

Ryan Petersen Intro: [00:00:00] If you raise a lot of money, you shouldn't immediately the next day, do a hiring freeze and don't hire anybody for 90 days and go, look, money's not going to solve our problems.

We're going to solve our problems. And so overhiring in general has been our biggest mistake. I've never seen a company successfully raise a bunch of money and not start spending it in ways that don't, that aren't actually very smart. I don't think speed is the most important thing. I think it's velocity. velocity has a vector, it's speed in the right direction.

Ryan Peterson: If you're going the wrong direction, you're like, this is terrible.

Harry Stebbings Intro: Welcome back. This is 20 VC with me, Harry Stebbings and joining us in the hot seat state is I think one of the great CEOs and founders of our time, It

could not be a more pertinent time for him to join us also having recently resumed the role of ceo yes i'm thrilled to welcome back. ryan peterson co-founder and ceo at flexport fund fight in 2022 flexport moved more than \$26 billion worth of merchandise and over the last 10 years ryan has raised close to \$2.5 billion for the business with the latest valuation pegging the business at \$8 billion.

Scarlett 2i2 USB-1: But before we move into the show, [00:01:00] today.

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Morgan Freeman Intro: You [00:04:00] have now arrived at your destination.

Harry Stebbings: Ryan, I am so excited for this. I can't believe how long it's been since our last show. I was, I was young when we last did a show. So thank you for joining me today. Oh, my pleasure.

Ryan Peterson: Thanks for having

Harry Stebbings: me back, man. Not at all. But I want to start with a bit of a weird one, but I find it actually quite informative.

Think back to when you were young, you and your bro growing up. What did you want to be when you were growing up,

Ryan Peterson: Ryan? Oh, wow. I don't I ever had that many ambitions. I don't remember, to be honest. Did someone tell you? Did my brother tell you what I wanted to be? I don't remember.

Harry Stebbings: No. I'm just always fascinated by it, Did you know that you would be successful?

Ryan Peterson: No, I don't think so. I spent a lot of my time. Learning languages when I was younger and I liked adventure, you know, I wanted to get out there. My favorite kids book was always a curious George when I get out there and see what's happening in the world. Go on some adventures, cause some trouble.

You know, I lived in five countries before I was 24, learned how to speak Spanish, Portuguese, Chinese, a little French, but it was all just in the spirit of adventure. I don't think I had like longer term ambitions. And so I just[00:05:00] got into working for my brother and doing

Harry Stebbings: business. In the spirit of adventure, that takes you to China and reselling scooters, motorbikes.

How does that lead to Flexport with your bro?

Ryan Peterson: Yeah. So 20 years ago, early two thousands, my brother, I started working with my brother when I graduated from college. And we built this company buying motorcycles, off road vehicles, dirt bikes, ATVs, dune buggies, and selling them through the internet.

And it was really a technology company. Like we didn't market ourselves that way, but it was before Shopify and Stripe. And we had to build our own

inventory management systems and accounting. It was in the browser, like in the late nineties, early two thousands. So, you know, we should have built like a software company and sold the software.

Instead, we kind of sold these motorcycles, but we learned a ton about import, export, and about how difficult it was to work with the freight forwarding and logistics companies of the world, both because. Of a lack of technology, 20 years ago, there was just nothing the trucking side.

We could 20 years ago, log in to platforms and gets rates. And we built a lot of automation around that, but the, the inbound side, the [00:06:00] import of containers and air freight, like just nothing. We couldn't get anything. And then too. I felt like the freight forwarding industry wasn't easy to work with. They didn't want to see the world through my eyes and help me as an entrepreneur to build my business.

There's a lot of arcane terminology, kind of code words, acronyms. And now my working model is these are rookie detectors. So they can figure out whether or not I know anything. And if I can't, they can charge me a lot of money. But we wanted to build a company that kind of like makes it simple to understand import export helps you.

And we want to make money, but we'll do that by helping you grow your business and using technology. To make things easy. really came out of like a frustration as a customer of feeling like, man, these companies are like, they make a lot of money. They're good businesses, but they just aren't very.

Easy to work with both tech and a culture of customer engagement could make it a lot

Harry Stebbings: better. I spoke to many of our mutual friends before the show and they said, ask about the time slightly away from being CEO and your reflections on that time, you were CEO for so many years and then you had a little bit of time away.

how did you reflect on your life and [00:07:00] Flexport in that

Ryan Peterson: period? I wasn't really away. I was the chairman of the board for Flexport, so I was less involved. I was more of a board member. I would say I spent a lot of time. Well, I did spend a lot of time with my family. I've got two young kids and a wonderful wife.

So I spent a lot of time with the family. I think the time to reflect and really think about the business from first principles as an investor was really valuable. I became an investor. I joined Founders Fund as a partner, looked at a lot of businesses and I started looking at Flexport from the mindset of an investor.

Rather than a founder. I think that was actually really healthy to kind of step back and look and look at the PNL, look at the business model, think a little bit more clear headed about where we are. You, you know, you're in the business every day. It's a little bit hard to step back. Did you see it

Harry Stebbings: differently when you looked at it as an investor through that lens?

Ryan Peterson: Yeah, I did looking at it from a balance sheet perspective, return on assets, return on capital, return on invested capital. How do you think about what kinds of return on capital do you want to generate? How should you reinvest profits? How do you generate profit and then reinvest it in ways that compound and more like an investor's hat rather than a founder, where you're just like, build, build, build.

Solve problems and build and the investor [00:08:00] can take a step back and like look at the company without even Looking deep into the company just by reading the income statement and balance sheet And those are kind of things like Founders need to do way more often really live in reality and sit down with their Business and look at it the way an investor will look at it

Harry Stebbings: Did you take those reflections into CEO today?

Like have you kept that lens and applied reflections into how your action plan is today?

Ryan Peterson: For sure. Yeah. I mean, I come back to the company about two months ago and first thing, you know, I come back with basically three things now I'm not saying, Oh, I come back as an investor, but there are some aspects of what I'm doing right now that feel a little bit like private equity.

I've come in and run a tight ship. We cut 27 percent of our costs already in my first five weeks. We've got a roadmap to, to get the company profitable by the end of next year, without raising prices for our customers. So that's super important, but that's not the most important thing I'm doing.

Actually, the most important thing I'm doing right now is actually has. Not something an investor would do. It's really about the culture of the company and driving a culture where our leadership, starting with me, but all of the people in leadership at the company are way more in tune with our [00:09:00] customers and with the people that serve the customers.

Like spending way more time on the front lines, getting to know the customer, getting to know the problems that customers have, and how do we solve that? And then I can't meet all the customers.

I've done 115 customer calls. In the first eight weeks on the job trying to do four or five every single day I can't meet all the customers But I can meet all the teams that are meeting the customers and synthesize that feedback And make sure we're actually addressing all the key issues that are that are out there And so yeah, that's probably the most important thing i'm doing even though it gets more headlines Hey, i'm cleaning up cutting costs and stuff like this we're gonna

Harry Stebbings: unpack quite a lot of what you just said there. I do want to start more around you and your leadership, actually, Ryan, and it's something that I want to start with, which is quality versus efficiency. Can you talk to me about how you view the two and the relationship between quality and efficiency?

Ryan Peterson: Yeah, you know, I don't know if this is true for every company in the world, but it is, it is the absolute truth in logistics is that almost all inefficiency comes from bad quality. And very practical, what is bad quality? It means something was late. It was shipped to the wrong address, use the wrong customs classification code, or you cleared it [00:10:00] through customs when it should have traveled through that country without clearing customs on to the next country.

a mistake like that will cost you all your efficiency gains for the month. You know, one mistake, cause it takes weeks to unwind things and the penalties and you can never quantify the lack of loss of trust. That a mistake like that will bring to your customer. it's very ironic that the more a company in logistics focuses on efficiency, the less efficient they'll get.

And the more they focus on quality, the lower their costs will be. The more efficient they'll be. It's kind of intuitive. It's not obvious at all. Although if you read a lot of literature, you know, the great American business philosopher is W. E. Deming, and he's known as like the grandfather of quality or something like that.

And if you read his stuff, you're like, yeah, none of this is surprising. it's like the heart of the Toyota production system. The goal is my favorite sort of business book. And it's all about theory of constraints and driving quality so that you don't have to do rework and eliminate waste as you go.

Harry Stebbings: Ryan Do you think that the best ceos are the best resource allocators?

It's commonly said as a throwaway phrase Do you think the best ceos are the best resource allocators?

Ryan Peterson: Over the long run, [00:11:00] 50 year period or something. The, the CEOs who have the best returns in the stock market have been really good at resource allocation, meaning they, they really understand when their stock is overvalued or undervalued, and if it's undervalued, they buy their own stock.

If it's overvalued, they issue stock and buy. Other companies, they're very in tune with buy and sell in the public markets. Other companies doing m and a. Or being very smart. And that's a pure form of resource allocation within a public company. In a private company, that's way less important. I think in private company, it's much more, yeah, I guess you can say resource allocation across teams Do I want to put headcount into this or that? I don't think that's the most important thing in private companies though. It's usually like, do you have a great vision? Can you attract the best talent? And can you just like execute, can you actually deliver results against your vision? I don't know if that's really resource allocation, so it's probably different public versus private.

Harry Stebbings: I think you learn a lot from wins and losses, right? When you look at your resource allocation decisions, the investments that you've deliberately chosen to make, what have been your best resource allocation decision and what's been your [00:12:00] takeaways when you reflect on them? Yeah, well,

Ryan Peterson: I don't know if it's part of resource allocations.

We've raised capital twice where we did very large rounds in capital. At what felt like the peak of a bull market and wanted to put money in the bank so that we can ride out and have a fortress balance sheet to ride out any storm that comes. So we did that the 1st time was in 2019 and it turned out the bull market continued and, you know, you can't predict these things, but, but we raised a 1, and then in 2022, we raised 984, 000, 000 that turned out to be true.

Like that, we were kind of at the peak of the bull market and that balance sheet serves us very well. Today that we have a billion dollars in cash and we're in a place to execute and not be too concerned, overly concerned about, you know, there's a recession in freight right now and capital markets for tech companies have come down quite a bit since then.

And we have a fortress balance sheet to protect us and insulate us from those problems. I don't know if you call that resource allocation. I sort of do because you're now. In a place to protect the company and have cash that you can continue to allocate through the cycle. We've done a limited amount of M& A.

We apply, we acquired Shopify Logistics.[00:13:00] I'm very, very proud of that deal. I think it's incredibly powerful to now be able to go end to end we're the only platform in the world that does that seamlessly in one tech place. It's a little too early to say if that's like great resource allocation or not. I think it will, I think we'll look back in a few years and say that was incredible.

Before

Harry Stebbings: we discuss the flip side, can I ask a blank question? Do you feel the weight of the valuations raised at? Obviously it was a bull market and prices were high. Do you feel the weight of the last round price?

Ryan Peterson: Uh, no, I don't. The reason is I've told my team after every round that we've done, this is not our valuation.

This is a moment in time, a group of people with a view of the future and, you know, because the value of any company at any time is the, well, it's the net present value of the future cashflow is discounted by some, you know, risk rate and whether or not that's going to come true and what, you know, what the best opportunity cost is.

And the future is inherently uncertain. We have no idea what the future is going to look like. Everybody has their own view. And so our valuation is sort of like you take all the probable possible futures out there. You assign a probability outcome to each of them and you collapse that [00:14:00] distribution curve down and you get a price, but when we, our valuation was marked at 8 billion, you could say, well, we're never, we, I literally told our team this the next day, we're not worth 8 billion.

There's a some probability chance that we're worth, we're going to be worth 800 billion and some chance we're going to be worth 80 and some chance will be

worth nothing. I mean, and our job is here as employees is not to sit here and think about our valuation and hope that it goes up. It's to go make it more certain that those probabilities that we want come true.

And so, you know, it doesn't matter what the current price is of the stock. Like we just got to go execute. And make the outcome we like more, which is being worth 800 billion someday. I mean, we're a platform for global logistics, like global trade is 47 percent of GDP. That's a big number, you know, if you can be the platform for that, you can be worth trillions of dollars.

So like, who cares what our valuation is right now, according to some outsider who doesn't even own Flexport stock and writing an analyst opinion on it. Like, that is not how we're gonna run this business.

Harry Stebbings: On the flip side, what was the worst resource allocation decision?

What was a mistake that you [00:15:00] allocated resources to that you shouldn't? And how did that change your perspective?

Ryan Peterson: over the last decade, capital raising came easy to Flexport. I mean, you had zero interest rate. Flexport's a really good bet. We raised a lot of money. I've never seen a company and I've tried this and I've raised as much money as almost anybody.

Ryan Petersen Intro: I've never seen a company successfully raise a bunch of money and not start spending it in ways that don't, that aren't actually very smart.

Ryan Peterson: It's the biggest risk to raising too much money is you just like lose discipline and you start spending money. This was true, by the way, from day one, we raised the 20 million Series A.

The time it seemed like a ton of money the next day or like within a week, we had a conference coming up like a, where we were exhibiting at a trade show or something. And I immediately purchased a shipping container and transformed it into a booth. And spent like 50, 000 bucks on this thing and like I don't know if that was a good or bad decision But like I definitely wouldn't have made it two weeks prior when we didn't have the 20 million bucks in the bank It's like the money wants to spend itself And so that's the ultimate risk and you can sit here and go we're not going to spend it We're going to pretend we didn't raise it But you would be as a founder the first person [00:16:00] ever to to succeed in

that but my advice would be to a founder who's raising a lot of money and my advice to my former self would be like

Ryan Petersen Intro: If you raise a lot of money, you shouldn't immediately the next day, do a hiring freeze and don't hire anybody for 90 days and go, look, money's not going to solve our problems.

We're going to solve our problems. And so overhiring in general has been our biggest mistake.

Ryan Peterson: we've had to let people go. We've done layoffs and it's, it's terrible for the culture. And so, yeah, that's definitely the worst capital allocation is overhiring. And we hire great people too, by the way, it's just like, we didn't have the cost discipline in place.

And a lot of that's because we raised money too easily. I always

Harry Stebbings: say, like, actually, get a separate bank account, put it in a separate bank account, forget that you have that bank account, and I have this fight with Parker Conrad, always, online. I tweet it, I love Parker, so I'm saying that lovingly, but he's like, too much money never killed a company, it's a VCism, you know, the more money, great, and I'm like, no, it encourages ill discipline, and,

Ryan Peterson: Well, look, I, I actually agree with Parker, but I can play both sides because I can agree on nuance.

Because I do think, I do think, look, I raised a lot of money. I think that was a success. I [00:17:00] said it was the best example of capital allocation I did was raise a lot of money at the peak. However, it does lead to bad habits, both these things can be true at the same time. Imposing that discipline is totally possible.

But you have to be living in reality, looking at your P and L every day, looking at your team, looking at the salaries of your team. I think a lot of what I've done that was a mistake was like when you were doing performance reviews, you can't just do a performance review without also looking at the team's salary with the team member salary.

We let go of a lot of amazing people a few weeks ago, we let go of about half of our engineering team. We know we grew our engineering team this year from 450 software team members, product and engineering team members to 1300. It was super aggressive and then we reigned it back in. When I came back as

CEO, we have a lot of cash, you know, we have a billion dollars in cash. We have a product roadmap that we think can really transform the way global trade is done in global logistics. And we are in a hurry to execute against that roadmap we wanted to go build it all. And we weren't living enough in reality of like, okay, it's fine.

We're the leaders in [00:18:00] technology and freight forwarding by far. Like if you look at the freight forwarding companies in the world, Flexport's now the third largest of the American companies and top 10 globally. And if you look at the top hundred providers of global freight forwarding services, customs brokerage and freight forwarding, we're the only one.

Founded after the web browser was invented in 94. Like we compete against companies that were literally founded in the 1800s. And so I'm not worried that we won't be the leader in technology and it's okay if it takes us a couple more years to build out everything on the roadmap.

And I think that was a mistake. We were like trying to deliver everything in one year. And we don't need to have that pressure. It's like, Hey, we just sequence things, build the quality, do it right. And we'll get there.

Harry Stebbings: Well, there's another common trope, which is like speed is the single biggest determinant of success in startups and company building.

Do you believe that's true? Or given what you just said, is speed actually not as important as people maybe suggest?

Ryan Peterson: Oh, well, I think you have to be very careful with your definitions here, because

Ryan Petersen Intro: I don't think speed is the most important thing. I think it's velocity.

Ryan Peterson: And if you remember your physics,

Ryan Petersen Intro: velocity has a vector, [00:19:00] it's speed in the right direction.

Ryan Peterson: If you're going the wrong direction, you're like, this is terrible. And so sometimes the highest velocity thing you can do is stop and do, and go nowhere. If you're speed in the wrong direction, that's negative velocity and

that's really bad. that's the key is being agile, being able to change direction because the world's chaotic.

The world's gonna, especially in logistics, like we've seen crazy stuff, COVID, and you've had bankruptcies of shipping carriers, and then you had to make hundreds of billions of dollars five years later, you've had tariffs, we've seen everything. And so you have to be very nimble as the world changes to be able to change direction without losing speed.

That's a very hard thing to do,

Harry Stebbings: Do you know when you're going in the wrong direction? Do you know early? Is it apparent?

Ryan Peterson: Not always. I think that's the art of leadership, I suppose. You know, I really like Bezos concept here of like the one way door and the two way door. move very, very fast as long as it's easy to change direction and come back.

Often that's the case, and you should go really, really fast because it's fine. Sometimes it's a one way door, you can't come back. And so then you've got to be real careful not It's okay to go the wrong direction as long as you can change courses and be nimble, right? [00:20:00] But if it's a one way door, type one decision, then you've got to Those are decisions that need to be made.

By seeing your people with a lot of judgment, to avoid mistakes. Otherwise, it's fine to go fast and make mistakes.

Harry Stebbings: The only thing I think with that is, like, so, so few things are one way door. But like, kids are a one way door. But like, so few is actually a one way door. Key hires, not. Strategic decisions in countries, not. Products, not. Is there really one way doors?

Ryan Peterson: Well, spending money, you can't get the money back. So, thinking about capital allocation, making sure you don't blow the money.

so things that cost a lot of money, that's a one way door. some relationships. Although, we found in logistics that, I think General Patton said it's, it's not, not how high you climb, it's how high you bounce after you fall. And so a lot of our best customer relationships are people that we royally screwed up with five years ago, but it's how do you respond to that moment.

Does the CEO give them a call and apologize and make things right? Do you take care of them? Do you, do you pay the extra money? That's ultimately a value system. Cause your [00:21:00] values don't really count unless you're willing to give up money for it. Otherwise it's just word on the wall. even those relationships, but if you don't show up and you don't really handle things well, that could be a one way door.

I mean, I have people that I don't. Interact with anymore and I won't do business with because of the way they behave There are one way doors out there, but I agree with you in general like most things are two way doors

Harry Stebbings: Spoke to so many of your friends and they all of them literally said I had to ask you about Roman Empire Your lessons.

Ryan Peterson: To be honest, I'm more of a fan of the ancient Greeks and the ancient Egyptians than the Romans, but I do like ancient history.

Harry Stebbings: How does ancient history then impact your thinking on company building?

Ryan Peterson: I really enjoy the work of one author in particular. His name is Will Durant. Will and Ariel Durant, actually, husband and wife team. Although Will wrote the first five books. There's eleven books in the series. They're like about a thousand pages each.

And it's the whole history of civilization. So I basically read those books. I read one of his books and then someone else. And I alternate back and forth. So I've read the whole series like four or five times. And the reason I like him... Is that what he does is a synthesis. It's a type of history where you study all, all aspects, not just [00:22:00] military or political, but art culture. Science, religion, manners, morals, fashion, everything that we know about, about a civilization as an interconnected web.

And I think it's actually a really interesting way to think about companies. Because we are very cross functional. If you're only focused on product or engineering or sales or one aspect of a company, you're really going to miss the collective whole of how these things interconnect. it's not so much about the history.

It's about the way of writing history that I find really relevant. For companies is that if you can, when you write your, for example, your annual plans of what is the team going to build, sometimes you have to duplicate. You have to write the

same thing twice, but I want to see what is the finance team doing and what is the sales teams doing?

And do these actually interlink is the tech team building the right product to support both of those things and vice versa, right? Are they selling the product that the tech team's building? It takes extra work to go through and make sure all this stuff interlinks. But it's quite contrary, by the way, to an Amazon mindset, but in the Amazon world, you sort of like have a business unit that just goes hard and doesn't have [00:23:00] to pay attention to all the other business units. And I actually far prefer the cross functional collaboration and teams coming together and reading each other's plans and making the plans really transparent to as many people as possible.

Because if you don't have that synthesis, then how are you going to know that you're, especially in our business where it's an end to end logistics offering? It's very difficult to do that in a world where people are just thinking about one leg of a shipment or one department in a company. What's

Harry Stebbings: been the biggest lessons for you in where those interlinkages break, where the cross functions don't work?

Ryan Peterson: You know, in our business, it's an end to end offering. The way that Flexport works is companies come onto our platform, they place orders to their factories through Flexport. buying purchase orders, buying goods, those factories become users.

The average importer of goods is onboarding 18 factories. And then those factories become users. They place bookings. They say, okay, the cargo is ready on this date. We send a truck out there and across a hundred, over a hundred countries, send a truck, pick it up, export, clear it out of that country, put it on a ship.

So we've got to have contracts, all the ocean carriers and airlines.[00:24:00] Cross the world, clear it through customs, truck picks it up at the airport or the port, delivers it directly to the customer. Sometimes we'll bring it to a warehouse, unload the container, put it on a dry van, on a regular truck and deliver it. Bring it to another warehouse. We then deconsolidate it and ship it to customer stores or into retail stores. So it's an incredible amount of complexity. As you can imagine. So if you try to run this. Where each leg is just only thinking about themselves in isolation. You're very likely to screw something up a mistake, a change in China at the origin or in Vietnam and a delay there, I've got to replant everything downstream.

Because, you know, the truck now has to be rescheduled a week later, three weeks later. yeah, silos are incredibly dangerous in logistics. And yet there's no possible org chart that could solve this. People who work in simpler businesses, they try to solve these problems with an org design that says, okay, everybody, you know, these people report to me.

But only this one person can have everybody in that network that I described [00:25:00] reporting to them, and then they become a bottleneck. So you have to build a company. Amazon's done a good job with the API memo. Bezos has kind of solved this with it. Everybody should communicate with APIs and we don't want to have any meetings.

That's correct. We're developing that direction. But in the meantime before you have everything being API of everything of your team talking to everybody by APIs. You just have to sit down and collaborate. You have to read each other's plans. You have to line up, make sure that, the handoffs are seamless, that each team, because the way we're organized is each of those legs is the team, but they got to pay attention to what's upstream and downstream of them.

Ryan,

Harry Stebbings: how many direct reports do you have?

Ryan Peterson: Right now I have

Harry Stebbings: 15. Is that not too many?

Ryan Peterson: For our business, it's the best way I've had this view is six. much better to have more. And get more collaboration, but I don't have a 15 person meeting unless I just need to tell everybody something we don't make decisions with all 15 people in the room. We grab 4 or 5, 6 people for whatever the topic is that we need.

And we'll go deep and not just those 6 people who report to me. But some usually layer down from the technology or someone from the front lines who understands the issue And that's where we [00:26:00] make decisions in small groups like that. Not, not with all 15 people.

Harry Stebbings: Speaking of making those decisions in small groups, culture is so important for it, that people feel able to talk to you, that they're not scared to, that they can discuss the hardest things.

I've been bad actually at culture building, but being young, I kind of always thought friendship was the way to build companies, which is the worst thing ever, obviously. What have been your biggest mistakes on culture?

Ryan Peterson: Yeah, I think trying to be popular is a big mistake. You have to do what's right. Not what's popular in the company.

And sometimes you do things that are unpopular, but if it's the right thing to do, you got to do it. I think the best thing to do on a culture, like what the goal of a culture is to drive velocity. We were talking about velocity before speed in the right direction. You gotta have a great mission to do that.

You gotta have a great mission, a purpose. Why are we here? You know, Flexport's mission is to make global commerce so easy there will be more of it. Like, I think that's inspiring, like, let's increase GDP for the world. Let's help people create opportunity and get richer. Logistics is your kind of a backstage pass of the world economy, what's happening in all the world's companies, how are they run. Help them with their problems. So having a sense of purpose. So you actually know [00:27:00] we're all rolling in the same direction. Absolutely crucial for a good culture is like, sounds cliché, but you can't do enough of it too, is you got to have trust, which means people doing what they say, not talking crap behind each other's back, putting the issues on the table, a culture where you're not going to get scorched because you criticize somebody.

For example, one thing I do for this is we have an open channel in our Slack instance, where anybody can ask the leadership team a question. And I may, I praise people who ask hard questions who criticize us. I mean, I think that's awesome. I prefer courageous people. And I think that builds trust.

Harry Stebbings: What's been the hardest question?

Ryan Peterson: Oh, we get, we get questions, a lot of questions about, you know, we, we laid people off. So you obviously going to get a lot of tough questions when you do something like that around benefits and salary. And did you think of this thing, or we really reduced the size of this team? Does that mean you don't value this team?

Things like that are tough questions, but I respect that courage. Imagine being a junior person in a company, not have not been around very long and challenging. Global CEO publicly in front of everybody. That's [00:28:00] awesome. Like that's courageous. So much better. There's this anonymous social network. It's like the terrible, all the cowards go there and just talk trash.

Like you're obviously a coward if you're allowed to talk in public and ask the open question, but you're too cowardly to do it. And you post on the anonymous social network. So I think that builds trust. I think having things like that, where you can just. Answer questions. I'm not afraid of any question.

I don't always have the best answer. Well, I'm not afraid of it. I live in public and be authentic the only way I know how to do it. So a sense of purpose, a sense of trust. using intuition is really important for culture. it can't be all data. Data is overrated, in my opinion. Data is valuable, but data is too slow and often it's inaccurate.

And most humans are not actually using data the way they pretend to use data. Most people know what they want to do. And then they use data to justify what they were going to do anyways. Uh, and you can always find some data to back up your case, if you're certain. I respect that. I think people who have good judgment can make decisions, move fast.

Data is also very slow. You know, it takes a long time to get the data you want. And you often need to move faster than [00:29:00] that. And data has one major drawback, which is that all data comes from the same place, which is the past. if the future looks different from the past, your data is completely useless.

but you got to have high judgment people interpreting data saying, is this actually right? I mean, the number of times I've been shown some data and I've been like, but what about this?

I'm like, instantly I can debunk reports on data. using intuition is key. A culture of learning is really key. Honoring mistakes, not scorching people who make a mistake and constantly trying to learn and get better. These are like all really important aspects to building a high velocity culture where people can, build trust and go fast and execute on that mission.

Harry Stebbings: A lot of what you just said is predicated on actually having the right people on board as well. What are some of the biggest hiring lessons you have that you wish you'd known when you started or in the earlier years?

Ryan Peterson: I just don't hire outside people. Uh, I'd rather much, I don't hire senior executives. Look, that's not a blanket rule. We've hired a lot of great senior executives at Flexport over the years. And a lot of them are doing amazing work for us, but [00:30:00] it's so much higher risk than promoting from within and so much better.

You get to know people, you get to really get bought in that they believe deeply in your mission. They've built credibility and respect and stretch people and promote people from within. I think I didn't do enough of that over the years. I think in blind pursuit of growth and hitting our goals and being global and taking over the world and bringing our vision to life, you need help.

And you turn externally instead of going, Hey, I've, I've actually got amazing people at Flexport. Like the key job of leadership is identifying talent within your company externally. Yes. But like, it's so much better if you can get internal folks and promote them.

The problem is like companies are in a hurry, you know, and we want to achieve things really fast. And it's kind of a shortcut to go higher. Senior people from outside. How

Harry Stebbings: do you know when a stretch is a stretch too far?

Ryan Peterson: Oh, that's right. I mean, it is a tragedy because when that happens, the people tend to lead the company.

And I think a great culture should be able to go, Hey, you know what? Like if you could really do this the right way, we haven't figured this out, but I would love to. He's like, Hey, we should have some didn't work [00:31:00] out. Let's bring them back to a role that matters, but egos and compensation and other factors being what they are.

It tends to be when you stretch people too far, they leave the company and that stinks because we've lost a lot of great talent. And if I just think about all the great people who have left Flexport over the years, If they were still here, we'd be like 10 times better company. If you're out there, come back.

We'd love to have you.

Harry Stebbings: My honest reflection on people management is like being CEO is the worst thing ever because great people you're permanently worried will be leaving because they're so good. Average people you permanently worry that they're not good enough and bad people you permanently worry that you should have got rid of them last week.

Do you agree with that?

Ryan Peterson: It's an incredible job being the CEO of a company. But it's not a. Easy job. And it's not necessarily thought. I mean, it's people look from the outside and think like, Oh, I'll be an entrepreneur.

I'll be the CEO. And like, it's really tough, man. I mean, it is not an easy thing to do for the reasons that you said and many others, I don't know. I'm kind of unemployable. I don't want to work for somebody else. I want to go build stuff.

Harry Stebbings: You said there about kind of the mirage of entrepreneurship. What's the biggest [00:32:00] misconception people have of Flexport today versus what it

Ryan Peterson: is really? You know, Flexport's been in the news a lot lately. We had a CEO transition.

The demand for scandal and drama is way higher than the supply. In this world, and the media has been really sensationalizing some stuff. I mean, there was, there was a story about Flexport. That I will not point people to because I don't want to give it any attention but it was a whole article.

Fleshboard delivered 33 million packages to consumers homes. That's what we're on track to do this year. And one package got lost. And this mainstream media publication wrote an entire story where the first four paragraphs are about a lady whose package got lost. I feel bad for her. I'm sorry. Like, we lost the package.

We genuinely, we screwed that up. We reimbursed her in full. But like one out of 33 million, I mean, that is like, you know, this is people trying to sensationalize and stir up drama or like that same article claim that one of our biggest customers. Was really unhappy with us, but literally the customer went on the record telling them that it's not true.

We were very happy with Flexport and they [00:33:00] didn't publish that. They wrote that we have sources saying that they're not happy, but like the source of the company told you that this is not true. So the media wants to drive these narratives about Flexport as if we're a mess or something. When in fact, if you come hang out with us.

our culture is stronger than it's ever been. We're really well financed. We have almost a billion dollars in cash. We're going to be profitable next year. But like, if you read an article about Flexport today, it would be like, Oh, this company's in a difficult position or something.

So I don't know. That's a part of why I want to come on podcasts is like, tell the story directly so.

Harry Stebbings: You said it earlier. You said you can use data for whatever your end is.

And so if there's any data that suggests it's not in line with your story, well, that didn't

Ryan Peterson: get that data. Exactly, exactly, exactly. And by the way, the media has been good to Flexport over the years. I'm not like a huge critic of the media, but in the current moment, people are liking to tell the sensation and that's what drives clicks or whatever metric they're looking for.

But over the years, the media has been good to us. been part of our success is get the story out and attract customers and talent. And so I think we'll get back there. We just got to go do a good job.

Harry Stebbings: speaking of kind of like in the [00:34:00] media, the world is a more nerve wracking place than ever in many ways.

I spoke to Brian Singerman before this and he said there's nothing he loves more than talking to you about bluntly the state of the world and how you see kind of macro geopolitics today. And I'd love to ask. When you think about kind of geopolitical macro, how do you think about the future for trade with China?

Well,

Ryan Peterson: China is a very unique manufacturing capability that you can't replace easily. The United States government's doing their best with imposing tariffs on imports coming from China and companies with simple products. Like think apparel, et cetera, are moving out away from China. One to avoid the duty, but the Chinese economy has done so well that their labor prices have gone way up.

You know, the average hourly wage in Mexico is now cheaper than in China. And that's great for China, right? Like good for them. Like they're making more money as a population. So China is no longer the cheapest manufacturing site in the world, but it's the best manufacturing. Like they're the highest quality, highest competency in manufacturing.

So if you're doing electronics, you're doing anything sophisticated, not anything, but a lot of the really sophisticated forms of manufacturing, China's the best place to buy [00:35:00] things. So I don't think that's going to go away. I think people will always be shifting away from higher labor costs to cheaper labor costs and tariffs.

They're going to do what they can to optimize against tariffs. I think in general, it's a, we're at an interesting moment right now where globalization is in question. Like whether or not we're going to continue to do trade globally, or will we just produce everything domestically, or they're going to be more boundaries, more nationalism, more maybe regional trade.

We're at a moment in time where that looks like a big, interesting debate, but I would point to the long talking about history that global trade has grown 4 percent annually. Since the Mongol invasions in around 1200 AD, 4 percent doesn't sound like much, but when you put 4 percent on an 800 year curve, it's a phenomenal hockey stick like Silicon Valley's never seen.

And I would predict that that'll continue because it's innate in the human species. With specialization, And trade is like one of the main things that separates us from the animal kingdom. Adam Smith wrote this, I've never seen a dog trade a bone with another dog. we see animals exhibiting all [00:36:00] kinds of other behaviors, language and tool use and other stuff.

But trade is not something that they do. And trade is fundamentally what building block of civilization. it allows specialization, it allows gains, it allows wealth creation. So humans want to trade with each other. Now governments will try to stop things. There will be special interests that may want to block trade.

But left to their own devices, humans will trade more and more and more. And so I would predict that that's what's going to happen because we always find a way.

Harry Stebbings: They will trade more and more and more. I'm just really intrigued. Do you think that will be globalized trade or nationalized

Ryan Peterson: trade? I think it'll be globalized trade.

I think, first of all, the ship is an incredibly efficient way of moving things around the world, far more efficient than any other, you know, land based

transport. I've had this blog post that I want to write. about how Fiji water is the most environmentally friendly water. It gets criticized all the time.

Because ocean freight is so carbon neutral that getting it and shipping it from Fiji to the west coast of the United States emits way less carbon than running a truck from the Rocky Mountains to the west coast. An ocean freight is cheap. It's reliable. The [00:37:00] fact that you can ship a TV across the world for a few dollars is just a remarkable feat of engineering and human ingenuity.

Now, war is a big risk. I have no way to understand the risk war what that can do to trade. Civilization, and therefore trade, depends on peace. We take it for granted. We've lived in this great period of peace for most of our lives, at least in the United States, in the Western world, the wars that have existed have been largely removed from us in the daily impact, thankfully, but if that changes, yeah, of course, trade is at risk.

And so there's a lot of black swans that can happen, but even wars that, you know, world war two seemed like the most catastrophic thing that could ever happen. And if you look at the graph of GDP or trade, you barely notice the blip,

Harry Stebbings: To what extent is planning even valuable in your business, when you have COVID, when you have Ukraine, that just throw the world into chaos?

Ryan Peterson: Yeah, well, I think it was Eisenhower who said, the plans are useless, but the exercise of doing planning is incredibly valuable. To think strategically, to take a moment back and step back and think about what you're doing and why you're doing it. That's a very [00:38:00] valuable exercise, but you have to be very adaptable when the world changes.

And yeah, probably that's a strength and a weakness of mine. I'm very good at changing direction, probably change direction too easily also. And so having some firm view of where you're going is really important.

Harry Stebbings: question.

Would you be long China? China have so many problems from population decline, manufacturing decline, reversion away from urbanization. Would you belong in China or

Ryan Peterson: short? China has a few advantages that we don't have. China believes in China.

Chinese people believe in China. Half of Americans hate America. I think that's a huge advantage to have as a civilization to believe that you're part of something that's bigger than yourself. And trying to support your country you know, we lack that these days in America. And that's a huge advantage to have.

They're incredibly industrious people. They're working. They are hungry. They want success. They work six days a week. I don't, a lot of people don't realize that I lived in China for two years. They work Saturdays. We don't work Saturdays.

most Chinese people work six days a week.

How much more productive would you be working at extra 20%? You know, they're industrious, they're hardworking, they're intelligent, they have a lot going for them, their leadership is incredibly smart. They have some [00:39:00] demographic challenges that are beyond my scope to understand because, you know, people are like, oh, there's, the population's declining.

China's not the worst in this by any means, there's Western countries, Italy and Korea, other countries that are declining faster. But I always think like, but isn't it better if you have fewer people to share the resources? I don't know, I don't know how to think about that, they still have way more people than we do.

In the United States. So I'm not like a macro investor by any means. I always, I did study a lot of economics. I always found macroeconomics to be impossible. I think people who pretend to understand it are probably wrong. I lived in China for a few years.

I have immense respect for Chinese culture, Chinese people, Chinese food. There's a lot to love about China.

Harry Stebbings: Do interest rates hit double digits, do you think? Some people suggest we're just at the start. Some people suggest they won't go higher. Where do you sit?

Ryan Peterson: I'm not the right guy to ask about interest rates.

I don't know, man. It's like, if they do, the United States government's gonna be in a lot of trouble. We can't pay our debt at 10 percent interest. They're gonna

have to keep printing money. And then you have an inflationary cycle, which then makes interest rates go even higher. So it seems pretty ugly.

Harry Stebbings: Okay, before we move into a quickfire, you do have direct experience, and you will be [00:40:00] able to lend some wisdom. Parenting. you are a CEO of a, you know, a thousand plus, how many people work at Flexport now? 2, 500. 2, 500. Can you tell me, how do you still be a great father and be CEO of a 2, 500 person company?

What do you know now that you wish you'd known when you had kids? Well,

Ryan Peterson: love is the, you know, my most important value. So I love my children so much that I want to get home and make sure I get time to spend time with them before bedtime and hang out with them every night and see them in the morning too.

So I've got a three year old and a one year old, especially my older daughter. My one year old is like, you know, she hasn't started learning how to talk or anything yet, but my three year old is like just a little ball of energy. So I love playing with her and I make time for that. And then I work more in the evenings after she goes to bed and I, Get up early and work.

And that's fine. I mean, I, I work as hard now as I ever worked in my life Did having

Harry Stebbings: kids change

Ryan Peterson: you? Yeah, of course. It's yeah, it's like a chemical wash that flows over your whole body, filling you with love and respect for the universe and like understanding, also a great way to [00:41:00] understand your own parents.

Your relationship with them, like remember like all the stuff that they went through that I'd never even thought about, but as I go through it, I'm like, Oh my goodness, they had to deal with this. Like I must have been a little brat and like, I flashbacks, you know, like, Oh my God, I remember reading Curious George as a kid and now I'm reading it to my daughter a lot of flashbacks and a lot of like thinking back on my reflecting on my own childhood.

That's really, really profound.

Harry Stebbings: you know, you have CEO hat, you have father hat, you have husband hat. The husband hat as well you got to keep up. How do you retain romance and retain prioritization of relationship when you're managing 2, 500 people, reading Curious George, holding one year

Ryan Peterson: old?

Well, I have the greatest wife in the world. My wife is the kind of the of staff of my life. She's been incredible advisor for me on all things. And by the way, I was criticizing the media before, but my wife's a former reporter, so I'm like, well in tune with how the media works. And she's a great like communications director, helping me, you know, understand how to behave. So my wife and I, like we're, we're super in tune with each other. I [00:42:00] was building Flexport well before I met her. And she's always known that Flexport's my baby and, uh, you know, serious priority for me. And I'm very fortunate to find a woman who knew that and signed up for it and wants to help me in every way.

And I, I don't know, I never take it for granted.

Harry Stebbings: Final one, Ryan, before we do a quickfire. You're a very secure dude. You're just very kind of content and happy in yourself What was your biggest insecurity in leadership today?

Oh,

Ryan Peterson: no, I do feel very secure. You know, part of it is I mentioned I lived in China for a few years. I was super broke making no money and I was living really well. It was like the best couple of years of my life at that time. It was a real sense of adventure and fun. This was a 17 or 18 years ago.

And I realized I don't need a lot to succeed and be happy. Like I was like, I made 17, 000 one year and it was like one of the best years of my life. And I was trying to make money, by the way, I wasn't like, Oh, I don't even, I was like trying to make money and, and I didn't make a lot of money, but I was very happy and I ate well and I had friends and it's allowed me to take risk in my career.

And I've started multiple successful companies, not just Flexport, but [00:43:00] ImportGenius, Room. com, I started a lot of businesses, invested in, you know, over a hundred companies and done really well as an investor. No matter what happens, I'll be fine because I can be poor and happy. It's not about making money.

And so it's like, gives me a sense of security that I'll be fine. My wife's not going to leave me. If we lose money, we'll, we'll do it together. It'll be fine. does

Harry Stebbings: money make you happy?

Ryan Peterson: Well, money can solve problems and problems can make you unhappy. So yeah, money can definitely contribute to happiness.

If it can make problems go away. mimetic. We copy each other. We want more. And so you have to be very careful of who your role models are and who you imitate. And be careful not to hang out with people who have way more money than you. Cause you'll aspire to do things that you can't afford, spend money on stuff that won't actually make you happy.

And so picking your role models, I think is one of the most, and just your friends. Who you hang out with one of the most important things in life, money alone. And definitely that's all you're after. Definitely a recipe for misery. That sounds cliché, but it's true. But, if you, if you know what you want in life, money will definitely help you get there faster, help you solve problems and overcome [00:44:00] obstacles and things like this.

Harry Stebbings: You mentioned your success investing, I spoke to Chad before, and he asked why do you love investing in rebels or people with messy pasts, where something's gone wrong in previous companies, why do you love that? I think

Ryan Peterson: revenge is a really powerful motivator. In life, you want to, you know, you want people who are motivated and driven.

And if someone feels like they've been wronged, there's a couple of benefits. One, they're going to be incredibly driven to go have a comeback story. Two is they're probably going to get passed over by other investors. That's what you need. Like you need a contrarian opinion and you have to make sure that they didn't have a moral ethical failing.

Or if they did, it was something that minor that can be forgiven. broke some rule or something, but like there were innocent people were not harmed. And then in that case, if you can get really comfortable with that and they're really talented and other people aren't willing to invest in them, then that's like a perfect storm for, for finding a great founder.

Enter

Harry Stebbings: Parker Conrad.

Ryan Peterson: I've got a list of people that I've backed that match that profile. And then Parker's one of them. Yeah. I think Parker was wrongly [00:45:00] scapegoated and run out of town at Zenefits. And then he, and he proved it by going to build Rippling into a business that's much bigger and better than Zenefits ever was in the exact same space.

I'm sure that the investors who did that regret it and that's fine. Parker's doesn't care per se. He just wants to go execute.

Harry Stebbings: Has angel investing changed how you are as a CEO?

Ryan Peterson: it helped me a lot to understand that the VC world and how it works probably helped me with some of our fundraising, having a little bit of perspective, being on the other side of the table, understanding the game or having you make friends with other investors and can learn more about the VC world and how to navigate it.

But I think net net, no, I don't know if it has, because it's also taking up time. I haven't spent a lot of time on it, but you know, it's inevitably going to take up some time and I do it not because it's going to help me. I actually I quit angel investing a while ago, basically I'll do it a little bit here and there if it's a friend of mine or something, but the reality is anytime spent away from Flexport is probably net negative for Flexport.

I mean, I spent all my time on Flexport if I want to make Flexport more successful, but hey, life is not all about money or one thing. Like I enjoy it. I like learning. I [00:46:00] like making friends with other founders. I benefit from those relationships in ways that are hard to predict. And certainly 10 years ago, 12 years ago, when I started angel investing, I, I don't know who knew what I was doing.

I'm just trying to. Get out here and have fun. Who knows what

Harry Stebbings: VCs are doing? Not them. I'm just kidding, we have feces. I'm gonna do a quick fire round with you. So I want to start with a question. What concerns you most in the world today? When you look at the landscape, what concerns you? War.

Ryan Peterson: Violence. Mob violence.

The scapegoating of innocent people. And civilians being caught up in the consequence of, yeah, violence.

Harry Stebbings: Has managing teams got harder with the rise of woke society?

Ryan Peterson: Yeah, definitely. I think managing teams is always hard. Dealing with people who are not focused on the company's mission and have their own missions that are separate from a company's mission is incredibly frustrating because there's a million organizations in this world, one for every possible topic that you want to drive.

finding people at [00:47:00] Flexport who are focused on anything other than making Flexport successful at work. really, really frustrating. I don't care what you want to focus on outside of work at all, what your politics are, what your cause is. I think that's awesome. People should have passion and do stuff.

But like, that's not what Flexport is all about at the company during the day. Like, let's just talk about our problems are hard enough. We got to make global commerce easy. We got to ship cargo in every corner of the world. Like this is hard enough. We can't solve other people's challenges outside of that.

Harry Stebbings: Remote work versus work in office. What are your thoughts there? I think

Ryan Peterson: remote work is very, very difficult to achieve, build a company culture. I think individuals can succeed. I'm incredibly productive working in my house with there's no distraction. I'm incredibly productive individual contributor, but great things get achieved by teams.

And teams don't really form over video conferencing. Teams form when you get together and you collaborate and you have dialogue and like you capture emotion and body language and context and you jam and you stay up late and [00:48:00] it's not constrained by the 30 minutes of our video call. Like, and that just doesn't happen on remote work.

Harry Stebbings: And what was one of your core things? Learning. And when you and me do a presentation together and we leave and get a coffee afterwards, I say, dude, I didn't like the way that you presented that, and I think we could have done it differently in this way.

Ryan Peterson: And the spontaneity of it, man. Like, I want people to come in and work with us in person. Now there's certain people for exceptions and people who are outstanding track records of performing at home and an individual contributor jobs.

I've told this team over and over again, if you want to succeed at Flexport and get ahead, you should come to the office. But even just last week, I, you know, I do a weekly town hall. And whatever office I'm in, I share what's on my mind and then take questions from the team. And after these town halls, I'll just hang out.

I had a guy come up to me last week and just tell me, Hey, you know, we have this opportunity to like get 2 million extra profit if we just do these three things differently. And I was like, Who have you told about this? He's like, nobody. I'm like, if we weren't in the office together, like I would lose 2 million right here.

Let's go. You know, there's countless things like this. I'm just like getting people in the office so that information can flow freely and solve [00:49:00] problems. By the way, I think remote work can really work, but it's not going to be people making 250, 000 a year hanging out in Jackson hole. It's going to be geniuses in the developing world.

Making, you know, who all of a sudden there's an arbitrage. You can find incredibly smart people all over the planet and pay them one hundredth or one 10th, whatever GDP is. I mean, look at the GDP in the Philippines or something, and there's tons of geniuses over there. And so you can build a great company of remote work.

But it's not going to be the people who are advocating for remote work inside these companies in the United States. Like if I'm remote, why am I going to pay someone 250 K in San Francisco to be remote? I'll go find someone in a cheap location. So I don't think the people who are advocating the strongest remote work actually know what they're advocating for, because they're going to end up in a world without a job because they're now competing globally.

With geniuses all over the developing world.

Harry Stebbings: What have you changed your mind on in the last 12 months?
One of the things

Ryan Peterson: I changed my mind about you know, I had this idea of go after these business units that could work in isolation and run really fast. I think that'll work for a lot of companies, but as I was describing, that doesn't work in [00:50:00] Flexport.

We have to be an end to end. We have to deal with a little bit more process. Process is probably the closest we have to a good word for bureaucracy. There's a healthy amount of that, that like actually a lot of their true bureaucracy and And companies comes from a lack of process or people can't get anything done and they don't know how it works, but putting in a little bit of process and putting in more of an end to end view, making people write the same thing twice in two different teams.

planning documents, making people spend a little bit more time in a meeting to understand another team's objectives, and not have this envision that like, oh, we can just run really fast and ignore everybody around us. That just doesn't really work in our industry.

Harry Stebbings: Penultimate one, favorite warlord, general, or emperor, and why?

Ryan Peterson: Definitely Napoleon. He's a very interesting mind. First of all, you know, won like 38 battles or something. 38 and one, I forget his record. He's pretty great general, rose through the ranks. Came up from the grassroots incredibly well read as well. Like, you know, the Egyptology is basically created because Napoleon wanted to invade Egypt to cut off the British empire's access to [00:51:00] India.

And while he was there, he brought all these scientists and like, you know, that's where we got the Rosetta Stone and the understanding of the of the hieroglyphics. And then he wrote the law code, the Napoleonic code, which is basically the law of the land and half of Europe today, all the way until now.

There's a great book called the mind of Napoleon, which is out of print. It's like 200 on eBay and it's just full of all of this is his quotes. And he has a quote on every subject and half of them will appal you in the modern world But I find those to be the most fun Uh and half of them are just like man This guy's an actual genius It has a nice index in the back so you can look up any subject and see what napoleon thought Final

Harry Stebbings: one for you ryan.

It's 2023 now soon to be 2024 Where are you in 2033? You still see a flight sport and where's flight sport

Ryan Peterson: then? I'm definitely still CEO of Flexport and hopefully, you know, the rest of my life can stay in the seat health willing. I love this job. I never wanted to leave the job. I just thought Dave would do a better job than me.

And so I'm thrilled to be back and, you know, executing. 2033, man, it's hard to predict with what's happening with AI and everything else in the world. You know, I don't, I don't really believe in predicting [00:52:00] that far out. But one thing I definitely want to still be in the CEO of Flexport, and I do believe global trade is here to stay.

And I think actually what we're seeing is that Flexport is incredibly well positioned. To use AI to implement it, because we've structured all the data at Global Trade, we're basically an incumbent. We're the third largest provider of international forwarding services in the United States. So we have incumbent level data, but we have the technology stack and the team that can actually go and implement.

One of the things we've done is break a container from door to door, we broke it in into these discrete tasks, like a work item. That get completed and we're finding out that once you chunk it down into something that simple that I can complete the tasks and so we're almost every couple of weeks, we're implementing something that used to take hours or days and getting it down to minutes.

I think we'll actually see that we're going to be a huge beneficiary of that labor in the forwarding layer of global trade is 10 percent of the cost of shipping things internationally, not the labor of the people driving the cars, trucks and the. The ships and the planes, [00:53:00] but the labor of the coordination layer of handing off the documents.

I often joke, it should be instead of freight forwarding, it should be freight email forwarding. And so labor in that forwarding layer is 10 percent of the cost of shipping things. And we're seeing that AI can just do tons of these tasks. And it doesn't mean that you'll have less people working at Flexport, by the way, because if you're really successful in automating things, you're going to need more people.

More salespeople, more engineers, you're going to take over the world and employ even more people. And that's a real fallacy. I mean, that would be like arguing that the invention of the plow is going to eliminate jobs and we should all just still be using sticks to dig holes, to put seeds in the earth and grow our own food.

Like, and that's an argument as old as time. And it's silly, like AI is going to create way more jobs than it destroys. But if you make everything 10 percent cheaper, we can have a world of abundance. That's where I like to see us in 2033.

Harry Stebbings: Ryan, I've loved doing this. Thank you for my wide ranging conversation from parenting to the future of trade and China in between.

You are a star and I've loved doing this.

Ryan Peterson: [00:54:00] My pleasure, Harry. Thanks for having me on. Talk to you soon.

Boom: Adios...

Scarlett 2i2 USB-5: I want to say huge. Thank you to Ryan for being such a fantastic guests there. If you want to see the full episode on video, you can check it out on YouTube by searching for twos, airy VC. That's 20 VC on YouTube. But before we leave you today

Riverside Advert: did you know that every 20VC episode you listen to is recorded with Riverside? Riverside is insanely good. Like, I would pay 1, 000 per month for Riverside. It's that good. Why? Well, first off, ease. Your guests do not need an account. One click and they're in the recording room with you.

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Scarlett 2i2 USB-6: And you can check it out on riverside.fm and use our code two zero VC. That's 20 VC.

Arising Venture Advert: And speaking of game-changers for businesses, as a VCI, come across many businesses that have potential and offer a great product or service, but they run into issues.

And that's why I love the team at arising ventures. They're a holding company that acquires tech startups that are facing setbacks and helps get them back on track to success. They've already helped so many businesses. One of those being jive, jive is a marketplace for gig labor that matches the retail. Retail and grocery industry with the right skilled workers at the right time.

Now they were facing major setbacks and troubles with COVID and they were fully shut down in 2021 arising ventures then bought them out of liquidation, bought back key team members and got it restarted and check it out. They went from nought to a million an hour in just five [00:56:00] months. And now the company is serving some of the largest brands in the world. The rising ventures team has made of tech founders themselves. So they know what other founders care about. I'm at the perfect team to get your company back on track. If it has hard times. Learn more about a rising ventures and connect with the team@arisingventures.com forward slash two zero VC. After submitting your information, you'll hear directly from the farming team within 24 hours. Go to a rising ventures.com/two zero. OVC.

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Secure frames industry leading compliance automation platform paired with their in house compliance. Bursts and former auditors helps you get audit ready in weeks, not months, so you can close more deals faster. Secure Frame uses over 150 integrations, built in [00:57:00] security training, vendor and risk management, and more to make compliance uncomplicated, secure Frame makes it fast and easy to achieve and maintain compliance so you can focus on serving your customers.

Automate your security and privacy compliance with Secure Frame. Schedule a demo today@secureframe.com.

Scarlett 2i2 USB-7: As always, I so appreciate all your support and stay tuned for an incredible episode. This coming Wednesday with Dez trainer. , which is probably the most comprehensive analysis of the AI landscape that I've had on the show's day. It really is a special one. So stay tuned for that on Wednesday.