

## A Conversation with entrepreneur Marc Lore: Harnessing Risk, Grit, and Crazy Ideas

By Kavi Bharara



As part of the Business & Entrepreneurship Club’s monthly interview series, I had the opportunity to speak with Marc Lore- entrepreneur, visionary business builder, and co-owner of the Minnesota Timberwolves and Lynx. Best known for founding Jet.com, leading Walmart U.S. eCommerce, co-founding Diapers.com, and launching the food-tech company Wonder, Lore shared powerful insights on what it takes to build truly transformative ventures. At the heart of our conversation was his belief that the greatest risk is the status quo. For Lore, the ideas worth pursuing are the ones people think are crazy. If they sound normal, they’re probably not big enough. He spoke about operating at the extreme edges of innovation, pushing into a “sixth gear” as an entrepreneur, and never taking “no” for an answer. He also reflected on how growing up in a tough, often isolating childhood gave him the fire to challenge limits and reject playing it safe. See the transcript below:

**Kavi**

There was a recent article in Fortune that came out about you. One thing that stood out was your childhood, how that affected you, and how it still affects you today and the way you think from a business mind perspective. Can you elaborate on that?

**Marc**

You're going deep early. I grew up in Staten Island, New York. Parents had me when they were 20 years old. Dad was into drugs, alcohol, never around. He was an entrepreneur, trying to make a living, make a buck, selling vacuum cleaners, door to door, stuff like that. It was a very volatile childhood. His brother was in a gang, he was a drug dealer—took me on a drug run when I was a kid. Had to drive the getaway car when I was 12 or 13. So, yeah, it was tough growing up in that as a kid.

So I think part of what drives me is that when you go from that kind of environment where the only way to get any sort of attention whatsoever is to do something spectacular, you just learn, okay, you gotta do something extraordinary.

And so I always had this incredible drive to do extraordinary things, but coming from a place of more of a childhood wound than anything else. And then over time, with enough therapy, you basically harness it as a superpower.

**Kavi**

One of the main concepts that I've heard you talk about and one of your specialties is the idea of taking risks as an entrepreneur. I recently read this article where you and A-Rod were at a Bucknell forum and speaking about risk where you said that being an entrepreneur means being able to work 100 hour weeks for something that might only have a five or ten percent success rate.

How do you see risk differently than most people and what do you think separates people that run towards risk versus those who shy away from it?

**Marc**

I mean, I think the opportunity lies where others are afraid to go. And so I seek those opportunities. They have low probability of success, high failure rate, but they're big outcomes if they work. And I think that's what defines an entrepreneur. Are you willing to work a hundred hours a week for something that has a ten percent probability of success?

Most people say, well, I'm gonna work a hundred hours a week, I'll do a profession, I'll be banking or a lawyer and I'm gonna get paid for it. If you work a hundred hours a week at a bank,

you're gonna make millions, tens of millions, potentially hundreds of millions, if you're really good at it. So that's a put-in-the-effort to get paid reward. Entrepreneurs are like, no, I want the thousand x return when I work a hundred hours a week for something that has low probability. And that's often where the opportunity lies. I think in general though, about risk, people in life—not just business—I think underestimate the **risk of the status quo**.

Just what you're doing today is inherently risky. You just don't know it because that's what you're doing every day. It could be you're in a relationship and you're just going through the motions and it doesn't feel risky. But by not actually seeking out risk to change what you're doing, you're inherently taking risks.

You just don't know it. You have to be objective about what you're doing today in business or in life. And recognize that what you're doing, not doing anything, not taking risk, is inherently risky, and people overestimate the risk of change. They look and they see, well, if I do this, you can list the ten things that can go wrong.

So you inherently think that uncertainty is more risky than the status quo, when in fact, I've always found that the risk of the status quo, when I'm being objective, is more risky than any change I could possibly make. And so I'm constantly seeking out change, actually seeking out risk, to reduce the risk of the status quo.

## **Kavi**

One of the concepts I've kind of heard you preach is going into a “sixth gear.” Could you explain to them [the audience] what that means?

## **Marc**

Yeah. Just so you know, if you're thinking about being an entrepreneur, it's definitely rewarding and fun when it works. But it is super hard being an entrepreneur. You're eating glass every day hoping you don't get cut on the way down. That is how it feels. It's really, really hard. You're dealing constantly with uncertainty. Failure is always just a couple inches away from you. And that's a lot of hard work. It is grueling, there's no work-life balance. Even though I've had these successes, if I want to do it right and win with Wonder, it's seven days a week. It's weekends, it's all in.

And the sixth gear you're operating in is when it's life or death, it is the fight or flight. It is like when you are right on the edge.

And if you don't summon the best you've got to give, it's over. That's how it feels. So you can't go into the sixth gear naturally. It has to be forced upon you. And some people think sharper and clearer in moments like that. But, if you're the kind of person that under stress, worries, thinks about what might happen, and goes inward and doesn't operate your best, then you can't be an

entrepreneur. That's clear- you can't do it. Some people are just built differently. Not everyone's built to be an entrepreneur.

**Kavi**

Yeah. I think many people would also say, when you look at your track record, that raising capital has been your greatest superpower, whether it's at Diapers, at Wonder, at Jet, etc. What do you attribute that skill to?

**Marc**

Fifteen rounds of venture capital. Three thousand pitches, right?

**Kavi**

Oh yeah. And in the article, I think you said how something like five percent of your pitches have actually been successful.

**Marc**

That's what people don't realize about raising money. They'll go and pitch a few companies or a dozen companies and there's no interest and say, oh, I guess there's no interest. But that's not the way it works.

What I've found- and I have been successful raising money- is that a little more than five percent of all pitches result in a check. Again, you have to pitch every time knowing that the probability is low. Money has come from places I never thought possible so you have to be willing to put in the work. Do the pitches and keep tweaking the pitch after every pitch as you start to learn. I think the other thing is never take no. When VCs say no, I'd say probably twenty percent of the investments I've ever gotten have started with the investment passing.

And I don't mean next round. I mean that round, flipping them. You just don't accept when investors say no. Also, the biggest thing is putting your money where your mouth is. I've always put my own money into the deals. That carries huge weight. People don't really appreciate, when they say you have the ability to raise money. In Wonder I put three hundred million of my own money in it. So when I go into a place, none of the investments I'm talking to are going to write that size check. So it's easy for me to say, guys, it's a twenty-five million dollar check or ten million dollar check. It's a small check relative to what I've put in myself. I'm all in on this thing. I think that's really important, being all in on it. And the other thing is execution. They[investors] will bet on you if you do what you say. When you're pitching investors, you should always be thinking about the next round because they're going to come back and say, did you do what you said?

I always try to make very conservative projections so I can keep showing the investors that I did better than what we told them. When they come in, it's because the projections you're showing them they believe. So it's about execution. It's about having your own money, and it's about doing the work. I'd say those are the main things.

**Kavi**

When you're hiring for companies, what's the biggest quality that you look for in your employees when you're hiring?

**Marc**

So we have eight behaviors that we look for, that we interview against, that we test against. Some of the ones that regularly resonate with me include optimism(people that believe the glass is half full), grit, adaptability and mission-driven people etc. We want people that are actually motivated to give their best because they believe in the mission.

That's really important. We also want people that are caring and inclusive too. I'm a really big believer in the idea that when people feel they can bring their best self to work and they feel safe, you get better collaboration and people are more likely to feel respected and more likely to give the best they've got.

A lot of companies, big well-known companies, they're good at attracting great talent, but not always great at getting the best that those people have to give. That's where the magic happens. Hire the best people in the world and then get the best they've got to give. That's really what comes about around culture and stuff.

**Kavi**

In terms of brand building, one thing I've heard you say is that brands are built at the extremes. What do you mean by that?

**Marc**

You can't really think linearly. Building brands are created at the extremes. This is really important because you guys are all going to face this in your life. In business, this is really important. Nobody gets this because every company, they want to incrementally get there.

They want to create a brand and incrementally get there. They want to make investment decisions and do it incrementally. And it seems logical, but by doing that, you miss the big opportunities.

I'll give you an example that I use frequently. I use this truck stop example. There's a truck stop on the highway and they're[the owners] are trying to figure out how to get more truckers to stop at this truck stop. There's a truck stop every thirty miles. Why stop at this truck stop? They[the truck owners] realize that they[customers] usually stop to go to the bathroom and then get food or whatever. The bathroom's key. But, it's a really disgusting truck stop bathroom. So they decide to make the investment to clean the bathroom and they realize people are starting to realize that we have clean bathrooms and they're pulling off more.

Great. They're like, let's do more of this incrementally. They think, let's put some plants in there, put some pictures on the wall, make it a little nicer. Nothing happens. Most people stop there. They started to make it nicer but it didn't do anything, and most people will just stop there. This is really important because this is how most businesses don't get to the extreme. Someone else says, maybe we didn't push it far enough. So they go in there and say, let's put in marble countertops, nice tile floors, toilets and sinks, upgrade them to the top of the line. They spend even more money on this bathroom. Now it's a really nice looking bathroom. Still nothing. No increase in the number of people stopping there. Now they're really done.

Whoever this person was, they basically incrementally spent and then incrementally spent. This is what businesses do. Think about this as an analogy for a business. You're trying to push the customer value prop further. Let's lower prices a little bit, better packaging. This is the analogy—you're doing things and you don't really see a result, and then you just say, that was a waste of money, and then you retrench back. That's why a lot of the big businesses gravitate toward the mean, because nobody's willing to go extreme enough to see the benefit because they want to incrementally get there.

Going extreme in the case of the bathroom would be doing something that is now buzzworthy, or Instagrammable. How do you get the truckers buzzing and making it a point to make sure they stop at this particular truck stop? So you put in there a full on infrared sauna, jacuzzi, massage room. You actually go extreme, so extreme that somebody would be like, that's ridiculous. Why would you ever put that into a truck stop? Well, guess what? People started saying, you gotta stop there and see this bathroom. It's ridiculous. We're gonna get a sauna, get a massage. It's insane. There's a place in the bathroom where you could take Instagram shots. They start posting it. All the truckers see these posts, it becomes a thing. Every trucker wants to stop there, it becomes the most popular truck stop anywhere in the world. So, in short, they were trying to get there incrementally and it didn't work. They give up. Sometimes you have to just leap to the extreme and you need to leap far enough, because if you don't leap far enough, it's not extreme, it's not newsworthy, it doesn't garner any press, doesn't garner any word of mouth. You gotta go far enough that people have to say you're crazy.

Then you know you've gone far enough. It has to be crazy. What I just said about the truck stop bathroom is crazy. But you have to do that to get the benefits of going where nobody else would

ever venture to go. That's where you get the buzz and that's the brand at the extreme. The equivalent would be Zappos, the shoe company, when they first came onto the scene.

They did something extreme and crazy. They said to customers: order as many pairs of shoes as you want and you'll get free shipping and even free shipping back if you don't like the shoes. That was extreme and crazy at the time. People were charging for shipping. They were saying, no, we'll ship it to you for free, and we'll ship it overnight. Ship it overnight for free, and then we'll take it back if you don't want any of the shoes. That was crazy and extreme, and they built their entire business around it. So it's just something to keep in mind. You're going to get faced with this in your career many times. Look for the difference between incremental improvement in something that doesn't work versus pushing it further and it working.

**Kavi**

Do you have an example in one of your companies where you had to change your business model to make it more extreme, from your own experience?

**Marc**

Yeah, so when we started Diapers.com, we said, okay, what price can we sell the diapers at? They're heavy to ship, they're expensive, bulky, so we obviously have to charge more than you can get at Walmart because we're shipping them and it's expensive. Then we said, let's go extreme here. Let's basically charge Walmart prices for diapers and deliver them free overnight, in some cases two days, but mostly overnight to your door.

So, we lost a lot of money on those diapers, but built the entire business around that, about pushing the brand. We took a page out of Zappos's book. In every company I've always pushed to go extreme. The curve[for your business] is not linear. It doesn't work like that. There's some inflection point.

**Kavi**

You and A-Rod own the Timberwolves. How has owning and operating a sports team been different from running a business? Has that gone to your expectations? How's that been—running a sports team?

**Marc**

Yeah, the same principles apply with sports teams, as business and even your life.

It's focusing on the things that really matter. I like to also focus on **vision, capital and people**. I think in business and sports teams, you have to have a clear vision, a clear strategy, and back it up with a structure that supports that vision and strategy. On the people's side, you have to create a culture that attracts and retains and gets the best out of the best people, and get the best people in the right spots. .

If you do that and have a clear vision and strategy, everything else takes care of itself, whether it be a team, a business, or whatever. I can't stress that enough. Most companies don't spend nearly enough time being deliberate about that.

**End of Interview**