely. I'm glad I made the switch. Wikihow has fulfilled a lot of the dreams I had forth. And, I've always thought it's going to take us decades to build what our mission is to build here. And, we're right on course. Ehow has done fantastically well. So after splitting up from us, but it's a very different, they've a very different mission and a very different sort of thing they're trying to build over there.

Mark Joyner: Okay. And so, when you split off, did you take some of your team with you? Did you have to start afresh?

Jack Herrick: I did. I kept, it started off, the wikihow team is very very small. At that time, the split was myself and a full-time Engineer and one person that was working part-time. And, that's who we kept. It's a very very small team. And, it stayed that way for several years, actually.

Mark Joyner: It's pretty extraordinary that you were able to make that split. I'm just really surprised that the buyers of Ehow were okay with you going, 'cause, I mean, if it were me, I would have looked at that and said, "Okay, let's do the Math on this. WikiHow is going to crush Ehow." And, no offense

to the guys who own it now but, I mean, maybe this is too personal but, like, they didn't see that conflict? They were okay with,

Jack Herrick: Well, it wasn't their first choice. Their first choice was to buy both assets and run them both. And, I just made it very clear that I wasn't wanting to do that. I didn't want to sell wikiHow. I'd be happy to sell them Ehow. And, they were also wanting me to sign a non-compete, which, of course, I couldn't do 'cause wikiHow's mission is always (inaudible) was popular how-to manual and Ehow was the world's most popular how-to at the time of the sale. And, still is, by the way. So, it's very clear that we were going to compete with them. But, in credit to the (inaudible) of the guys, we had a deal that ended up working great for them. Like, wikiHow, at the time we sold Ehow and split up wikiHow, wikiHow is under a million unique visitors a month and is now over 35 million unique visitors a month. Ehow has 5 ½ million unique visitors a month and is now over 100 million unique visitors a month. So, both sides have done phenomenally well. They've done great. We've done great. Yes, I do think, over time, that we have a better model and we will eventually be larger than them. But, they've done very well in the meantime.

Mark Joyner: And, not to imply that those guys, if they're watching, obviously, they have a fantastic deal. If you've got a 100 million uniques, whatever else happens, you can't complain about that.

Jack Herrick: Great deal. They got a great deal and it's made Demand media.

Mark Joyner: Can we talk about the buy out? It's that private or like?

Jack Herrick: The terms of that are under NDA. But, the demand has done very well with how Ehow. It's a huge part of the business.

Mark Joyner: Yeah, it's still, like you said, a 100 million uniques. That's pretty spectacular. So, when you split off with your one part-time guy, where did you guys end up working? Did you move in to an office right away? Did you guys work remotely? How did that work?

Jack Herrick: So, I've always, my view on office space is I've always, I really preferred residential to office space. At the time of Ehow, we're actually in a condo, a two-bedroom condo. It wasn't a condo I lived in. I just rented the condo to go work in. Because, rather than renting an office space, I think, residential space helps people relax and helps you be more innovative. And, if you think about it, where you have the best ideas and your freshest ideas, it's usually in the shower or lying on the couch or you just finished a meal (inaudible) the idea came to you. It's not in a cubicle. It's never in a cubicle, right? And, so, you want to have a workspace which sort of mimics that place where you have the innovative and the cool ideas. And, so, Ehow's office, when I owned it, was a condominium. And so, after I sold it, I stayed in the condominium for a while. And, since then, you know, wikihow has gotten much larger and we've moved cities. We were in San Francisco, now we're in Palo Alto, California. And, we've actually (inaudible)house here. We have, the wikihow office now is 102 year old house in downtown Palo Alto. And, we have 12 people working here. And, it's the same sort of thing. We've turned it into a more creative atmosphere, feels little bit more like home, a bit more relaxed, and helps people come up with better ideas.

Mark Joyner: I couldn't agree more. I think, actually, the physical location of where you are is super important too. I want to shift gears a little bit and talk about some potential issues that you might have had. So, when people are in the start up phase of their business, they often run into

consultants that take advantage of their ignorance or they get some really bad advice that should not have been given to them but somebody who wasn't qualified to give that. Of course, it's not appropriate to name names but could you share any stories about that of like a particularly bad advice that you got, a really bad advice by a consultant, so people can learn from that and prevent that from happening for themselves?

Jack Herrick: Well, (inaudible) I'll start off saying that, I think, probably, as a general rule of thumb, 80% of advice given off is (inaudible) B.S. And, well, since I'm about to give advice to entrepreneurs, I guess, by the transit of law, maybe this is B.S. However, I'll try to be as helpful as I can here. So, when I started my first company, I was in my 20s. And, this was a totally different company called bigtrade.com which was a marketplace for restaurant supplies, restaurant equipment, also, an online marketplace. And, we raised a bunch of money from Sequoia capital and some other prestigious investors in Silicon Valley. And, the very first thing Sequoia said to us was, "Hey, you Jack, you're in your 20s, people in their 20s should not be CEO, therefore we're going to find another CEO. And, this is back in the 90s when this happened. And, that was kind of the fashion in the 90s. You take a 20 year old CEOs and you put them out of staff and they're going to bring in the 40-year-old, the 50-year-old guy. And, I thought that was a good idea. Seems logical to me that I was ill-equipped to run a company. Now, here we are 15 years later and the same (inaudible) capital now prefers to get CEOs in their 20s and mentor them and bring them along. And, so, either they were wrong in the 90s or they're wrong now. I'm not sure which. I, actually, think they were wrong in the 90s. Early 20s CEOs are great. And, I really wish that the advice I got back then was, "Hey, you shouldn't," they should have probably

gone, "Hey, you can do this. We can help mentor you and make you a great CEO." I guess, the lesson, the follow up lesson I will give to any entrepreneurs, don't let people tell you what you can and can't do. You know what you can and can't do.

Mark Joyner: That's pretty fantastic advice. And, I think, really, at the end of the day, you know, there are no hard and fast dicta or rules to any of these stuff. And, I think, that's another part of the whole mutiny project is that when people have a particular theory or premise that they didn't have to justify, often, it blinds them from the reality that they right in front of their face. I mean, if somebody had said that to Zuckerberg or, you know, to a lot of these super talented kids who are proving to not only be capable of coming up with an idea and launching something but also be very competent at running it on a day-to-day level. If somebody had seen those folks with those blinders on, we would had been robbed of some really important contributions in the world. So, I think, we just have to kind of look at the everything situationally and look at the fact that, "Hey, we want to build something, that's it. How will we get there? Doesn't really matter. (Inaudible) to have some crazy rule." So, let's talk about the launch of wikihow. How did you guys go about getting the word out? I know that you already have, this was a split off from Ehow and you said that the first year was pretty horrible, was that before the Ehow split or after?

Jack Herrick: Oh, that was before the Ehow split. We ran them together, the two programs under one roof for about a year. So, one thing that wikihow has done uniquely, and I'm not sure if this is a good idea or a bad idea, but we have never really been great at sort of pushing our name and pushing or promoting ourselves, so to speak. A lot of people do ask me about the launch of wikiHow and the

launch of Ehow. It was a total non-event. We, really, all we did was chose a date for it, which January 15<sup>th</sup> 2005. And, the reason why we chose January 15<sup>th</sup> was because Wikipedia started on January 15<sup>th</sup> 2001 and we want to honor Wikipedia as our inspiration for wikihow by launching on the same date that they launched. And, we launched it. We just had a small tab on top of wikihow or on top of Ehow. And, that was it. We didn't contact any press. We didn't sort of do anything on the social media. We didn't go in forums or tell people about it. We just put it up there and kind of hoped people would notice. And, I guess, not surprisingly, not so many people noticed after the launched. That first month, as I've mentioned, we got 2,000 visitors on the site which is, you know, you do look (inaudible) but I look at it as a little considering knowing how popular the idea offering how-to advices on the Internet. 2,000 people was not a lot of people.

Mark Joyner: After you guys split off, did you do anything in particular to get the word out at that point?

Jack Herrick: No. We haven't. It's always been, I'd say, a lit bit of a failure for wikihow actually. And, I think, you know, I'm not sure if this is the secret of our success or just a missed opportunity. Opportunity (inaudible) entertain your readers on it or entertain your viewers. You could look at it as one of the secrets of our success that we haven't really sold ourselves in the marketing front as we focus on other things. We kept our nose on the ground trying focused on the product, focused on building community and volunteer editors that had similar passion in (inaudible) a how-to manual. And, that might have been one of our secret to success. On the other hand, I can look at it as a map of failure or a missed opportunity. As I said, we talked about at the earlier part, we got 35 million people visiting us every month and people still don't know our name. Like,

(inaudible) I can go to a cocktail party and so on and meet new people and tell them about my work and they'll be like, "Oh, wikihow. I've never heard of that site." See, that's how we've been three times in the past year. People, because we have put ourselves in the marketing front, we really haven't built the branding that we should have in spite of the fact of our impact across the web.

Mark Joyner: You know, that's really interesting, right? Because, in the past, when we were in this direct transmission mode of marketing where everything had come from a channel directly to a specific audience, I think, then, brand may have been important, I mean, brand is obviously important, right? Once you have it built, there's so many really wonderful things that you can do with brand. But, apparently, you guys are surviving without a really super established in-your-face kind of a brand. Did you think that that's going to change over time? Is the importance of brand going to lessen? Or, do you think that maybe you guys got to evolve into that as the next step?

Jack Herrick: I don't think that the importance of brand is going to lessen. I think we are a bit of an anomaly in this case. And, over time, I think, we are going to be focusing more on building our own brand. And, I would hope as we do that, it would benefit the business and really accelerate our growth. I think, our lack of brand is actually probably holding us back. We could do a lot better than how we're doing right now.

Mark Joyner: Okay. But, hey, something has to be said for the fact that you guys did do it, and, I think that that organic growth that you guys have experienced, I mean, it's nothing to look down at. There is something, obviously, to that. So, when you guys launched, this is sort of really a practical question here, do you feel like you were properly prepared? I mean, did you have enough server

space? Did you feel that you had enough team members? I mean, funding, obviously, you had, I mean, I'm talking about the post-Ehow split here. You know, you would sold it off. You, obviously, were self-funded and you had, sounds like some other investors behind it. What did you have abundance of and what did you have lacking?

Jack Herrick: Let's see, just to be clear, so, the first year before we split, very low resources, it was all sort of, it's always been, we actually haven't taken any financing. We have no outside investors. We've turned down Venture Capital for variety of reasons I'd be happy to go into. And, so, we've always been so lightly resourced at wikihow. And, I think, that's actually been, kind of like the marketing thing, an advantage and disadvantage. By not having many resources, we haven't really used money to solve our problems. And, you could imagine that in the case of wikihow, one of the reasons, because we didn't have a lot of money, we couldn't do things that most normal wireless publishers could. So, we had a problem with content. We were trying to figure out ways to sort of innovate, just have that problem be solved by our volunteer community. If we knew that images weren't good enough, well we built a tool to sort of have the volunteers identify which images aren't good enough. And, I think, that helped us a lot. So, I think, you know, I guess one of the lessons I would draw is if you don't have a lot of resources, focus on how you innovate to solve the problems rather than sort of dream about getting or having money to solve the problem for you. 'Cause, there is a lot that you can do with very very little. I don't know if that answers your question or (inaudible), I'd be happy to talk about what we actually had in place in terms of after the launch and so on. I can go to detail now, will that be helpful?

Mark Joyner: Yeah, I would love for you to.

Jack Herrick: Yeah. Okay. So, after we split, again, the logistics we had were, we had one full-time Engineer, we had myself, I put working full-time at this point, I've quite my other job, we had no investors, we refused Venture Capital. Now, at this point, we did have financing. Basically, we did have a lot of funds from the sale of Ehow. So, I was able to use that money and pump it back into wikihow which was the money used in operations for a couple of years. So, I was able to sort of bootstrap finance it that way. And, we had one part-time worker. That was it. It was a very very very lean team. It was amazing how much we got done with that lean team. And, in terms of technical resources, we had one or two, I can't remember how many we had at the exact split, it was a couple of servers over at rackspace, couple of dedicated servers. So, wasn't a huge, we didn't need, the traffic was only a million unique users a month at that point or under a million unique visitors a month at the split. We didn't need all that much, all that many servers and so on. It was easy to handle.

Mark Joyner: Yeah. I think, a really wonderful thing now is that with today's technology, with a lot less money, you can get a lot more done. I mean, one server and rackspace can do what we had to build two clusters to do 12 years ago. I mean, literally, we had these really complex clusters, I mean, with just, literally, about 50 servers and we were getting a fraction of the traffic that we're getting now on one of our properties. And, we're doing that really, literally, on one extremely robust server and it doesn't really cost us that much. So, it's kind of a golden age right now, I think.

Jack Herrick: It really is a golden age for innovation, Mark. My first company, the one that Sequoia financed, bigtrade. It cost us 6 million dollars just to build the E-Commerce stores back then. And, now,

we can do the same thing with the (inaudible) store in about ten minutes for 25 bucks a month. Yeah, it's a golden age for innovation.

Mark Joyner: Well, anybody listening, I hope they listen to that. You know, you got to go into this stuff without any illusions that it's easy. It's, you know, you're going to work your tail off, that's for sure. But, the opportunity is there. So, what did you guys do post-launch to keep the momentum rolling? Did you guys, I mean, did you just let it grow organically from that point?

Jack Herrick: We did. I think, if there's any lesson I would offer to new entrepreneurs is, basically, find a system that sort of the flywheel turns on its own. And, the wiki method definitely has this incredible virtuous cycle to it where, on Wiki's or, basically, any user-generated content, like 90% of user-generated content is junk, right? That's true on YouTube. It's true on Wikipedia. It's true on wikihow. It's true on any of these types. And, the difference between wikihow and almost any user-generated site is that we take that 90% of junk and then it gets improved via the process of Wiki-editing. So, it starts off as junk, when someone finds out, "Oh, this is terrible! I better edit this page and make it better," and over time, the pages get better and better and better. And, pretty soon, you'd end up with the best page in the Internet. And, that happens with the case of Wikipedia and that happens with the case of wikihow. And, that, as the pages get better, it attracts more people. And, as more people, as you get more readers, you attract more editors. You attract more editors, you get higher quality of content. It's a nice virtual cycle. It goes round and round and round. And, so, we worked really hard on keeping that virtual cycle flowing. We built tools and sort of started the improvement of the quality of content. We worked with our volunteer community to help them when they have

problems working on the Wiki. We did a bunch of things like that. We really focused on that virtuous cycle. We weren't working so much on the outbound marketing and so on. That may have been why this worked.

Mark Joyner: You know, I don't think most people realize how powerful that dynamic is. There's this really classic cartoon, you've probably seen it, it was floating around right around all these places, there's this guy in front of his computer and the wife says, "Hey, come to bed!" And, he says, "Just a minute!" You know, he looks, obviously, stressed out. She says, "What's wrong?" Then, he says, "Someone is wrong on the Internet." (laughs)

Jack Herrick: Oh yeah. (laughs) There's, that's one of the reasons why Wiki's work, definitely.

Mark Joyner: That's it. And, you know, they do it without being paid just because they're actually passionate about the topic. So, let's talk about the exit strategies now and all that. Earlier, we were talking about how in the 90s the VC guys have the mantra of 'fired the founders' and all that. And, sometimes, the founder wants to move on, that's their dream, they want to build something and retire. What are your feelings on that? What are your actual plans?

Jack Herrick: Well, so, I'm a bit on a unique situation. I've already had a nice exit with the sale of Ehow. And, so, I don't, I have no sort of urgent liquidity needs. I think wikihow can and should be a lot bigger and a lot better than it currently is. And, I'm really not interested in sort of an exit plan, perse. At this stage, I just think we can make it bigger and bigger. I'd really rather focus on that. We've actually had offers of acquisition and so on and investments and all sorts of very interesting and things that I think most entrepreneurs would have jumped on, but, I think, right now, the team we have and the plan we have,

the best thing for wikihow is to keep going with our current plan. Just, sort of, team up with a larger company at this point, I don't think, would sort of benefit us in the long term achieving what we want to achieve. So, we're just going to keep going for now.

Mark Joyner: I tell you what, I personally hope I see a lot more of that on the Internet. It's that same dynamic that guy was staying up at night because something is wrong. When people really genuinely care about something and they're not out there just to kind of flip something and make a buck, I think the quality of what happens to the world is much much better and it's looking like we're leveraging a lot of these assets that we now have in the world to allow that to happen on a greater scale. So, you know, props to you for taking that path. I think it's a great contribution. So, let's talk a little bit about people. You know, Jim Collins from Good-to-Great Fame has this great phrase, sort of a mantra of his is: "Get the right people on the bus," right? Now, Bill Gates has a very opposite thought of that, he says, "Look, sometimes I would bring in really smart Engineers but if I send them over to another area, they do a really poor job." It's a stark contrast to the advice of Jim Collins. How do you feel about that?

Jack Herrick: We're, you know, I think, I'm not very familiar with Gates' philosophy on this. I can't speak to that. I know I'm very aligned with the Jim Collins' philosophy. And, I think one of the secrets that I've really discovered over the four companies that I've started, is that it's really all about finding the right people who want to do, (inaudible) to find people who want to do the job that you're offering. And, so, we work really really hard to find people who were going to be happy with the idea. And, not just good but actually happy with the job they're going to be doing. And, I think it's worked. Our team is very

intrinsically motivated. And, people love to come to work everyday and love to solve the problems that we're working on. And, it makes our team more productive. It makes our Wiki a happy place to work. And, it makes them want to stay. Basically, we're working here in downtown Palo Alto where there is any of our employees could go jump to a 100 other interesting startups that have very exciting prospects in front of them or they can go work for Facebook or Google or any place (inaudible) that can pay them fantastic sums and give them wonderful free food, things that I can't offer. And, so, the best thing that I can do is give them problems that they're interested in working on and give them an environment that they really want to be at. And, I think, we work hard to sort of create that and maintain that for our team. And, when we set it up right, we sort of, I think it attracts the right people, it attracts that you want to work on the problem working on, and they have the motivation to solve the problem the way in intrinsic motivation, and, I think it really works. So, going back to the Jim Collins' quote, we are completely (inaudible). We interview people way way way longer than any other startups. When we hire people, we have a series of testings. The tests actually go on for hours and hours and hours. I'm amazed that we actually get people sit through it. And, the reason (inaudible) we have a unique place to work because we are very careful to make sure that the team that works here is a team that wants to solving these problems.

Mark Joyner: That's a great answer. And, I tell you, I'd go both ways on that. You know, I've got some people who are absolutely genius at one particular thing and this happens to be usually with programmers, by the way, I have a lot of programmers who don't want to do anything but code. You know, they're disgusted with anything else. You know, I'm totally cool with that because the guy that can

code well is a rare guy and who's also somebody you can trust and is also conscientious and is part of that whole thing. But then, I've got some executives who's just extremely multi-talented. They can do a lot, 5 or 6 other things and they're willing. If you need somebody to go about this, "bam!" they don't even think about it. They don't put up a fuzz. They're not like, "Ah, that's beneath me." They're just like, "I'm going to roll up my sleeves. I'm going to do it." So, I guess, you're got to be a combination of these things. What do you think?

Jack Herrick: I think that plays one of my philosophies I've had which is, I think, one thing you've always wanted to do with anyone is help them play their strengths. And, it's much easier and people enjoy it working on the things that they're good at rather than sort of showing out the things they're necessarily bad at. And, you can get, as a team, you can accomplish a lot more when people are working on things they want to work on and they're working on the strengths that they know they are good on and want to develop. And, I think, it's a little bit opposite than what you see in a typical corporate views wherein everyone has things they need to work on or weaknesses or whatever. Since you're not good in that thing, they're help you dwell on that thing and feel really bad about it in the next 6 months. We, I don't think that's the right process. I think that you sort of figure out where people are going to be able to hit homeruns and if that's good for the company and everyone hits homeruns there, you help them hit homeruns. Now, that said, one of the other things we're trying to do is we're trying to help people grow into new areas they want to grow at. One of the beautiful things working for a company like wikihow is how the company will walk you through the different opportunities in a very very small team. So, there's always tons of things that you can, you

know, you start marketing and you want to go over operations. Or, you start in operations and you want to go to marketing. And, you want to learn these things. We'd love to help people grow into all the different things that are available in the business.

Mark Joyner: That's a really great attitude. I think, personally developing people is something people want. I think most people want to improve themselves. And, I think, if the company facilitates that process, they're going to build a lot of loyalty with their folks. So, how do you determine, once you have somebody on your team, do you guys have a criteria on knowing whether or not somebody's going to work out for you or do you just play that by gut or do you have a process?

Jack Herrick: Well, I think, almost all of our screening is done on the front and we work extremely rigorous about it. We've designed, that's an interesting question, (inaudible), one of the things we do is we work on the philosophy that interview is an extremely bad way to determine how well somebody's going to work. Basically, like how well you can sort of look someone in the eye and sound convincing and tell good stories. It just not very correlated with job performance. So, what we try to do for every position is, it's not (inaudible) for all positions, but we try to build real-world tests where we're going to put a person into the day and we have a set of work that might mimic what they would do in a normal day. And, we'd have them work four to six hours on these tests. Like, "Hey, you go in and do this." We're like watching to see how you're doing and see where you struggle and see how stressed you look while you do it and see, do you look like you enjoy while doing it? And, we sort of throw a curveball on you and see what happens. And, if at the end of the interview, they did it, they did a good job and they liked it, I'm pretty sure they're going to be good at the job.

And, so, that's an easier task than the others, we try and sort of put that into our process. When someone's actually working with wikihow, you know, I think the first couple of months, you're checking a lot to see if you've made the right decision. We've been lucky, I think our process, as we've gotten better with the hiring process, we've been very good in identifying if people are going to be good here. But, if we don't, maybe the first couple of months is when things change.

Mark Joyner: And, so that's, so do guys use like KPI's or anything like that with your folks? Or, do you just have more of a subjective sort of analysis of their performance?

Jack Herrick: It's a little bit more of a subjective analysis. So, I think it's difficult in a place like wikihow where things are changing so frequently that it's hard to have KPI's because whatever KPI we might have set up in September, and also, one of the dangers of KPI is we're creating an environment here where there's intrinsic is motivation to do things than when you start creating numbers and so on, and goals to hit, you risk creating people for working towards those numbers rather than the intrinsic values. The intrinsic value is, "Hey, we're creating the world's greatest how-to manual." There's a lot of ways we can do that rather than focus on just this number here, I'd rather you think about all the things we can do.

Mark Joyner: This is another really beautiful case of stuff that flies in the face of consultants here. You've got consultants that say, "Oh, you absolutely must have KPI's." But then, when you get into the real world, like you said, this is a moving target. I mean, the business is evolving with the world and the world is evolving in an absolutely crazy pace. So, it's really great to hear you say this stuff. This is exactly the kind of thing that these folks need to hear. So, one last question for this first

portion. And, I think you've probably already answered this and I kind of have the feeling I know how you're going to answer this. But, do you do anything specific to keep your team motivated? How do you manage that? Do you use incentives? Or, is it just based on the love of doing the job?

Jack Herrick: We tend to try and keep on the (inaudible) intrinsic motivation. So, we don't have, "Oh, hey, you did extra therefore here's the carrot." We sort of keep, we sort of stay away from the carrots and stick thing. We do have a company sort of quarterly bonuses which might sort of mimic success of the business if the business is doing well. So, the whole company will be well. But, it's a little less like, "Hey, Mark, you did great on this one thing here. Here's this."

Mark Joyner: Yeah. You know, I'm hearing this from a lot of folks, by the way, that the notion of financial incentive, I think it works for some people but it's almost like that incentive is sort of the wrong thing to make people do good work. I think the people that are going to do the best work, the steam is just coming up and it has come up like five times in our conversation alone, is that it's what people are individually passionate about, what people really really love to do. And, as long as their basic needs are sorted out and taken care of, they don't have to live in a palatial mansion somewhere. I think a lot of people are kind of finding those notion sort of passe and toxic, really. They just want to contribute to the world and make good things happen. Do you believe that? Is that too idealistic?

Jack Herrick: Yeah, I mean, I think financial compensation is important and we do think about that a lot but we tend to do prefer to do it mostly for salary, an offer salary that's nice and people are comfortable, they're not looking over their shoulder and say, "Hey, I can work over here and

get extra." You know, if we make an air on salary, we'd rather make them the high-end rather than the low-end. But, we don't, but then, once you have a salary in place, a salary that everyone's happy with and competitive in the marketplace, we prefer to keep away from the carrot and sticks sort of motivation and just basically have, we have bonuses in the whole company for doing well but we don't necessarily have bonuses for the individual performance.

Mark Joyner: Jack, this is extremely useful information. I really appreciate this. For those of you guys who are elite members, there's going to be a second half of this discussion with Jack. We're going to get into more needy-gritty details and some scary questions about a lot of things that could go wrong and what the really important lessons were. For those of you guys who are just enjoying the free content, I really hope you enjoyed it. Keep your eyes out for more stuff. And, Jack, thank you so much for contributing this! This is a really great contribution and your business model in itself is a fantastic contribution as well. And, you know, my hat's off to you.

Jack Herrick: Well, thank you! Thanks, Mark!

## **PART TWO: IMPLEMENTATION LESSONS INTERVIEW**

MARK JOYNER: Okay, Mutineers. We have got Jack Herrick again. And if you saw the first half of this discussion, some pretty amazing stuff from a pretty amazing guy doing some pretty amazing things. Thirty-five million unique visitors a month at his website and, again, the 165th most visited website on the planet. *That's* the man you're looking at right now and he's going to share more information with us now to help you guys avoid a lot of the pitfalls, dispel a lot of the BS myths that you've been hearing about what it takes. He's the guy in the trenches. He's doing the real thing and he's opening himself up to you, explaining exactly what actually happens. So welcome back, Jack. Thank you.

JACK HERRICK: Yes, thanks, Mark. Thanks for having me again.

MARK: So let's just dive right in. I want to ask you a really sort of a slightly embarrassing question. I don't know. For you, this probably won't be so embarrassing. But what would you say are some of the biggest mistakes you've ever made? Or maybe like the single biggest one? If there's something you could back and do again differently, what would it be?

JACK: Well, on my first start-up... [inaudible] for everyone that we raised \$6 million from Sequoia Capital firm and then \$4 million from other investors. So we did that... we raised that money in 1999. We [needed] to raise more money in 2001. And for those who might remember what it was like in 2001 and raising money from venture capitalists, it was basically undoable. And we basically... I'd say we basically gave up. We ended up selling the company for nothing. Sold the company in domestic term in this situation. We sold it for essentially nothing. And that company, which at the time had a six million revenue run-rate which we sold for nothing, which should tell you right there that it was a mistake, kept on growing. Just sold couple years ago with a \$36 million revenue run-rate. And we basically took something of value and sold it for nothing. And I think we were convinced at the time [that] we need more capital to get going. What we should have done is to figure out a way to fight...

to keep fighting without the capital we thought we needed. So basically, we thought we were constrained by lack of capital, when we needed more money in 2001. We just figured out a way to say, "Okay, we're not going to be able to break that constraint but given what we have, what can we do?" And the company that bought us for nothing invested very, very little capital into the business and that business still grew. And I think we could have done better with it if we just held on and sort of not done what most companies were doing in 2001, which is basically just quitting. So that's what I would go back and do again. Now that said, by leaving... When that business was sold for nothing, I left immediately. It did a lot to go start another business and do other things for my career. And so I could either look at that as a loss or I could've been continuing to run a business that would have done well over time. Or I could look at it like, "Hey, I got \$10 million of executive education courtesy of Sequoia Capital," and I went and did better things with it later.

MARK: A really healthy way of looking at it, by the way. So thank you, Sequoia, for educating this man.

So how do you know the difference of...? Sometimes there are businesses that are worth staying in. How would you know?

JACK: I think there's a couple ways you could figure that out. One is you have to feel it in your gut. Do you have a good team? Are you happy going in to work every day? Do you feel like you're working on the right problem? Naturally, a gut feeling. And I think most of us who start businesses don't spend enough time paying attention to their gut.

When you start a business, you got to think you're going to be married to that idea for at least five years and maybe a lot longer. You got to be really happy working with whatever that is that you're working on. And so if you're still aligned, if you're still happy and you're motivated on working on that problem, then, you know, it's probably a good business to be in.

And then the second thing is the financial. You do have to sort of look to see... are you [inaudible] that you can win in it? Are you... You know, one of the things I really liked about the industry that wikiHow's in is it's not a winner-take-all business. We're not in a winner-take-all industry. When eHow went from 5 ½ million unique visitors to 100 million... now, it's not like they put us out of business. It's not like everyone in the world gets all their information from eHow on how to do things. Thank God they don't. I mean, no one would be able to do anything. But, on the other hand, if I was in a winner-take-all business, if this was a winner-take-all business, wikiHow could not have done what we've done. We would not have been able to sort of get by without raising any capital, without sort of putting our pedal to the metal and growing it as fast as we can. We haven't tried to grow the business as fast as we can. We're trying to grow it at what we think is the right pace for the business. And you got to pay attention to those things as an entrepreneur, sort of figure out, "Hey, what kind of industry am in?" And if you're in an industry that you just know you're going to lose, it's probably time to get out. Like for example, when people come to tell me, "Hey, I'm in the online music business and the record companies don't like what I'm doing. And, geez, my life is too short to be dealing with record companies," figure out if you can survive. I know it's worked for like Spotify and Pandora and a handful of other cases. But life is too short to be dealing with that sort of stress.

MARK: That's a pretty good measure. So what about a guy who doesn't have the venture capital? I mean, some people just start up something on a shoestring and it may be profitable for a little while and then it's not. And they don't want to go get a venture cap. I know on the first half, you talked about not wanting to get venture cap for this particular business and I'm assuming it's because you want to have control, right? So...

JACK: Yes, I think venture capital is overrated, actually. I think for the guy who either can't or doesn't want to get venture capital, that's the best thing ever. You're in a position to actually run the best sort

businesses. If you look at the businesses that have been, someone did a study on this and I wish I could refer to... I don't know the actual name of the study, but I'll share the basic facts, which is if you look at the businesses over time added the most jobs, created the most value in the US economy, they are not venture capital-backed businesses. There might be something involved with businesses that take venture capital. They're not playing to the long run. They're not built to last. They're sort of built to flip. And if you want to make a massive impact on society and make a massive impact on what you are doing, you might be better off without venture capital even though it seems like in short term, the additional capital you could bring the business could help it grow faster. But you might actually hurt yourself in the long term.

MARK: There's the quote of the year right there. "They're not built to last. They are built to flip." And I think you nailed it. That is *exactly* the problem with a lot of these businesses that get started up.

So what would you recommend to a guy who's in that position? He's just a passionate guy. He's doing it kind of out of his own pocket. Maybe he's got to keep a day job going. And the financial stress is starting to hit him, you know. And the business is really starting to lose money. How does he deal with that? How do you start to shift things to keep it running?

JACK: Well, the... I mean, I guess, lots of things there. Question one is can you do it without venture capital. My answer's definitely, definitely yes. If you're in a position where you think you want venture capital and you don't think you can get it, well just forget about it. Just focus on life without venture capital 'cause you're going to be just fine.

On the other scenario you just described, the business is losing money and your day job is stressful and you're sort of maybe going into debt to sort of make your business work. You know that's a different thing. I think every entrepreneur have to look realistically at the scenario. Most entrepreneurs are massively optimistic. I'm certainly massively optimistic. You wouldn't be an entrepreneur if you

weren't massively optimistic because certainly the odds are stacked against us, if you look at the thing rationally. But it's important also to look at... if you or your family are in a position of being ruined by the failure of your business, you got to look at that position very hard. You know, it's okay, I think, to be uncomfortable and to be... To sort of know you can scrimp and scrape and be unhappy. But when you put yourself again being financially ruined, losing your wife, losing your family, things like that... That's a whole different scenario. That's something where, I think, you got to look at it very differently.

One thing I did earlier in my life before my entrepreneur career was I actually lived in my truck. For a couple of years, I lived in the back of my compact Chevy S10. And I did that for two and a half years and, you know, it's actually given me a lot of strength. And I've always known that if things get tough for me, I go back to live in the truck. And I was really happy living in my truck.

Life is different for me now. I've got a wife and kids, and I can't go back to living in the truck currently. But I know that if things get tight, I can always scrimp and scrape, and I've recognized that how much you spend every day and your happiness is not correlated. Having that knowledge is a powerful weapon for me. And I'll use that to my advantage to push my businesses as far as I can. And knowing that, "Hey, if things get tight, I'll be just as happy." After that, I never push my business to the point where if I fail, my life would be wrecked. I wouldn't lose my family. I would not lose my family and so on. And that's probably a good line to draw.

MARK: I think that's a fantastic advice. And I do think a lot of people lose sight of these really, really important connections in their lives. As a result of it, they become a little bit obsessed with the idea of the start-up and then damage what's really important. Because if business isn't about people, you know, what are you doing it for? And the most important people are the people around you and you've got to keep that in mind. But, at the same time, it's noble to go out

there and try something. So I think it's worthy to go out and give it a shot.

And props to you, by the way, for telling this story about the truck. You know, I came from pretty humble beginnings myself when I was a young kid. Doing pretty well for myself now. A lot of best-selling books and all that stuff going on. I think it's great to see these examples. A lot of people think that they have been in tough times and it sort of changes their mindset a little bit. They start to think that that's who they are and it's not. That's just an experience that you go through, you know? And you can change yourself in any way you want. It's genuinely true.

So, on the flip side of this, what would you say are some of your maybe... your greatest triumph or some of your biggest triumphs that you'd like to share?

JACK: I'm just really happy with the way wikiHow's going. You know, it's been great. You know, I think we could do a lot better. I really do think that we should ultimately be one of the top sites in the web, sort of the household brand that people know and recognize and choose. It's going to take a long time to get there.

Previous to that, when I lived in my truck, I was a full-time rock climber and actually proud of just focusing on rock climbing. It was a very different thing from entrepreneurship and it was a very different thing sort of trying to impact and change the world was basically just a selfish pursuit that I really enjoyed. That was great too. You know, I'm proud of that as well.

MARK: Well, it's definitely a triumph to be proud of with wikiHow. Do you feel like your fitness endeavors have helped? I know you and I have talked off camera here about surfing. We were both enthusiasts with that. You're more active in it than I have been lately. I have been more on... MMA is sort of my sports. Did you find that rock climbing and surfing have helped you quite a bit?

JACK: Yes! Certainly rock climbing has. You know, I learned a lot about rock climbing that I literally

applied to entrepreneurship. When you're climbing, it's all about sort of picking a partner and if two people go, typically they're trying to get to the top of the cliff. Figuring out who you want to have as a partner and how you work with them and recognizing who you can trust and who you can't, who is good and who is bad, and how you can sort of motivate each other when times are tough and when you think like everything in the world might fall apart... Literally, when things are going bad in climbing, really, the whole world could fall apart. Lots you sort of learn in a high-stakes situation climbing. I really applied in entrepreneurship and that's been really helpful for me. It also gives me a lot of perspective. When things are going bad in climbing, like you're on the side of El Capitan, it's raining and you're not sure if you're going to make it up. Situations are looking dire. That's just a lot worse when you get in the business world. (laughs) Things go bad in business just like things go bad, but it's not the end of the world. Where in climbing, it feels like it can be. Having the perspective on how bad things can get is a helpful and healthy perspective to carry on... once you're back at the desk.

MARK: Server crashing isn't the same as crashing into the bottom of a rock, is it? So, how about surfing? Did you feel like that's provided any wisdom for your business?

JACK: Surfing is great, I think, in that it really puts you in flow. One of the books that's been really influential for me... I'm not sure about the correct pronunciation, but... Mihaly Csikszentmihalyi wrote a book called Flow, which is the psychology of optimal performance. And it's just a great book. And one thing about surfing that really puts you in that flow experience: you can't go out there and you can't be thinking about work. You don't know what time it is, you don't know how long you've been out there. You're just really focused on enjoying the wave and sort of getting the best ride you can. And the experience of being in flow is so enjoyable, and something that's so really addicting to me. You just want to keep doing it and it's so healthy for your inner peace that it's something that I try when I'm designing a product for wikiHow. I really try and bring that spirit and the

joy of being in flow into the product. If we design a product right, the editors experience the same flow and I know that we succeed when I talk to people who use wikiHow, people who are our volunteers when they are editing... One of my favorite tools in wikiHow is called Recent Changes Patrol, which allows you to look through every edit that's happening on the site and say, "Hey, this is a good edit. We've added it and improved it." When you see opportunities to improve it, you improve it and you leave people a note to who left the edit. It's a great tool and when I describe it to people, people in the audience listen, they're like, "Why would anyone ever do that?" But when you do it, you'll realize how fun it is. You really get into the flow experience. And it reminds me the experience, the flow I initially got from surfing and climbing. I really try and build that into the products at wikiHow. I think it's helpful in that respect.

MARK: I've never met a single person who can pronounce his name for that book. (laughs)

We'll try to put together for our viewers here maybe a little diagram that explains the flow concept because I do think that there are some very, very important lessons to be learned from that.

So here's sort of an oddball question. So everybody has a team-member horror story or two of just somebody who's gone in and who was like excessively dramatic, or they broke something they shouldn't ever broke, and they caused a catastrophe, and, of course, it's not appropriate to name names. But I think it's good to hear these stories in as sanitized a version as possible so we don't embarrass folks. Do you have any of those that you could share?

JACK: I'm not sure I have a good one I can share right now. I think one of the things we do, one of my philosophies has been... I talk to them at the front-end of the interview about how super selective we are in how we try and have a team of people who are motivated towards our mission and towards what we're trying to accomplish here. In the process of which, I think, we get better people and as part of that, when someone does screw up, and it does happen, we try and

be as understanding as possible towards the mistake. And I think that helps people sort of (a) take a little more risks on their job, which is good. You want people to take more risks and to be more innovative and (b) learn from their mistakes rather than be so regretful that it happened that they don't ever want to think about it again. So we try and be as understanding as possible and to help people recognize, "Hey, it's alright, we all make mistakes. We're all human. We trusted you the right thing. You obviously didn't do it on purpose." And I think that sort of helps the process of developing people and sort of developing a culture where it's okay to make mistakes. And that's what we try to... And so far, I think it's worked out. I think it's the right balance for us.

MARK: I think it's a really great lesson. When I was an army officer, there was a trend going on where people were really into this total quality management thing and about this zero-defects mentality from the Six Sigma world. And, I mean, those are I think really, really powerful concepts in manufacturing, but when you start to talk about zero defects in terms of human behavior, you do shut down innovation. And you do get people who are unwilling to take risks. In the military, that's a pretty horrible state to be in, because by definition, you have to be bold, right?

So let's talk about folks who don't work out. And I really like the very respectful way you're talking about people. You know, it's not that people are bad people. Everybody's going through their own trip in their life, whatever it is. And everybody is at a different point in their life as well. And people change and people evolve. So when someone's not going to work out, are there any warning signs that you can look for to help identify that?

JACK: When someone's not working out, you usually know it pretty quickly. And there's kind of two paths you can do. You can either, sort of... let's say that the person is really good at baking but not very good with the fryer. You could either decide like, "Hey, let's just have this person work on the baker, baking and keep him away from the fryer." Or you can decide that maybe that person shouldn't be in the kitchen and

remove them from your company. Hopefully, if you [inaudible], you get people who are good cooks. However, I think there's... when people aren't a good match, especially when you have a really small team, you do have to actually... you do have to get rid of the team, the people that aren't the A players. And the reason is that it's okay... It seems to be okay to have B players around your company, 'cause B players can get a lot of stuff done. They're still pretty good. But the problem is that when you're a small company, like a company like wikiHow with 12 people, the B players are taking up a seat. And [there're] only 12 seats on the bus. And if you could have 12 A players, you get 12 A players. So you really do have to be... You do have to... You do have to... Often uncomfortable at times, but you do have to remove people that aren't going to be at the level you want them to be at.

MARK: Yes, I couldn't agree more. So it's sounding like though... really, the important part is the vetting process of those people. And maybe we'll have some time to talk more specifically about it that. It sounds like you have a very, very lengthy one.

Let's shift a little bit now. There's a concept in Kaizen called muda... waste. Do you have any muda horror stories where you've wasted time, energy, money, or resources in an extraordinarily profound way that you would love to erase?

JACK: I'm not familiar with the concept. Give me a little more background on muda.

MARK: So muda really just means waste. Part of the whole idea of Kaizen is just, you know, really making things very efficient. For example, let's say you've got a guy who's working at a manufacturing table. And he's got a tool that's maybe 10 seconds away, but he's got to get it like 30 times a day. Well, 10 times 30, that starts to add up right? And over the course of the year, you're talking about a tremendous amount of waste. So that's what they call muda and that manifests in a lot of ways. There can be emotional waste, because people aren't feeling good. There's waste of time, there's muda in your finance. And these things are really hard to identify sometimes,

but the Kaizen philosophy is all about really taking that seriously and making small incremental improvements to those things so that you're gradually removing the waste away. But sometimes there's some waste happening and you look at it and you go, "Oh my God, I can't believe I spent this much money." So for example, I had a PR contract once. We ended up spending like \$70,000 over the course of a year and, I mean, got... [inaudible] from the whole thing. You have anything like that?

JACK: Yes, you know. We invest in things that don't pan out all the time. And I... So let's say we'll build a new... We'll spend several months building a new tool or building a new feature on the website that turns out our volunteer community isn't interested in. Or maybe they are interested in it, but it doesn't really work. We thought that it was going to improve the quality of our content and actually makes the quality of the content worse or makes no difference at all. You know, this happens all the time. All the time. And in fact, it might even be the majority of the things that we invest in turn out to be a waste of time. We look at that in a pretty forgiving light. "Hey, there's an innovative process. We're going to invest on the things that don't pan out. That's okay. When it does, well, now we know that Project A didn't work. We can lay that idea to rest and sort of move on and sort of forget about it." I think that the thing that we try and do, if we're working well, the thing we do is when we find something that does work, [then] we pour the gas on that idea. But we identify things that aren't working, well, it's part of the innovative process. Most things don't work. Most new ideas are actually bad ideas and, well, we just move on from it.

MARK: Sounds like you guys have got a really humane philosophy there and again it's going back to having the right people and if you can trust those folks, that their integrity and their intention is good, then you can forgive mistakes. I think that's okay. And I think that a lot of leaders have this mistake and notion that they've got to crack down on somebody who made a mistake. Do you think that's a toxic sort of a practice?

JACK: I think that at least in the culture of wikiHow, yes, that would be very toxic. It's the opposite. Like, "Hey, we're innovating. Mistakes are expected. When they happen, let's just learn from it and move on."

MARK: What about the case where you got somebody who's making it over and over again, right? And...

JACK: (laughs) Yes. If someone's making... If someone's continually making mistakes over and over again and not learning from the mistakes, then we probably don't have a good bid in the company. That might be the sort of person that... When you're certain of what's going there, I think you might have to sort of help that person to find a new opportunity outside the company.

MARK: So do you have a particular way with, you know, dealing with someone? Let's say a mistake was made, maybe the first one, maybe the fifth one. Do you always make it a point of communicating that to them very clearly? What do you do?

JACK: Well, the best employees... the best team folks know if themselves. They know exactly what happened and they come tell you. And that's when everything's great. When a person comes tell you, "Hey, here's what I did."

There's an example, recently, couple months ago, where one of our employers accidentally deleted the last database on the site. And he knew exactly what he did. He knew within 30 seconds of doing it. And he walked in and found me at work and he's like, "Hey, let me tell you what just happened. This is a disaster situation. This is a nightmare. Didn't think it could happen but apparently it just happened. Here are the three things we can do: We can try and sort of restore this database, back-up database, or that back-up database. And all of these things have risks and all of these things will involve being down for a certain amount of time. Which of these things seem the best to you?" And so he owned the situation. He wasn't in denial of the situation. He owned the situation. He owned his responsibility for it. He knew exactly what he did wrong. The first thing he did was immediately put out the fire as fast as we can

and he own the situation of putting up the fire. After that, he talked about... He sort of said, "Okay, now that we put out the fire, we restored the database from back-up, we got the site back working, I want to work on the situation to prevent this situation from ever happening again. We're going to change the way our back-ups work. We're going to do A, B, and C." And he owned and fixed the solution. So when you see a mistake like that, it gives you more confidence in that person, not less confidence in that person. And that's exactly what you want. When you have good folks in the team, that's exactly the way they handle the situations. In this situation, I walked away with a lot more confidence in this person *because* of the mistake rather than less confidence. And if I had piped right in at the point when he made the mistake and sort of turning him the hammer, none of the good things that followed from that mistake would ever happen. I don't think. So I think you could learn a lot... The best people learn a lot from their mistakes.

MARK: Well, goodness. I'm blessed to have some folks like that on my team as well. Let's go back a little bit more about your vetting process. It sounding more and more like this is really one of the absolute cornerstone things in your business. So you were talking earlier in the first half about the practical exercises that you give folks. Do you have multiple stages on that? Just one? How do you do it?

JACK: Multiple stages. So it starts off in the resume stage. We do a very quick resume screen. We see folks that look good. And then we'll just send them... Before we talk to them, we'll send them a test. And we'll say, "Hey, we're going to test..." Depending on the situation, sometimes we pay the people for the test and the time they're taking because we basically ask a lot more of candidates than most employers ask. So depending on the situation, sometimes we say, "Hey, we're going to pay you for this test. You can take an hour of your time online. We'll pay you X. Go ahead and take this test." And then you get... [inaudible] our tests online, you sort of see who the best candidates are. You learn already how good they are from how they do in the test. It's more of a meaningful signal looking at they went to

Harvard or they went to wherever. Certainly, the traditional signals of what you read on the resume are correlated to job performance but they're not tightly correlated. They're not as correlated as actually seeing what someone can do and something that resembles the job.

So we get the results of those tests and that basically tells us who we should interview. Now we know, out of everyone who's taken the test and returned this to us, they've already demonstrated the skills. Some base level skills that we're looking for the job. And then we bring them in. And we'll have more tests, and it'll be the same sort of thing... [inaudible] depending on the position, some of these tests go for hours and hours and hours. We'll have designed entire setups where it will be sort of mock work. They won't be doing real work and they won't be live or anything like that. But we'll sort of give them mock work that they'll do for several hours and we'll be observing how they behave during the work. Seeing how fast they do the work. Seeing how much they enjoy the work. After they finish, we'll talk about the work, what they did enjoy, what they didn't enjoy. And that gives us lot information. Some people maybe after a couple of hours say, "Hey, I didn't actually enjoy this. I kind of envision I was going to be doing more X, Y, and Z." And we'll say, "Great. If we don't have an XYZ position at wikiHow, we're probably not the right place for you. Or if we do, we'll help [inaudible] that position.

In the process of all this, we basically learn a lot about (a) are they going to be good at the job? (b) are they going to like the job? Which is going back to one of the things I mentioned earlier, I think it's one of the key... absolute keys. You want people to like the job they're going to be in. And they like the type of work. They feel intrinsically motivated to do it.

And then after we do that, then we worry about culture fit. So we spend a lot of time sort of figuring out, "Hey, is this person a good culture fit for the company?" That involves things such as... Are they... Do they share... We take our mission seriously at wikiHow. Are they interested in our mission? Are

they here for a paycheck or are they interested in the mission of wikiHow? Do they enjoy the collaborative environment we have here? As I have been describing wikiHow, we have a pretty unique place of work and we treat people differently than a lot of employers. And some people are really going to enjoy that and really going to thrive in it. And we try and figure that out. We try and see who the right folks are. And then... Socially, we take folks out to lunch and sort of see like we basically kind of give them... here we are at lunch, hanging out with a bunch of people in the team, are you enjoying it? Are you in the atmosphere... Do you think this is going to be fun? This whole process can go on for quite a while. So by the time we're done, we have a pretty good look at folks.

MARK: Do you guys hang out? Like as a company? Do you guys go out and have social events at all or do you avoid that?

JACK: You know, we do a little bit of that, but not a ton. We go out to lunch at work a bunch as a company, but we don't do that much after hours and that's probably a lot coming from the fact that I have a wife and kids. I like to get back home and hang out with my kids and see them at night. There are some other folks here who have families as well and they like to do that. We are starting to... One of the things we are starting to talk about doing and we haven't done it yet, but one of the things we've talk about is work in a week in various locations. So maybe we go to Lake Tahoe and work for a week as a team or something like that. Places we can sort of work, kind of work but also in a different environment to sort of see how that affects our creativity and productivity.

MARK: Pretty fantastic idea, actually. And I love that you're respecting people's free time. I have one guy, one of my senior executives, he said, "Mark, if we ever do a team building exercise, I'm quitting. Just so you know." (laughs)

So let's talk a little bit about some specific systems now. And this is going to get really in-depth here so if any of the stuff is too much to ask, feel free 'cause this is kind of getting hardcore. So can you

talk about the kind of servers that you guys are using now?

JACK: Sure. So we've been transitioning over a period of time. We started with just all dedicated serving at Rackspace. wikiHow sort of pre-dates Amazon Cloud and that sort of thing. So we started [with] dedicated servers and we built that up over years.

We're in the process of transitioning that a bit. Over the past years, we've moved more stuff to CDNs and now we've moved to a CDN called Fastly, which I would be happy to refer people to if they're interested. It's a local company here in Silicon Valley and we're moving almost all of... basically the entire non-registered users and the log of user experience over at Fastly, which will then be at CDNs around the world. It'll be a pretty cool thing because it will allow us essentially to... the core site could actually go down. We could actually go down and we'd still be able to serve users from Fastly, which is pretty nice.

MARK: Awesome. And so what about for commerce? It sounds like you guys are all ads, right? So are you guys just delivering them yourself or are you guys using another network? How's that work?

JACK: Simple as possible. Ninety-five percent of our ads are Google AdSense. The beauty of AdSense is it just makes life so much easier. You just drop a little code in. It's not the most money you can make on advertising, but it's certainly the easiest money you can make on advertising. One of the... Most websites our size move to Direct Sales Force and start selling ads directly and that's probably... It'd be smart for us to do that, we'd certainly make more money. It's one of the things I've been putting off for as long as possible and the reason being is that I've managed sales forces before from previous companies and it's a very different culture when you have sales culture in your company. You know, I've talked a lot about the intrinsic motivations and sales... Sales team are typically not motivated that same way. It's very extrinsic... [inaudible] bonuses and quotas and so on. I'm a little afraid of introducing that culture at our company, which I think is just so healthy right now.

We have such a healthy culture and I'd be... I'd be a little scared of bringing a sales force culture into that. So we just shy away from it. We just use AdSense. And we know we're not top-dollar monetizing. But we're lucky enough that we have a small team. We're not in a situation where we need to top-dollar monetize currently. And as long as the ad market stays healthy, it should work out for us okay. And who knows? Maybe that changes at some points. But for right now, this situation that we're working on is just fun.

MARK: I think that was a good call. I think the sharks would probably ruin the culture there a little bit. (laughs) So what about in terms of process management? Every business has repetitive processes they do, process mapping and stuff like that. Do you guys do that deliberately and do you manage it somehow?

JACK: Maybe we should be, but no. (laughs) No, we don't. I mean, [there're] certain things that we know that we learn various techniques of doing [inaudible]... we'll try and get a little more fish in each time we do it. But we don't... It's not really drawn out very... It's not drawn out to the extent that maybe some other companies do.

MARK: Yes, I think it's interesting. I've actually seen very few companies do it and some people say, "Hey, look. You're never going to be a great company unless you do it." You guys are obviously proving that that's not true. And I think that maybe things are adapting and changing so much that a process you draw up two weeks ago is not going to be valid today. So I think that's a real challenge for people to manage that.

So what about project management? Are you guys using a particular platform for that that you like?

JACK: You know, we actually had to almost do everything in like Google Docs, which is not real project management software, but it works for us. Google Docs works great. Sometimes, our design firm uses Basecamp. So when we're interacting with our designers, we'll be on Basecamp, but we don't have our own Basecamp instance.

We try... I personally do a lot of internal hack to sort of make my internal life more efficient. I'll try all sorts of different software and so on to minimize distractions in my life and to start to get more done personally. And I encourage folks in the team to do that as well, but... I don't know if that answers the question in project management, I'm getting a little far-field. I'm happy to talk about that, if that's interesting too.

MARK: Well, yes, sure, I would love to hear that. I mean, that's what Simpleology is all about, by the way. You know that's the current company that we're building. It's all about personal productivity and helping people. I think, it's immensely important obviously, so what do you do in there?

JACK: I signed up for Simpleology. I still have to find out... Just a couple of days ago. Let's see the things I do here. I've established a pretty... I've become very hard core about sort of reading my email. I don't view emails or reading; I sort of process my email where I send things to various filters... Okay, either I'm going to work on this or I'm not going to work on this. And I use tons and tons of filtering and any sort of mailing list things goes to things that I read at the end of the day. Things have to come directly to me if it's going to hit my inbox; otherwise, it just bypasses my inbox. And I've done that via variety of tools. Either you can use something... You can sort of build filters and you can send Gmail to do it. Or you can use something like... You know, I'm using something now called SaneBox, which basically is kind of like priority inbox on steroids; that works really well. Any sort of thing that you can do to sort of keep the distractions out of your day is a very healthy thing.

I also use a system called FollowUp.cc, which basically you just take... if you want to see email any email a month from now, you just send it to [onemonth@followup.cc](mailto:onemonth@followup.cc) and it sort of comes back to you in the future. That helps if you sort of want to tick stuff out of your to-do list. It's a good way to sort of make sure you do it later though. You can do the same thing with SaneBox and probably a variety of other ways you can do it too. That's been helpful.

Other sort of personal products... The thing I wish someone would invent would be a way to sort of use email... Use one of my favorite email clients but not have an update so I don't see new emails coming in until I get everything out of my box. That would be wonderful if someone ever invent that for me. Seems like a super easy change, but I haven't figured out a way to do it in a way that I like it. Yes, that's it.

MARK: Pretty good. I didn't know about FollowUp.cc. That's a fantastic idea. We have a thing called the Mental Lock Box. We're pivoting it right now to a much more highly-evolved concept. If you ever want to have a personal walkthrough with those systems, I'd be more than happy to show you a few things that we do to help boost productivity as well.

To kind of start wrapping things up, if one of our viewers had a worthy idea, they wanted to start a business, and they are ready to dive in, ready to take the risk, and understand what's involved in that, what are three to five steps that you'd recommend to them to immediately take to increase the chances of their success?

JACK: I think one is certainly seeing if the business idea is something you're willing to married to for several years, or maybe forever. I think a lot of people sort of see... A lot of entrepreneurs I talked to like, "I discover you could make money by doing X, Y, and Z." "Well, do you like X, Y, and Z?" And they're like, "No." I'm like, "Well, maybe you shouldn't work on that 'cause you won't be very motivated long-term to work on it." And when someone is motivated to work on it, they'll probably beat you out of it. So it's sort of checking your gut to see if you really like what you are going to be married to essentially.

I would also encourage people to look at the industry. There's... Industries sort of have various phases and various cycles. It's a very good time to be getting into online, how-to sort of stuff between 1999 and 2005 probably, and yet after... That was coming into an emerging industry. The online how-to was an emerging industry in 1999 and 2005. Now I'd say it's a maturing industry. It'd be a difficult one to get

into. And then social is probably an interesting space between 2005 and 2010 or so, and I'd say that it's probably maturing now too. Everything is kind of has their time where it allows... Where there's a period of time where new entrants can really sort of make hay and sort of make it work. And there's a period where life gets very difficult for new entrants to make it work. If you look at the things that might work going forward, I think it's a great time to start thinking about... What is augmented reality going to mean when that gets going? When everyone's talking to their computers with voice, what's that going to mean? What's going to change? [inaudible] Google Voice Search and so on... [inaudible] If you want to go further... [inaudible] when people are wearing wearable computers. What sorts of opportunities are being created as technology changes? And sort of looking a couple of years ahead and sort of positioning yourself a couple of years ahead, rather than looking at the people who are successful now and trying to say, "Hey, I'm going to be like that but I'm going to sell in pink rather than purple." Think about what's going to be happening in the next couple of years and what you could build that will put you in a position to sort of ride that trend.

MARK: That's fantastic advice not enough people are following 'cause things are changing really rapidly. You'd better pay attention to this stuff 'cause your business model can be completely, you know, outdated in a very short period of time.

So two closing questions: so one, if you can give a shotgun blast for somebody who's at a point where you could start bringing people on, how can they be effective leaders? What are the most important things?

JACK: So effective leaders... I mean, I think leadership always... Leadership probably boils down, in any scenario whether it's two employees or a thousand employees or running an army or whatever, it probably comes down to integrity. You got to have integrity as a leader. People have to trust you. You earn trust every day a little bit at a time. And you lose it very quickly with a small mistake.

You have to have a vision. You have to have a vision for where you want to take things. I think that's true whether you bring on your first employee or you're bringing on your fifteenth. You have to have a vision. Why should someone be there in the first place? Why would they spend their life working there? You got to think that every person you're going to hire is... If you're hiring the right people, they have lots of alternative things they could be doing with their life. Why is what you're offering interesting for them and interesting for the world?

I think the best leaders are always people who are always learning themselves. I think start-ups in general, and entrepreneurs and... It's a whole start-up teams... Entire teams of people are really learning machines. wikiHow is a big learning machine. We're a machine that's trying to teach the world... In addition, we at wikiHow are trying to figure out how we can do things better too. I think any leader, any brand new leader who want to encourage people in their team... The leader should be asking questions, shouldn't necessarily be having answers. The leader should be the person asking questions. Then generate answers, which is healthy for the business. Basically be encouraging learning, not just in yourself but for your organization and for your employees in general.

MARK: Fantastic advice. Any closing advice or thoughts to our viewers, these young, budding and sometimes very experienced but needing advice entrepreneurs?

JACK: You know, I think people should definitely trust their gut. If they... Again, like what I mentioned earlier, don't let people tell you what you can and can't do. The only way to find that out is actually to try and do it. People have an idea and they're passionate about it, if someone says you can't do it or whatever, listen to it, understand why they're saying no, don't just dismiss it. But just go for it! Life is short and you're not going to get in any opportunities if you don't pursue your dreams. If you got a chance, go for it!

MARK: Fantastic advice. Jack, thank you so much for spending all this time. This has been an enormous amount of time and an enormous amount of really

fantastic advice. I really love your guys' business model. I really love what you guys are doing. I want to see more businesses like yours succeed. So thank you so much.

JACK: Great, yes, thanks, Mark. Thanks for having me.