



HONEYBEE CAPITAL

HONEYBEE PUBLICATION #13:

LEGENDS OF THE FALL ISSUE

Sometimes a quick newsflash is helpful, but other times things take on more clarity once we have a chance to mull them over a bit. In this issue we highlight a number of inspiring concepts that we've been gathering over the last 6 months or so, through various conferences, research, and conversations.

KEY THEMES:

- **Capital of all sorts – considering less-bucketed concepts of capital**
- **Limitations of various models – both mental and organizational**
- **Books galore, plus poem of the month**

QUOTES OF THE MONTH:

At Berkshire our only style box is “smart”.

- Warren Buffett, BRK 2010 annual letter

There are men who gain from their wealth only the fear of losing it.

- Antoine Rivaroli, L'Esprit de Rivaroli

The most active lives have so much routine as to preclude progress almost equally with the most inactive.

- R.W. Emerson

We're giving away the froth from our cappuccino – we are not even close to the substance of what could be done.

- Abigail Disney, in a talk with Bolder Giving (www.boldergiving.org)

When you ask people about love, they tell you about heartbreak.

- Brene Brown, in her TED talk (which can be found at http://www.ted.com/talks/brene_brown_on_vulnerability.html)

First, the unconscious parts of the mind are **most** of the mind, where many of the most impressive feats of thinking take place. Second, emotion is not opposed to reason; our emotions assign value to things and are the basis of reason. Finally, we are not individuals who form relationships. We are social animals, deeply interpenetrated with one another, who emerge out of relationships.

- David Brooks, *The New Humanism* (executive summary of his new book)

Safire, a master of the form, was fond of likening column writing to standing under a windmill: No sooner did you feel relief that you had ducked a blade than you looked up and saw a new one coming down. He thrived on this, but after 17 years I didn't like what the relentless production of a newspaper column was doing to my writing. **That routine can push you to have stronger opinions than you actually have, or contrived opinions about subjects you may not care deeply about, or to run roughshod over nuance to reach an unambiguous conclusion.** Believe it or not, an opinion writer can sometimes get sick of his own voice.

- Frank Rich, on retiring from column-writing (emphasis added - all researchers and writers, take note!)

We have too much pluribus, not enough unum"

- Arthur Schlesinger, Jr., quoted in remarks by David Gergen

Do or do not... there is no try.

- Yoda

LONG-PERCOLATING THOUGHTS FROM VARIOUS 2010 GATHERINGS – TAKE ACTION, SOCAP, POPTECH, AND OTHERS

- **"FLEXIBLE CAPITAL"**

Have you ever noticed how the words "profit maximization" are often used to imply evil-doing? I (and many) have argued that the issue is with the limited thinking that "profit" means "quarterly reported earnings", not with the notion that it should be maximized. Similar issues swirl around the concept of "capital", and our narrow, shortcut, everyday definition of this term. Sure, there is money capital, but there is also human capital, and intellectual capital, and political capital. Some of the most innovative investors (Acumen Fund, Omidyar Network, the US State Department, and others) are more explicitly discussing these other sorts of capital, and

considering how to best deploy them right alongside dollars-and-cents capital. This might sound like an interesting but inconsequential set of experiments, until you see how they have begun to generate much more creative approaches and solutions. Instead of seeing your investment potential as merely directly investing funds under your control, what if you used those funds plus your intellectual capital to demonstrate proof of concept to a larger pool of investors, or used them plus your political capital to create a base upon which others could add their own investment? Hmm, that sounds a lot like old-fashioned investment banking, or venture capital, or securitization (before that was a cuss word)... oh, yeah, it sounds a lot like just plain GOOD INVESTING. These new partnerships and projects do not fit neatly into various public vs. private investment boxes, but that is precisely why they are worth watching closely.

- **INVESTMENT vs. PHILANTHROPY vs. CHARITY**

For some, these categories are crystal clear silos, with lots of space between them, but for others, the lines are a little blurred, similar to our ‘capital’ discussion above. Though “pure charity” is necessary (in disaster relief, for example, where there is an urgent need for basic life-giving services), it is often not sufficient. Many consider charity to be service-providing, old-school (and wonderful) “giving”, while they see philanthropy increasingly as taking a solutions-based focus, where the aim is to eliminate the need for ongoing charity through longer-term, more structural improvements. This is easier said than done, of course, but what is most intriguing to me is that it continues to blur the lines between different sorts of giving and different sorts of investing. I am often asked “either/or” sorts of questions around these categories, and indeed several studies show there is a sharp behavioral difference between them, with little correlation between charitable decision-making and investment decision-making. [Some great detail on this and many other issues can be found in the 2010 Hope Consulting study, Money for Good:

http://www.hopeconsulting.us/pdf/Money%20for%20Good_Final.pdf]

However, the need for an answer of “and” rather than “either/or” is clear. In almost every interesting and worthy endeavor need there are elements of charity, philanthropy, and investment that can serve as positive catalysts – they key is to help them work together, with clear and complementary goals.

- **MOBILE MOBILE EVERYWHERE – THE POTENTIAL TO ‘FAIL CHEAP’**

From ‘fast pitch’ contests on campuses to news reports of natural disasters to investment reports on the next big wave of innovation, mobile applications

are everywhere. At long last we finally seem to have realized the visions of the guys who were raising money in 1999, talking about the day when most of your data consumption and communication would be not from paper, not from a big screen, but in teeny-tiny format, in the palm of your hand. What was mainly ignored by those early visionaries was the use of mobile devices for the “un” populations (where the very terminology is some of the ‘heaviest’ language around, full of history and assumption and bias – un-banked, un-served, un-reachable...). Now we are seeing texts of fair crop prices flying from village to village, results of basic health screenings reaching well past the ends of the roads, payments able to be safely and quickly delivered even when all sorts of other transit is impossible. The list of new mobile entrepreneurs is too long to reproduce here, and has been very well-covered elsewhere, but one element of RISK for these ventures seems underappreciated to me – the **risk of harm** to users. At the PopTech conference last fall the theme was ‘Necessary Failures’, and indeed, some failure is necessary – but some failures hurt lots of innocent bystanders along the way. We often hear financial investors tout the benefits of ‘failing fast and cheap’ with certain sorts of technology investments, where you can try a crazy idea for a minimal investment, learn something, and move on if it doesn’t stick. It seems to me that many mobile advances, especially those targeted at the communities noted above, can have similar characteristics – you might have slow takeup for your service, it might be displaced by something better, but you are not experimenting with a new water system that may or may not be functioning in a year, or selling an expensive new consumer product to a group that may or may not benefit from its ownership. This has brought a new meaning to ‘failing cheap’ to me, and it is one I like to keep in mind when analyzing all sorts of new investments. Ultimately, both the financial and the human success of many of these new endeavors will relate to their potential to ‘fail cheap’.

FAVORITE NEW(ISH) WEBSITES AND ORGANIZATIONS:

- **GREEN BOX TOP & LIVING SOCIAL**

Do you like Groupon but hate their obnoxious Super Bowl ads, and their equally obnoxious comments about the supremacy of their business? Here are two alternatives – Green Box Top is limited in geographic scope but has an interesting eco-focus, while Living Social is more of a full-on competitor, complete with management team that knows how to handle public relations. Or maybe just relations.

www.livingsocial.com

www.greeboxtop.com

- **FLIPBOARD**

If you use even a couple of different social media platforms and do not use the Flipboard app, you are missing out. This product takes all tweets, posts, and updates and aggregates them in a pretty, easy-to-use magazine format, one that makes it easy to sift through photos, video links, and more. I hear there is a newer version coming soon that is even better – and it's free.

<http://flipboard.com/>

- **USHAHIDI**

What do I admire about Ushahidi? 1) they are built on notions of openness. 2) they use effective data visualization to save lives. The group came out of efforts to help people during the Kenyan election violence in 2008, and now offers an open source platform that anyone can adapt to suit their needs – applications are varied, but the basic idea is that this allows anyone to submit data from any device to a central website, where it can be mapped and used by those who need it (like the Red Cross after the disaster in Haiti). This is a great example of humans + technology = positive impact. What was the most common word in messages from Haiti? “Help”. The second? “Please”.

www.ushahidi.com

- **ETSY**

Need a very thoughtful, very personal, reasonably-priced gift? Want to help out individual crafty entrepreneurs instead of buying another pretty but mass-produced present? Look no further, your dreams have come true.

www.etsy.com

BOOK REVIEWS:

Zero Sum Future, by Gideon Rachman

I heard this book referenced last year and have been eagerly awaiting its publication ever since – here it is, hot off the presses! This is why it is on top of my reading pile: Rachman (of the FT) makes a case here against a zero-sum, protectionist, you win/I lose sort of mindset when it comes to world affairs. When I think of some of the newer things the State Department is doing – more grass-roots outreach, more community investing, more citizen engagement instead of only official-to-official, it fits right into this premise, and yet this is still clearly a contested idea. It is one of those meta-notions that seems to be deeply seated in our minds (and not just regarding world affairs) - the idea of a fixed pie that we need to fight for, as opposed to a cherry tree that we can nourish together to produce many more pies for all. (Don't worry, I suspect Rachman does not use corny gardening analogies like that in the book).

http://www.amazon.com/Zero-Sum-Future-ebook/dp/B0043RSJLS/ref=tmm_kin_title_0?ie=UTF8&m=AG56TWWU5XWC2&qid=1300197053&sr=8-1

Priceless, by Frank Ackerman and Lisa Heinzerling

Last fall I was fortunate to be part of Michael Sandel's small seminar course on ethics and markets (see our prior commentary on his book, [Justice](#)). This volume touches upon the central question of the class: are there things that have no price – or that have one, but shouldn't? I have long been fascinated by attempts to measure things that are not so easily quantifiable – quality of life, health, environment, social benefits and harms – and there have been some great advances in analytical techniques over the years, with increased nuance, usefulness, and thoughtfulness. But there are dangers to this measurement too - the dangers of false precision, of measuring the measurable instead of the important, and, most of all, as highlighted by Ackerman and Heinzerling, of de-valuing the very essence of the thing that is so precious to begin with.

http://www.amazon.com/Priceless-Knowing-Price-Everything-Nothing/dp/1565849817/ref=sr_1_10?ie=UTF8&qid=1300196118&sr=8-10

Giving Voice to Values, by Mary Gentile

I had the pleasure of discussing Dr. Gentile's work with her a few months back, and was so refreshed by her approach to "values in the workplace"! She skips the endless "if" discussions and focuses on action. The assumption is that we all DO have values that influence us in the workplace, so let's stop pretending otherwise. Because of this premise, Gentile's work takes on a very action-oriented approach: instead of wondering whether values should be considered, or debating what they

might be, this approach focuses on how to ‘voice those values’, how to make things happen. Originally supported by the Aspen Institute Business & Society Program and Yale School of Management, *Giving Voice to Values* is also an active curriculum used in numerous settings, and yes, it is OPEN, FREE, and highly collaborative (details of the curriculum are at the Babson link below).

http://www.amazon.com/Giving-Voice-Values-Speak-Whats/dp/0300161182/ref=sr_1_1?ie=UTF8&s=books&qid=1300666155&sr=8-1

<http://www3.babson.edu/babson2ndgen/GVV/default.cfm>

Freedom, by Jonathan Franzen

Okay, I waited and waited to write about this book, the “it” novel of summer 2010. Now that those who were determined to assess the hype for themselves have had the chance to do so, I’m weighing in to say: I did not like this book. So there. It is bleak, dreary, and not even very interesting. I am all for highlighting our lives of quiet desperation if there is some sparkle of insight, some glint of wisdom, some glimmer of illumination that comes from it, but here I see no sparkle, no glint, no glimmer. Just gray. I do not insist on happy novels, but if an author dares to dwell in the cold drizzly parts of life like this, I do insist on moving, interesting writing, stories that instruct or inspire rather than preach and exhaust. There are a thousand other books I would recommend before this one.

<http://www.amazon.com/Freedom-Novel-Jonathan-Franzen/dp/0374158460>

The Nick Adams Stories, by Ernest Hemmingway

It is not fair to put Hemmingway right next to Franzen, I admit it – but, here we have bleak done right! These stories have energy and movement and life in them, even at their darkest moments. I’d never read them all collected together before, and it is really fun to follow Nick through these stories, which were written over a very extended period of time. Best read beside a roaring fire as a blizzard rages outside, or on a cushion of pine needles in the middle of the woods.

http://www.amazon.com/Nick-Adams-Stories-Ernest-Hemingway/dp/0684169401/ref=sr_1_1?ie=UTF8&qid=1300113132&sr=8-1-spell

Leaves of Grass, by Walt Whitman

*Oh oh oh, Walt Whitman! As loyal readers will know, I have been slowly re-working my way back through the stuff they make you read in high school, which is infinitely better if you wait a decade or two and re-read it. *Leaves of Grass* has always had a soft spot in my heart because our high school English teacher cautioned us NOT to read certain verses, no matter what – thus treating us like*

Katherine Collins, Honeybee Capital © 2011

near-adults for the first time in our lives, and ensuring that we all read the best, and most full-of-life, bits. "I am large, I contain multitudes... All truths wait in all things... I tramp a perpetual journey" --- what a delight to encounter lines like this in context, instead of plucked out to stand lonely on a page! (though they function just fine on their own too). Just read it - preferably an old paperback copy, curled in a sunny window - you will feel all springy and new and full of vim.

http://www.amazon.com/Leaves-Grass-Walt-Whitman/dp/1936041375/ref=sr_1_1?s=books&ie=UTF8&qid=1300113173&sr=1-1

Canal House Cookbooks, by Melissa Hamilton and Christopher Hirsheimer

These books are intriguing for several reasons: 1. They are self-published, which brings a troubling shortage of earlier volumes, but a refreshing freedom of beautiful editorial content. (This also has some interesting implications for big publishing houses – they are BEAUTIFUL little books, and have a big following – why would you need a publisher?). 2. They are focused – about 50-60 recipes in each volume, all seasonal and easy to mix and match. 3. They are written by two women with serious culinary street cred (oh yes, there is such a thing!), but the recipes are easy and accessible. Their cassoulet recipe, for example, was the simplest by many hours of dozens that I recently compared, without skimping on the essence of the dish. 4. There are stories and commentary to go along with each recipe – just enough so that you feel you have some context to go along with the food. 5. Every single thing I have made from these books is delicious.

http://www.amazon.com/s/ref=nb_sb_ss_i_0_19?url=search-alias=stripbooks&field-keywords=canal+house+cooking&x=0&y=0&prefix=canal+house+cooking

POEM OF THE MONTH: In honor of current events 'round the world.

*Seamus Heaney, The Cure at Troy
(his version of Sophocles' Philoctetes)*

Human beings suffer,
they torture one another,
they get hurt and get hard.
No poem or play or song
can fully right a wrong
inflicted and endured.

The innocent in gaols
beat on their bars together.
A hunger-striker's father
stands in the graveyard dumb.
The police widow in veils
faints at the funeral home

History says, Don't hope
on this side of the grave.
But then, once in a lifetime
the longed for tidal wave
of justice can rise up,
and hope and history rhyme.

So hope for a great sea-change
on the far side of revenge.
Believe that a further shore
is reachable from here.
Believe in miracles
and cures and healing wells.

Call the miracle self-healing:
The utter self-revealing
double-take of feeling.
If there's fire on the mountain
or lightning and storm
and a god speaks from the sky.

That means someone is hearing
the outcry and the birth-cry
of new life at its term.