



HONEYBEE CAPITAL

March 2013

CAPITAL, CAPITAL!

SUMMARY:

Perhaps I watched way too many Jane Austen movies when I was in London (okay, I know I did – I was trying to assimilate! True, it might have been better to assimilate to the century in which I was actually living...). At any rate, my favorite minor character of all time is Sir William Lucas in Pride and Prejudice. Whenever there is an awkward social moment, he claps his hands together and exclaims, “capital, capital!” – as if things could not be better. I see shades of Sir Lucas in the motto of one of my favorite venture capitalists and many a military officer: “declare victory and move on”.

Still, there is something about the notion of capital (the noun, not the descriptor) that deserves more attention. Many of us are still stuck in a Poli Sci 101 mindset – let’s say it all together - “the means of production are land, labor, and capital”. In non-agrarian settings we often shorten the list even further, to just labor and capital. But these frameworks are simplistic, not simple - as we explore below. It turns out capital is a many-splendored thing, if we can just free our minds a bit.

QUOTES OF THE MONTH:

Put not your trust in money, but put your money in trust.

- Oliver Wendell Holmes

Couch-surfing and crowd-surfing are pretty much the same thing – you’re falling, and you’re trusting each other.

- Amanda Palmer

Destiny has no beeper; destiny always leans trenchcoated out of an alley with some sort of 'psst' that you usually can't even hear because you're in such a rush to or from something important you've tried to engineer.

- David Foster Wallace

The possible ranks higher than the actual.

- *Martin Heidegger*

Not knowing when the dawn will come, I open every door.

- *Emily Dickinson*

What nature delivers to us is never stale. Because what nature creates has eternity in it.

- *Isaac Bashevis*

The world is almost entirely solar powered already.

- *Elon Musk*

Our entire biological system, the brain and the earth itself, work on the same frequencies.

- *Tesla*

FORMS OF CAPITAL

I have been focused lately on re-framing definitions of many common terms. Investment, for example. We invest our money, sure. But we also invest our time, our energy, and all sorts of other resources. We invest as citizens, as family members, as friends, as workers. To consider financial investment as just one piece of that bigger total investment pie is a much more interesting – and accurate – proposition.

Likewise with capital. There is financial capital, of course – and it is a meaningful piece of the total picture. But even there, we find some interesting nuance – is it venture capital? Philanthropic capital? “Patient money” capital? Think beyond money and consider capital as “resource”, and you can see where so many recent (and yet ancient) terms have come from – intellectual capital. Social capital. Creative capital. Political capital. Ethical capital. Spiritual capital. Emotional capital. Natural capital. Physical capital. Cultural capital.

Okay, that is a huge list. I think it makes sense to consider four related layers of capital:

1) **UBER LAYER: NATURAL CAPITAL. SPIRITUAL CAPITAL.**

These are the foundational elements – soil, air, water – in both their literal and metaphorical forms. Everything else ultimately relies upon these layers being healthy and well-tended.

2) **COMMUNITY LAYER: CULTURAL CAPITAL. SOCIAL CAPITAL. POLITICAL CAPITAL. ETHICAL CAPITAL.**

These are the forms of capital that rely on community and relationships. You can't have great social capital if there is no society. There's a neat interplay between this layer and the others, though I would argue that the collective is more than the product of environment, or the sum of individuals.

3) **CREATED LAYER: INTELLECTUAL CAPITAL. EMOTIONAL CAPITAL. PHYSICAL CAPITAL (HEALTH). CREATIVE CAPITAL.**

These are the individually-generated forms of capital. Though they often benefit from (and contribute to) community elements, you can invest in them as an individual being. Isn't that comforting?

4) **PRODUCED LAYER: PHYSICAL TOOLS. INFRASTRUCTURE. FINANCIAL CAPITAL.**

This is where we spend most of our time when we talk about "capital", but look! It's such a small piece of the total. Really important, but small. These are the forms of capital that we've invented – tools that (one hopes) enable the ongoing cultivation of all of those other layers.

Here's what I love about this expanded notion of capital:

- 1) ***The forms of capital do NOT all have the same accounting basis.*** Try as we might, it is really hard to accurately price a forest – because a forest is so much more than yards of timber. This heterogeneity can be frustrating, but it is healthy.
- 2) ***When we are short on one form of capital, another form can come into play to shore us up.*** Short on money? Perhaps you have intellectual capital you can monetize. Short on physical well-being? Perhaps you have spiritual capital that can carry you through. Some is outside your control – but some is not.
- 3) ***Even more interesting, when we have an abundance of one form of capital, this raises important questions!*** Say you have an abundance of political capital – what possibilities does that create? What responsibilities?
- 4) ***Each of these forms also comes with a tougher side – a liability to go with the asset.*** Take creative capital – perhaps it is hugely valuable to be an artistic visionary. It can also be very hard – there is a cost to being different in many cultures.

- 5) ***It is so easy to see the relationships amongst all of these layers.*** We can't have any single form of capital in isolation, and we have to nurture all the varied forms over time so that the combined list – the whole capital ecosystem - can thrive.

CAPITAL-RELATED BOOKS:

Of course many others have expanded in far more depth and eloquence on these concepts before – here are just a few different perspectives on capital.

SLOW MONEY, by Woody Tasch

The book that reminds us that faster and more global are not the only directions – we can choose, at least some of the time, slower and more local.

http://www.amazon.com/gp/product/1603582541/ref=as_li_qf_sp_asin_tl?ie=UTF8&camp=1789&creative=9325&creativeASIN=1603582541&linkCode=as2&tag=honeycapit-20

THE SOUL OF MONEY, by Lynne Twist

This book reminds us that money, in isolation, is not nearly as interesting - nor rewarding – as money tied to other, higher-level forms of capital.

http://www.amazon.com/gp/product/039332950X/ref=as_li_tf_tl?ie=UTF8&camp=1789&creative=9325&creativeASIN=039332950X&linkCode=as2&tag=honeycapit-20

CONSCIOUS CAPITALISM, by John Mackey and Raj Sisodia

Hot off the presses, we have an expanded view of capital(ism), the book version of ideas John Mackey has been discussing for many years. Mackey has his detractors, and he certainly is an independent mind – what I admire is his unwillingness to think in “either/or” terms. He embraces the infinite potential of “and”. He wants to un-box capitalism – three cheers!

http://www.amazon.com/gp/product/1422144208/ref=as_li_tf_tl?ie=UTF8&camp=1789&creative=9325&creativeASIN=1422144208&linkCode=as2&tag=honeycapit-20

You can also see evidence of Mackey's views throughout Whole Foods (obviously), including in their “Declaration of Interdependence”:

<http://www.wholefoodsmarket.com/mission-values/core-values/declaration-interdependence>

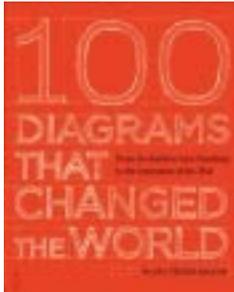
NATURAL CAPITALISM, by Paul Hawken, Amory Lovins, and L. Hunter Lovins

This book is almost 15 years old, and paints a picture of an aligned system of natural and financial capital. Not just theory – lots of detail and case studies (and lived experience of the 3 authors – another sort of capital!).

http://www.amazon.com/gp/product/0316353000/ref=as_li_tf_tl?ie=UTF8&camp=1789&creative=9325&creativeASIN=0316353000&linkCode=as2&tag=honeycapit-20

OTHER BOOKS AND MEDIA:

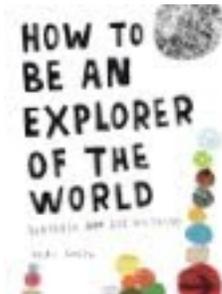
100 DIAGRAMS THAT CHANGED THE WORLD, by Scott Christianson



If you are a history buff, you will like this book. If you are a visual learner, you will like this book. If you are both, you will LOVE this book. It is exactly what the title implies, 100 mini-essays centered around diagrams that had mega-impact. Each one is fascinating in its own right, and when lined up all together there is another layer of insight: you can see some ways in which our visualization of new ideas has shifted over the centuries, and, importantly, how in many other ways, the power of a simple sketch is remarkably constant, from the Chauvet cave drawings to the initial iPod design.

http://www.amazon.com/gp/aws/cart/add.html/ref=as_li_tf_til?SessionId=180-0524479-0993524&SubscriptionId=D68HUNXKLHS4J&AssociateTag=honeycapit-20&ASIN.1=0452298776&Quantity.1=1&adid=18RX5MOKK8H8A9E3JZZ2&linkCode=as1&OfferListingId.1=kjxWw68r6jOvgqu%252FcgusbDwadMQAolJfQzAjl%252BX8KgonLHrDn48nkeV8kqHeBtKekwM9cd9V6gt6CvqpdUWQlrq%252F%252BFHUjEGjz13yMms2XXVICfkaaJvP5g%253D%253D&submit.add.x=66&submit.add.y=3

HOW TO BE AN EXPLORER OF THE WORLD, by Keri Smith



You might think this book is for kids – and it might be, but don't we all want to retain that kid-like sense of curiosity? There are 58 exploration ideas in here, plus an awesome "field work" section, where you can document, organize, and curate your discoveries for a "museum show". The explorations can all be done in your very own neighborhood, and are designed to heighten your own powers of observation, like noticing smells and colors. After reading (and doing) this I feel the same as when I read a Maira Kalman piece - newly attuned to the world around us. There is something oddly meditative, and beautiful, about just noticing.

http://www.amazon.com/gp/aws/cart/add.html/ref=as_li_tf_til?SessionId=180-0524479-0993524&SubscriptionId=D68HUNXKLHS4J&AssociateTag=honeycapit-20&ASIN.1=0399534601&Quantity.1=1&adid=0ATTV8C7F6HRY08EBHPV&linkCode=as1&OfferListingId.1=RnXZsfCUT%252BzbAsDEd5DpbctGdcS7g5V3%252FD7FWtyuA3SDcwOkIXOmZ1WA17ajH3dop%252FaRaXHMxy2F9R9SCnrKnnofZrOYAIINKdAuFIWOf2sw%253D&submit.add.x=77&submit.add.y=6

(Please note, I believe that the above 2 book ideas originally came via the awesome brainpickings.org)

THE IDEA FACTORY, by Jon Gertner



I've always hoped for a great book on Bell Labs, and maybe this is it. I've just started, but this comes highly recommended by the folks at TED, which is usually a great sign. My most vivid impression of Bell Labs comes from Energy Secretary Chu, who spent the early part of his career there. I recall him describing it in a public lecture as something like Google and DARPA and Stanford all rolled into one, describing how ALL the best people were there, or wanted to be. Not the smart people who wanted to coast for a while, not the great people who were able to work 100 hours a week but then left after a few years... but ALL of 'em, working really hard, together. I've always wondered what made that environment so effective, since putting smart folks in a room is just as often a recipe for mayhem as success. Hopefully this book will explain, and perhaps it will highlight some key issues for those who provide our current "innovation capital" as well.

http://www.amazon.com/gp/aws/cart/add.html/ref=as_li_tf_til?SessionId=180-0524479-0993524&SubscriptionId=D68HUNXKLHS4I&AssociateTag=honeycapit-20&ASIN.1=0143122797&Quantity.1=1&adid=1GR1CZB5YA2779JB8XD3&linkCode=as1&OfferListingId.1=wAEIXb%252FhTCN4rU5qDI7%252Foyio9%252BLEZ5lz%252FkEF8ilXTxTOORdIbp2xOWj%252BxZ1dOS820oeGk oAAuXiyjKEz3NXdc9Y86hdtZ4zZfb9YbkKq%252ByDIOVkvEifg%253D%253D&submit.add.x=83&submit.add.y=13

TED HIGHLIGHTS FROM FEBRUARY CONFERENCE:

I will be attending the TED Global conference this summer instead of the "papa TED" that was held in February – so, more to come from Edinburgh in a few months. In the meantime here are a few talks from CA that have been highlighted to me by a wide range of attendees.

AMANDA PALMER

This talk came to me from the widest variety of sources – from creative types and corporate types and science-y types. Some knew Palmer from her indie rock, some from her news-getting Kickstarter campaign, and for some this was their first introduction. Palmer has some profound wisdom to share regarding risk, trust, vulnerability, and the "art of asking" – this discussion has profound implications for business as well as art as well as humanity. (Because really, in the end, what's the difference?)

http://www.ted.com/talks/amanda_palmer_the_art_of_asking.html

ELON MUSK

Even if you know about Elon Musk, perhaps you know him from Telsa OR SpaceX OR PayPal – but he’s done all 3, and much more. If you think you have big ideas, watch this and be humbled. This is an interview format, not a dazzling keynote, so listen closely for insights about re-usable rockets, our need for solar solutions, and more. Be sure to stay for the end for Musk’s comments on the Physics Approach: “the power of fundamental truths rather than reasoning by analogy.”

http://www.ted.com/talks/elon_musk_the_mind_behind_tesla_spacex_solar_city.html

DAN PALOTTA

*I highlight this talk because it is so provocative, and it addresses such a vital set of questions. While I agree with Palotta’s questioning of the pervasive “lower charity overhead is better” mentality, his views have a strong underpinning of “more and bigger is always better”, which represents a different sort of risk. I’m also a little wary that so many observers of this talk seem to be unquestionably supportive, since with big important questions the answer is rarely yes or no, black or white. Note that we also highlighted Palotta’s book, *Uncharitable*, several years ago, for those who are interested in the more-than-18-minutes version.*

http://www.ted.com/talks/dan_pallotta_the_way_we_think_about_charity_is_dead_wrong.html

THE FINAL WORD:

WISDOM FROM BYRON WIEN

For many years I have been an admirer of Byron Wien, longtime investment strategist at Morgan Stanley and Pequot, and now Vice Chair at Blackstone. For many years he has had the courage to go out with his signature “10 Surprises of the Coming Year” list, and even more courageously, at the end of the year he takes account of his bets, publicly and objectively. Last month Mr. Wien put out his most valuable publication yet, talking about the top lessons he takes from his first 80 years on earth. Since it is a little hard to track down this piece online, and since it is going in my “wise things to keep forever file”, I am repeating it here in its entirety, with all credit and thanks to Mr. Wien.

Here are some of the lessons I have learned in my first 80 years. I hope to continue to practice them in the next 80.

1. **Concentrate on finding a big idea** that will make an impact on the people you want to influence. The Ten Surprises, which I started doing in 1986, has been a defining product. People all over the world are aware of it and identify me with it. What they seem to like about it is that I put myself at risk by going on record with these events which I believe are probable and hold myself accountable at year-end. If you want to be successful and live a long, stimulating life, keep yourself at risk intellectually all the time.
2. **Network intensely.** Luck plays a big role in life and there is no better way to increase your luck than by knowing as many people as possible. Nurture your network by sending articles, books and emails to people to show you're thinking about them. Write op-eds and thought pieces for major publications. Organize discussion groups to bring your thoughtful friends together.
3. **When you meet someone new, treat that person as a friend.** Assume he or she is a winner and will become a positive force in your life. Most people wait for others to prove their value. Give them the benefit of the doubt from the start. Occasionally you will be disappointed, but your network will broaden rapidly if you follow this path.
4. **Read all the time.** Don't just do it because you're curious about something, read actively. Have a point of view before you start a book or article and see if what you think is confirmed or refuted by the author. If you do that, you will read faster and comprehend more.
5. **Get enough sleep.** Seven hours will do until you're sixty, eight from sixty to seventy, nine thereafter, which might include eight hours at night and a one-hour afternoon nap.
6. **Evolve.** Try to think of your life in phases so you can avoid a burn-out. Do the numbers crunching in the early phase of your career. Try developing concepts later on. Stay at risk throughout the process.
7. **Travel extensively.** Try to get everywhere before you wear out. Attempt to meet local interesting people where you travel and keep in contact with them throughout your life. See them when you return to a place.
8. **When meeting someone new, try to find out what formative experience occurred in their lives** before they were seventeen. It is my belief that some important event in everyone's youth has an influence on everything that occurs afterwards.
9. **On philanthropy my approach is to try to relieve pain rather than spread joy.** Music, theatre and art museums have many affluent supporters, give the best parties and can add to your social luster in a community. They don't need you.

- Social service, hospitals and educational institutions can make the world a better place and help the disadvantaged make their way toward the American dream.
10. Younger people are naturally insecure and tend to overplay their accomplishments. Most people don't become comfortable with who they are until they're in their 40's. By that time they can underplay their achievements and become a nicer, more likeable person. **Try to get to that point as soon as you can.**
 11. **Take the time to give those who work for you a pat on the back** when they do good work. Most people are so focused on the next challenge that they fail to thank the people who support them. It is important to do this. It motivates and inspires people and encourages them to perform at a higher level.
 12. **When someone extends a kindness to you write them a handwritten note**, not an e-mail. Handwritten notes make an impact and are not quickly forgotten.
 13. At the beginning of every year **think of ways you can do your job better than you have ever done it before.** Write them down and look at what you have set out for yourself when the year is over.
 14. **Never retire.** If you work forever, you can live forever. I know there is an abundance of biological evidence against this theory, but I'm going with it anyway.