Hi everyone. It's Tristan. So this is going to be our last episode for a few weeks because we’re taking July off, but that makes this a perfect time to explore our back catalog. Our episodes go back to 2019, but they're as relevant today as ever. If you want to learn about cults and how we gain sovereignty over our minds, check out our conversation with cult deprogramming expert Steven Hassan. If you want to learn about what civil war looks like in the digital age, check out our conversation with Barbara F. Walter. And if you want to hear about social media’s Big Tobacco moment, listen to our conversation with Facebook whistleblower Frances Haugen. You can find those episodes and much more at humanetech.com/podcast. And with that, here we go.

Why isn't Twitter doing more to get bots off their platform? Why isn't Uber doing more to take better care of its drivers? Well, what if they can't? Venture capital-backed companies like Twitter and Uber are held accountable to maximizing returns to their investors. When they become public companies, they become accountable to maximizing returns to shareholders, and they've promised Wall Street outsized returns, which means Twitter can't lose bots if it would significantly decrease their user account, and Uber can't pay their drivers a better wage if it competes with their profits. But what's the alternative? What might it look like to design a funding and ownership model that incentivizes a technology company to serve all of their stakeholders over the long term and especially the stakeholders who are creating the value? I'm Tristan Harris.

I'm Stephanie Lepp.

And this is Your Undivided Attention, the podcast from the Center for Humane Technology. And today in the show, we're talking with two experts on creating the conditions for humane business, and in turn, for more humane technology. Mara Zepeda and Kate Sassy Sassoon of Zebras Unite. Zebras Unite is a member-owned cooperative that's creating the capital, the culture, and the community to power a more just and inclusive economy. Mara is their managing director and Kate is their director of cooperative membership. Welcome Mara Zepeda and Kate Sassy Sassoon. Welcome to Your Undivided Attention.

So glad to be here.

Happy to be here.

So maybe just to establish a little North Star for where we're going to head in this conversation, many people might wonder what do zebras have to do with solving as many of the problems and the catastrophes that we're talking about on this podcast? And I think one of the super exciting things about what you all are working on is it’s going deeper into the stack of the problem, which is the ownership and economic models that set up a perverse race in the first place, a
pervasive game. We often talk about with Twitter is the problem free speech or censorship? Well, no. It's we got to change the game of what Twitter is even doing to society. And you're saying, "We have to change the game of the economy and we have to have a vision of an economy that really works for people." So I would love to just set the table a little bit for listeners about what is Zebras Unite. Can you tell the origin story, and then we can talk a little about the difference between zebras and unicorns?

Mara Zepeda: Sure. I can take that. Really very happy to be here. So Zebras Unite was founded with four women founders. All of us were building our own products and we were told that we had to incorporate as a Delaware C-Corp, we had to create a company, and then we had to play the Silicon Valley game. And as we started to do this back in 2017, what we were noticing is that the structure really incentivized certain outcomes, as we all know, about scale and user acquisition, growth at all costs, and making sure that you create as many profits as possible for investors.

Mara Zepeda: So what we realized, and what we published in our manifesto Zebras Fix What Unicorns Break, is that the business model is the message. So we believe that the foundational piece to address and interrogate is the business model of these companies. So we proposed an alternative called the zebra, and really the features of a zebra are that it is more about mutualism, shared prosperity. What we were seeing was many of these founders were interested in quality over quantity, and they were really interested in multi-stakeholder solutions, so how might their companies not just serve to make investors very wealthy, but to also benefit the user base and the community that has created value. So we set that up in opposition to the Silicon Valley unicorn.

Tristan Harris: Actually, maybe it's good just to explain what is a Silicon Valley unicorn. Not everyone might be familiar with that term. But just you want to say what in contrast, what is a unicorn that is typically desired in Silicon Valley?

Mara Zepeda: Yeah. So companies that Center for Humane Technology oftentimes refers to and speak about are Silicon Valley unicorns. These are tech companies that are valued at more than a billion dollars. And by and large, they're taking what's called venture capital, which is very high-risk capital, in order to provide completely outsized returns. If you were to invest a dollar, what you're looking for is a hundred dollars or a thousand dollars or a million dollars. So in effect, the type of scale that The Social Dilemma and CHT has spoken about so beautifully is really that's a mechanism of a Silicon Valley unicorn company. In order to have that type of company, you need to reach that type of scale.

Mara Zepeda: So Silicon Valley unicorn companies are valued at over a billion dollars, they're laser-focused on user acquisition, they tend to have pretty dubious revenue
models like advertising because those users are not going to be paying for the services by and large, and so you end up creating a whole system of perverse incentives that we're seeing play out over and over again. So that's what a unicorn is, and there is a massive amount of capital in the market that's available for these types of unicorn companies. And what we are advocating for is that we need many different other types of capital experiments to incentivize other types of behavior.

Tristan Harris: So obviously, many listeners of this podcast, when we talk about the problems of social media, misinformation, addiction, fake news, people don't necessarily say, "Well, why would the funding model, the venture capital that built Facebook or Twitter in the first place, why would that have something to do with the problems that we're seeing?" So do you want to talk about how the venture capital, the capital that funds this, drives some of these problems, because I think that'll set the stage for how new ownership and new governance structures can get us out of it.

Mara Zepeda: Sure. I'll do my best. So technology companies don't have collateral. In order to start this, maybe let's just think about if you were to buy a house or if you were to buy a car. If you buy a house, if you buy a car, generally, you have a mortgage or you have an auto loan. So that thing has behind it a piece of collateral, which is called your house and it's called your car. So there's something physical and tangible that you are getting a loan on. The thing about technology is that there's no collateral. There's no physical object there. There's just a bunch of bits flying through the ether. I have my computer, but that's not the collateral of my business. So as you started to have technology companies, you had to have capital that would be able to capitalize these companies that were very risky. Who knew if a bunch of bits on the internet was going to add up to anything profitable?

Mara Zepeda: So that high-risk capital is called venture capital, and venture capitalists traditionally are people who are very wealthy. They have to be what's called an accredited investor, so somebody who's already wealthy, worth a million dollars, making $200,000 a year. That wealthy person puts money into a fund, and that fund is this high-risk fund that then capitalizes this technology company, and so that's how you get venture capital. For those of you that are dorky and interested, it goes all the way back to the whaling industry, because whaling was one of those industries that was very risky. You didn't know if you were going to go out with your boat and catch a whale after a year or not. If you've read Moby Dick, there's actually a lot of this in there.

Mara Zepeda: So what you have then is this capital mechanism that says, "Okay. Well, this is really risky business. We don't know if anything is going to yield here, and so we want to maximize our returns. We want to get as much money back as possible.
Center for Humane Technology | Your Undivided Attention Podcast
Episode 54: An Alternative to Silicon Valley Unicorns with Mara Zepeda & Kate “Sassy” Sassoon

because this is really risky and chances are you're going to fail." So many of you probably know the failure rate of startups. 99 out of 100 startups will fail insofar as they'll not IPO, they won't exit to the public market, they won't get acquired. So this risky capital means that when you have a fund, they need to have one unicorn. They need to have one billion dollar company for every 99 companies that they put out there into the world, because that one company has to carry the returns for all of the other companies that they funded. So that type of flavor of capital essentially is high-risk capital that's creating technology companies that are then incentivized to make as much money as humanly possible because you have to have the outsized returns in order to make up for all of those other companies that went bust.

Mara Zepeda: So what you have essentially is a growth at all costs model. So I liken it to if you were to do this with a car, let's say there were 100 cars on a lot, you decide that you're going to take out an auto loan on one and as you're driving off the lot, the auto dealer says, "We actually are going to need you to get enough value out of this car to pay for the other 100 cars on this lot." So you're setting these businesses up for a real losing proposition. And what that means is that ethics, humanity, wisdom, care, all of the things that we talk about are not able to be encoded in these business models for the pure and simple reason that actually has nothing to do with anything nefarious other than capitalism, but it's basically that that flavor of capital is designed to maximize shareholder returns.

Mara Zepeda: And what that means is that all of the problem sets that have been defined by CHT and others are cascading out of the business model. So when we say the business model is the message, what we mean is that maximizing shareholder returns is creating and incentivizing behavior of extractive growth at all costs shareholder returns, and by definition, there's not a lot that you can do with that if that's your mandate. These investors have a fiduciary responsibility, meaning they have pledged to get as much money as possible out of these businesses, and so that's why you have to respect and acknowledge what that flavor of capital is for.

Mara Zepeda: 99% of companies should not take on venture capital because they're never going to reach that type of scale. And then what that necessitates is that we need flavors of capital for tech-enabled companies that are the 99% that are not served by venture capital, and then that's where we start to get into all of these questions around alternative capital, governance, ownership, and all of the different ways that you can essentially mix and match these elements to create more just technology.

Tristan Harris: I'm so glad that you're sort of teeing this up really slowly here, so let's make it concrete for the examples that listeners of this podcast will know of. So can Twitter or Facebook not become billion user companies? Like if they said, "Oh
Shoot. We really want to make democracy work. Let’s have these small civic spaces where you have 30-person conversations and Twitter builds features for PTA meetings and parents can get together and talk to each other at scales of about 30 people and not grow to the moon in the shortest amount of time possible.” Twitter can’t do something like that because it’s already signed on to the infinite return growth obligations of venture capital. And once they’re there... I mean, there was this early situation I remember in 2017 where Twitter had been reporting to the public stock markets that its user base was something like 350 million users, something like that. And of course, that was actually counting the bots, that was counting all these fake users.

Tristan Harris:

So they actually had a disincentive to clean up and get rid of all these fake accounts because they’d already anchored themselves to these expectations that made it impossible for them to do the right thing. A friend of mine in Berlin used to say, "You can only have the ethics you can afford." And right now, the venture capital model makes the ethics that we need, the wisdom that we need, unaffordable to those actors. And just to make this real for a lot of people who listen to this podcast, we have so many people who come to us saying, "We want to build a humane tech startup," and they then raise venture capital. So I think part of what you’re getting to is if you start by raising that venture capital, it might be pricing you out of doing the right thing later when the time really comes ripe.

Mara Zepeda:

Yeah. So I think, Tristan, you just nailed it. I hope everybody goes back and just relistens to that, because that’s one of the most succinct summations that I have heard. So if that is true, if runaway user growth and growth at all costs is the mandate, then where do you intervene? So the question is like, "What is to be done," and there’s a lot of hypotheses about that. We can talk about regulation, we can talk about training technologists around different types of practices. At the end of the day, why Zebras Unite exists is our hypothesis is there are two specific intervention points that you have to press on. It comes down to power. Who holds power? So now we have to unpack what power means. Power means who owns this company? There is no better example than what we are living through right now with Elon Musk choosing to purchase Twitter and essentially taking that asset out of the public market and saying, "I own Twitter. A bunch of private equity firms own Twitter."

Mara Zepeda:

Who owns something gives them power over the decision-making processes of how that company behaves. And similarly, governance. Who is on the board? Who is making decisions? You’ll recall that Elon Musk was first invited to potentially be on the board of Twitter. So you look at examples. Nathan Schneider had proposed many years ago that Twitter's user base itself own and govern Twitter. So what would it look like if the users themselves purchased shares, and then the users themselves created the governing structure, and then
those users could in turn embark on a great democratic decision-making process of what content should we moderate, who should be on here, should Trump be on here or not? So really, foundationally, what we are driving home is that in order to change behavior, you have to change who has power. And in order to change who has power, you have to look at who creates the value.

Mara Zepeda: So platforms like Twitter, where they have users that are creating the value, are most obviously the people that you might wish to consult from an ownership and governance perspective. And Sassy, I'll kick it to you there, because I know that this is now where principles, age-old principles, we do not need to reinvent any wheels here, age-old principles of cooperative economics now come into play. So rather than us saying, "The sky is falling, what are we going to do," we can actually learn from this wisdom base that Sassy knows and holds and has been a part of establishing in order to inform how we might help these tech-enabled companies.

Kate Sassy Sass...: Yeah, that's really it. That's the crux, or at least that's our thesis of the crux. And I would argue from the look back into ancient wisdom all the way trawling through to the modern moment that who is in charge really is how you set the tone, and so ownership and governance are the linchpins of how you actually then pull on who is holding what kind of power. The modern cooperative moment, one of the articulations of that was these amazing folks who basically had the exact same response to essentially their town.

Kate Sassy Sass...: There was a company town, venture capital essentially had captured their entire economic chain. They were living in company housing, they were shopping at the company store, and they just decided to take back economic power by instead of shopping at the company store, pooling their funds, buying a big sack of grain and then creating, essentially, a modern consumer cooperative. That is not to say they were the first ones to think about it. This is literally as old as humanity, as you can look at almost any Indigenous culture and see that those through lines are really present and rich and encoded in tradition.

Tristan Harris: And what town was this, the company town, just to ground this example?

Kate Sassy Sass...: Oh, those folks were the Rochdale Pioneers.

Tristan Harris: Hmm. And when was this?

Kate Sassy Sass...: I think it was 18... I want to say it's 1846 or 1864.

Stephanie Lepp: It was 1844.
But yeah. So the Rochdale Pioneers are cited as the articulators of the modern cooperative movement and the modern cooperative experiment. It's really just that principle of wait a second, what if we took back if we're the ones who are creating a value? In that case, they were the workers of a textile town, so they were behind the giant engine that was the British textile industry based on their colonial exports and imports, and the really deep wisdom of textiles. It's an ancient tradition in the British Isles. They were like, "Actually, we're creating the value here. Why don't we have some share in that? Let's just start doing that."

And I think that's one of the lessons that Zebras is bringing is you can just start doing this together. You can start coming together and creating our own economy by refusing to go down the venture capital route and turning to each other. And if we're 99% of the companies out there that are not well-served by this capital, that's some critical mass. That is an economic scale in terms of being able to pull together for those kinds of capital that are not playing the venture capital game and are not able to play in that arena. There's a wealth of really incredible companies hungry for your investment and giving you some returns, just not 10X returns.

Yeah. I would love to do the thought experiment with Twitter, like really do the thought experiment. I mean, what would it actually look like to shift to cooperative ownership and governance of Twitter?

And just to ground that, so with Twitter, it's the users, you and I and everybody who logs in who makes posts, we're the ones creating the content, so we're doing the labor that goes in. We're the unpaid Uber drivers of driving around attention for the whole world, and we're doing that labor for free. We're generating data, data that gets used to personalize what things go to whom, what would enrich the recommendation systems, the targeting, the addictiveness, all the things that make Twitter operate more and more efficiently, we're also generating that. So as we're generating all that value, but hey, when's the last time you got paid with a paycheck from Twitter? Did you get that in the mail last month? No, we didn't get it. So where is that value going? Well, it's going up into the stock price of this public company. So yeah, let's then ask the question what would it look like to go and change the DNA that is the infinite growth obligation on an engagement machine? Let's change that DNA to something that is in harmony or symbiosis with its environment. How will we do that?

I mean, I should say this movement already exists, which is called buythisplatform.org, which is very much spearheaded by Nathan Schneider, back in 2017. And [inaudible 00:19:00].
Stephanie Lepp: Just jumping into say that the Twitter handle is @BuyThisPlatform. The URL is buytwitter.org.

Mara Zepeda: Back in 2017. And the proposal was that Twitter's users should purchase the platform. They should, what we call it, exit to community, which is you have this asset and rather than exiting it to the public stock market or having it be acquired, it should be acquired by its users. We went through this thought experiment with Meetup as well. So for folks that are interested, I recommend checking out buytwitter.org. And this has obviously come back to what would it look like to have this type of exit? And I should mention that Nathan and his allies actually got this proposal in front of Twitter shareholders back in 2017. There was so many people that signed on to the petition to purchase Twitter from its user base that it was voted on.

Mara Zepeda: And now that you have DAOs, decentralized autonomous organizations, and you have Web 3, what you now have is this very toxic, complicated collision where now that DAOs exist, one would look at Twitter and say, "We want to make Twitter a DAO." So it turns out DAOs are this way that we can govern down the road. We can have a DAO, and then we are going to capitalize that by having a venture capital fund that specializes in Web 3 and crypto to fund that exit, and then they will have another scheme on top of that for how those investors get rich.

Mara Zepeda: So what's really interesting in this moment right now is you are seeing a lot of well-meaning people inside of the Web 3 space that are saying, "Six years later, it turns out we do have the tools to do this, to exit to community using DAOs. But PS, the way we're going to do that is to tokenize it and to essentially add on top of that some type of Bitcoin layer or crypto layer, and then the way that we are going to fund all of that magic is through our venture capital funds that focus on Web 3."

Mara Zepeda: So now, basically, it's like an endless loop, because we still have not figured out the type of non-extractive capital that's necessary to actually incentivize democratic participation in governance, and so we're just about to roll into a tsunami of really bad decisions. I mean, we're already there because of how hot and heavy people are on Web 3 and how this notion of decentralization is very sexy. And I think where I've really learned so much from Sassy is that these tools and these structures do not democracy make. There are intensely personal relational practices of capacity building and trust that are necessary in order to make all of this work, and that gets fundamentally obliterated as we talk about the Web 3 space.

Kate Sassy Sass...: Mm-hmm. Yeah. To kind of drill into that experiment, to paraphrase Churchill, "Democracy is absolutely the worst system except for literally every other one."
So having a way to actually govern these things, it is a challenging scenario. How do you democratically govern an organization at the scale of Twitter? What would that look like? Well, it turns out we've got some tools for that. So one way you could actually do that, so let's put it in a little isolated thought experiment chamber, we've got a platform, it's got all of these users to really bring that wisdom forward that you just shared, Tristan, of we are providing the value, we are providing the labor, the brilliance, the connection, the humanness of it, which is ultimately what is being capitalized or being extracted to capitalize and inform all these other ad-based things.

Kate Sassy Sass...:

So okay, we've got this lovely platform. Instead of that money going up and driving the stock price and instead of the decision-making coming from folks who are tied to maximizing that stock price, what if we just flipped it and gave all of the members one vote? And then that vote was for two things. One, electing a representative board of directors who could be doing the governing of what kinds of strategic planning are we going to do, what kinds of feature sets are we going to maximize, what kind of guardrails do we want on our platform, what kind of goals do we have for society because we are clearly operating at societal scale, et cetera, so that everybody, all that one member, one vote, not one set of capital units, one vote, one body, one vote, is one way you really keep capital from having an outsized influence.

Kate Sassy Sass...:

So one member, one vote. You can vote for that board of directors. And then you could also vote on referenda. You could vote on when the board says, "All right. This one is important enough that we need your actual opinions and input here, so we're going to put this out and actually take a referenda on X issue, or Y strategic plan, or Z decision." So it's a very simple lever. Instead of saying all of the guardrails and constraints and structures that are going to create this space are actually in the hands of a very few people, which, just think of it from their perspective. Say you have a brilliant ethicist in that team. Say you have a staff person who is 150% signed on to creating and centering humane tech. What can they do against the incentives they're stacked up against, especially if they don't have a lot of social capital or power?

Kate Sassy Sass...:

But if you just flip that switch, instead of the staff being the ones in charge of the whole experiment, if you put the value creators essentially in charge of the whole experiment and put that brilliance and wisdom and need up for a vote, and then laddered that power up into creating the direction of the company. It's not going to be perfect. It's going to be as perfect as a massively diverse emergent group of humanity, but it's going to be a lot better than a very small group of people with finite wisdom who have an insane profit mode of driving their literal every task.
Kate Sassy Sass...: The literal every task that I’m doing as a Twitter user, what’s my incentive? I want to participate. I want my voice to be heard. I want to hear the voices of other people. I want to be able to find the voices I want to talk with. That’s my incentive. So I’m actually able to afford to implement ethical decisions if that’s my value proposition, whereas the staff person who must churn out returns with every decision they make, they’re not able to afford that.

Tristan Harris: Right. I mean, I think a good way to think about this is how does the priority list of decisions and initiatives in the company get set? A lot of people look at Elon Musk buying Twitter and say, "Oh my god. Well, I think this guy’s more on my side than the last team, so maybe they’re going to add that edit button, or we can hope there’s going to be a couple more ethicists in there." So okay, let’s imagine we step into the body of the organism that is Twitter. There’s this office, there’s these people, and there’s some ranked set of priorities and there’s some objectives, some quarterly objectives. And what decides what that priority list is?

Tristan Harris: Now let’s imagine there’s these harms of Twitter, and there’s, let’s say, certain marginalized communities or international communities in civil war, in Ethiopia, where there actually is a civil war going on, and there are spread of information that actually causes more conflict, but those people don’t have a seat on Twitter’s board. And how many people in the San Francisco office of Twitter have any reason to be thinking about that particular constituency, or people who are getting more harassment because that’s a particular constituency, and often not males and not white men in San Francisco, and so why would those priorities be set according to that group?

Tristan Harris: So what you’re getting to is how would we come up with a representative set of priorities that relate to the harms that are most salient to the people who actually experience them. Now, one of the problems, though, of course, is scale. So you have at the scale of a platform that affects the entire world and hundreds of countries, how do you prioritize that? I mean, and also then the code base is located in this central location. So I don’t know. I’d like to keep unpacking this a little bit because I think it’s such a good case study for where do you intervene in the system? We often talk about Donella Meadows and the leverage points framework. You can intervene in the design changes, you can intervene in the business model or the capital structure, but let’s dig deeper into these layers and figure out how would we make it better.

Mara Zepeda: Yeah. I mean, I think that’s where Zebras Unite has oftentimes says that we can spend our energy playing offense or defense. So we can continue to talk about Twitter in this conversation if you’d like, it’s not where our highest and best uses in some ways, because our hypothesis is is that there are actually a bunch of ethical founders out there that are already creating different alternatives and
models that Twitter could probably learn from. So I think when we start to play
defense with tech companies, that's when we start to think about how can we
train their engineers, how can we talk about regulation and sort of cracking the
whip? And I think that the defensive strategy is one that's very worthwhile, but
it's also not where... Our passion lies much more in 99 founders out of 100 don't
even want this to begin with. And it's the Twitters of the world that are taking up
so much airtime, when really, we need to create an alternative paradigm to
counter this.

Mara Zepeda:
So how do we find the founders who are building alternative companies? And
the challenge is that it's not about scale for them right now. These are really
small experiments that are invisible. So you have, on the one hand, I think, the
strategy that is being sucked into a vortex of how to course-correct on platforms
that are not only too big to fail, but yeah, they're failing, and in the process,
they're bringing down an extraordinary number of systems with them. And then
where I think our movement was born from and what we really try to focus on
and believe is the other founders out there that are wishing to proactively, at the
jump, design companies that have alternative ownership and governance, that
are seeking alternative capital so they can make different choices are the types
of companies that we need to start investing in and that we need to start
surfacing.

Mara Zepeda:
And I should also say that what's interesting is in 2019, this was kind of under
the radar, but Business Roundtable, which is some of the top Fortune 500 CEOs,
really, those types of companies are, at least in word if not in action, along for
the ride of recognizing multiple stakeholders in companies. So for those of you
that weren't following this notion, essentially, that rather than the mandate of a
corporation being solely to maximize shareholder returns, they then began to
consider other shareholders or including workers and suppliers and the
environment and communities.

Mara Zepeda:
That's a great place to actually start to have a really rich conversation with those
181 Fortune 500 companies on the stock market that are saying, "Okay. We
recognize that we have to start to do things differently." So rather than force the
issue down the throats of technocratic billionaires, there are so much
opportunity that exists. Zebras Unite is international, so you look to all sorts of
other countries that have figured this out, and I think that's where there's a lot
of really rich experiments to learn from.

Mara Zepeda:
So the question often comes up, like, "What are the examples? Okay. So you say
that there are all of these solutions, what are they?" So I just want to give some
corollaries and get the juices flowing. So most people might have heard of Y
Combinator. Y Combinator is this startup accelerator that has spawned any
number of great unicorns. It's a resource for businesses to start. Well, it turns
out there's another way of doing that. And this organization called start.coop is an incubator and accelerator for cooperative businesses. Zebras Unite is a proud graduate of start.coop, and so I would recommend checking out all of start.coop's companies where you'll then be able to find companies that are very zebra in ethos and that have cooperative ownership. So first question we ask, where do these businesses start? Let's think about alternative incubators like start.coop.

Mara Zepeda: Then we need alternatives to Drivers Co-op. Drivers Co-op is a driver-owned alternative to Uber and Lyft. There is a consumer-facing side of Drivers Co-op, but also, they're working with the city of New York to transport their foster children and Medicaid patients. This is an entire market that would not be served by Uber and Lyft necessarily, because it's not in their best interest to maximize profit by getting government contracts to help elderly and sick patients. So here, you're seeing this dialogue between cooperative companies and the values of a city of New York putting their money where their mouth is and saying, "We are going to prize driver-owned cooperatives."

Mara Zepeda: You look at things like the Matriarch Fund. And when you think about capital, how are we going to create alternative forms of capital? The Matriarch Fund is a character-based lending program. Why that is so important is because when we spoke about venture capital, the thing that we didn't speak about is lending, commercial lending. Lending requires collateral, and so why it is that you have such small numbers of women and people of color receive loans. If someone were to hear about venture capital, the natural thing that they would say is like, "They should just go out and get a loan." Well, you can't get a loan unless you have credit and collateral. So something like the Matriarch Fund is essentially reimagining the measures that we use of credit worthiness and talking about people's character. It's talking about people's involvement in the community. So what you have is character-based loan programs that are essentially coming out to fill that gap. So that's an example of a capital instrument.

Mara Zepeda: And then when you think about Zebras Unite, we have 30 chapters around the world. And if you look at a chapter like Japan, as an example, our chapter in Tokyo has now raised over a million dollars for zebra companies in Japan, and what they are prioritizing that's culturally important to them is companies that are over a century old. You have many companies in Japan that have stood the test of time that are over 100 years old. So that fund is trying to say, "We want to incentivize the creation of those types of companies." So the fund that they are raising is specifically focused on century old companies of the next generation.

Mara Zepeda: You have our chapter in Berlin, as an example, where there, in Berlin, the middle class was very much built by family-owned companies, so that's what their lens
is. How do we incentivize and create more family-owned companies that are really building up a middle class? I can’t fail to mention what is going on in India right now with groups like the Business of Handmade, where they are pointing to the 200 million artisans, many of them women, in that country, and many of whom have created essentially co-ops and practices of how to work together through this notion of community and commerce. So we can look to their research report on the Business of Handmade to better understand these corporate structures that are coming out of India. So all over the world, you have these incredible proliferation of experiments. It just really speaks to the fact that each one of these solutions is going to be completely culturally specific.

Mara Zepeda: One thing I had spoken about earlier is when Meetup was up for sale after WeWork was trying to offload it, we did a thought experiment where we reached out to Meetup and said, "We want to acquire Meetup with the goal of exiting it to community." And through some crazy series of events, we got oddly close to looking into acquiring Meetup, and we actually found some investors that were interested. And you can imagine, of course, this asset that has been built up by all the hosts of Meetup, the users of Meetup, it would be such a clear asset to try and exit to community bond. And the really interesting challenges were, in fact, not capital. There were not a lot of operators or executives or people that we could find who would have the tolerance for the incredibly messy experience of what it would be like to exit that company to its community. How do you tell people that they're now shareholders? How do you educate them? How do you go through that type of conversion into user ownership and to employee ownership?

Mara Zepeda: So what's interesting is actually a lot of the failure is not a failure of imagination, it's a failure of actually having human beings that have the capacity to do these types of exits to support these types of tech companies. It's like playing Whack-A-Mole. It's just like you solve the capital thing and then you realize that you can't find a CEO who could do a conversion, and then you find the CEO who could do a conversion, and it's just really interesting how systemic it is.

Mara Zepeda: And to add a social media zebra, I think like one example is High Low. So High Low is a cooperative platform that's being developed that's really focused on these platforms need to be serving a greater purpose and these platforms can actually help to create the infrastructure of ownership and governance so that we can start to vote. We can start to take stakeholder votes. We can start to have tokenization. We can start to have patronage. How do we take a lot of these principles of co-ops and then bring them online? So High Low is an example. Another example is Socialroots. Socialroots is another co-op tech company that's very much focused. Essentially, what you're going to hear me advocate for with zebra tech companies or tech-enabled companies is a lot of... What the verb is that's going to need to get done on those platforms is
decision-making. It is the expression of ownership and governance that's going to have to start to take place because those are the highest stakes activities.

Stephanie Lepp: Has an exit to community ever been done?

Mara Zepeda: I mean, there are many different smaller scale exits to community that have been done. One example is PixelSpoke in Portland, Oregon, which is a marketing agency that was owned by one owner, and then over the course of time, the company was then sold to employees. So yeah, I mean, I think in this space, we're trying to take the best practices that we've learned from employee ownership conversions, and map those onto what it would look like to exit to user communities. And there aren't a lot of those that have been done at scale, so it's a place that deserves a lot of experimentation, I think.

Stephanie Lepp: And I've heard your co-founder Jennifer Brandel articulate this as like instead of convincing the power holders to let go of their power, create new sources of power. But then the next question becomes, "Okay, so how does one build zebras or an ecosystem conducive to the success of zebras without getting killed by unicorns?" How do we envision this transition?

Mara Zepeda: The transition is hospicing out the old, first of all, so I don't think we can talk about this without talking about Margaret Wheatley's Two Loop Theory, which is this notion of patriarchy and power and domination and control and scale and growth at all costs is dying because it's killing us and our planet.

Stephanie Lepp: For those of you who aren't familiar with Margaret Wheatley's Two Loop Theory, it's a model about organizational transformation. Something is always dying so something can be reborn. It's a useful way to think about how we might evolve from unicorns to zebras.

Mara Zepeda: So we don't actually even have to worry about the dinosaurs becoming obsolete. It just so happens that they're taking down all of these systems and things that we love with them, which is incredibly grief-inducing, and it's a tremendous experience right now to watch all that they are killing in the process. It's like Saturn eating his child. I mean, it's incredibly devastating to watch how you're trying to help these dinosaurs make better decisions. And in that process, Margaret Wheatley describes essentially hospice workers who come in to try to help that death process be not as violent and harmful as what they're making it to be. But in that process, you have new growth that has to start to be created, and that's where the creation of new power comes in. That's where people actually get energized. That's where you find that there's a lot of creativity, common cause, mutual aid, solidarity, people feeling energized, people feeling like they're creative.
Mara Zepeda: So I think where we are focused on at Zebras Unite is first of all, culture, so we have to start to tell these different stories of these small experiments that are in the culture that are not getting any airtime. Second is community. Those founders feel isolated. They don't know where to turn to. They're looking for business support and recommendations and ways to grow their businesses, and they actually need skills and tools in order to grow those businesses. And different types of corporate forms, different types of incorporation documents, all of the plumbing that's necessary to create a business has to be reinvented, and we have to draw on old models in order to do that.

Mara Zepeda: And then third is capital. So we need to actually invent new capital instruments, new capital products that are going to serve these types of companies. And the invention of new capital products is not an insignificant task, because it fundamentally comes down to approaching investors, approaching banks, credit unions and saying, "The types of things that you believed to be risky and the types of people who you have traditionally excluded from capital markets, you're going to have to take a chance now, because they are the ones that have the solutions that we have been waiting for." So in order to do that, it's creating the type of capital products that make them feel comfortable and that show that it's really going to meet a need and there's going to be a financial upside.

Kate Sassy Sass...: That's incredibly important. Even as we are inventing new forms of capital, I would actually say we're transposing in a way, because the kinds of capital that we're talking about, like community-based capital, patient capital, things where we can share risk and so redefine risk in the eyes of those who are holding more so that we understand that the many is actually less risky than the one. All of that is actually just a return to older forms of organizing how we do this human thing. That's a lot of coming together. So I would argue, often, when we think about... We get asked this question a lot. Scale, how do you scale a zebra type thing? How does zebraness scale? I would ask us to really ground back and question what we mean when we say scale. Do we mean one big company or do we mean noticing and naming the giant sea and groundswell of all the other companies that exist that are not one company.

Kate Sassy Sass...: Now that is harder to do. That is harder to do. To tell 99 stories versus one story takes literally more time, literally more energy, but that's the correct allocation of time. You're asking, "How do we scale this thing?" Tell the story of the 99 things, and then actually invest in those and weave them together because that's actually the solution. As someone who has spent my life swimming in the existing solidarity economy, sharing economy, whatever you want to call it, it is a giant vibrant world. It's just sub rosa because it's not attractive to the narrative that premise is the one. So it's here, we just got to see it.
Mara Zepeda: And I think to that, I don't know if we defined this, but unlike a unicorn, zebras are real, they're both black and white, and what most people don't know is the way that zebras avoid predators is all of their stripes when they get together. A herd of zebras is called a dazzle, and it's that dazzle that creates confusion because the lion doesn't know which one it's going to go after. And so to Sassy's point, the way that you create an alternative is to create diversity and multiplicity and volume of these different types of experiments, all of these different founders of a different stripe. And then it's through that that it's a confusing pattern because there isn't one. That's the beauty of creativity. So that's actually the protective apparatus, in answer to your question, Stephanie, of we are not going to beat the unicorn, we're not going to beat this idea of competition, but we have, in the Darwinian sense that is often overlooked, collaboration, and cooperation is also a survival mechanism, and that's our hypothesis.

Tristan Harris: So first of all, I love that you're just bringing up that if we don't have a positive vision of where we want to go, then we're just left with dystopias all around us. That's actually one of the things we really wanted to cover with you for this podcast. We're aware that we cover some dark topics on how the current cancerous infinite growth obligation structures, like you say, break our world, and we do need to have a positive vision for an alternative. And I think the Bucky Fuller quote, basically something like, "Don't try to change the existing paradigm. Make it obsolete by creating a new one."

Tristan Harris: But that brings up some really interesting questions, because there's this question of can the new one outcompete the old one when you have Metcalfe monopolies where the Metcalfe aspect is the Metcalfe Law that a power of a network grows with the square of its members. So you have a network where I don't want to use seven different currencies. I want to use one because that gets me into all of them. I don't want to use 80 different social networks, even though plurality is better. I want to use just the one that gives me the maximum reach where I can reach the most number of people. And that's where the challenge has always come up is if we want to buy Twitter or turn it into a DAO that's for the people, well, how are the people going to get the capital to do that compared to the venture capitalists who already have billions of dollars that can actually buy it?

Tristan Harris: So one of the problems is if we want the people to be able to do it, where we're outcompeted by capital itself, the people don't have nearly as much capital as these handful of smaller actors that can do it. So I guess the question I want to get to is how do we create something new that is defensible in the face of these older structures? We know the older structures don't work. We know that they will eventually cannibalize the life substrates upon which they depend, but the problem is they can keep doing that for so long until it's too late. And what we're
trying to figure out is how do we accelerate a transition to something new that is defensible, like can the peaceful tribes outcompete the warlike tribes? We can create a peaceful alternative, but if they just get killed by the warlike tribes, that's one of the big challenges that comes up.

Mara Zepeda: Yeah. I think that we are not going to outcompete this. This is not about competition. What's going to happen is we're all experiencing the climate crisis, and so it's going to come down to who's around the corner that has water? So I think that we are in a position now where we just can't even be operating at that type of globalized scale anymore because it's going to come down to our immediate communities.

Kate Sassy Sass...: Also, one short example that bridges the gap here as well, though, for those who are thinking about scale as part of their solution set, because when we talk about a Cambrian explosion of solutions, I want all of them. I want all of them in the room. So one example that is very deeply place-based and very deeply relational and paradigm shifty is actually the Mondragon Corporation, which some of y'all may have heard of, some of you may not know. For those who don't, it basically was started as a resistance and self-survival movement in the Basque region of Spain with a very visionary human, Father Jose Maria-Arizmendiarrrieta, who came together and said, "Hey, we are oppressed peoples. We should own the means of our own production, and we should own the means of our own banking, and we should own the means of our own housing, and financing, et cetera, et cetera."

Kate Sassy Sass...: And they, at this point, are a cooperative federation that is a global company that has worker owners in a federated network of co-owned and co-operated global consulting firms, manufacturing firms, banking firms, childcare institutions, grocery stores, et cetera. And they are deeply a zebra company and they have scaled. So to really draw how that is possible and... But they have scaled because they are serving a deeply place-based and deeply needs and connected and relational community and the needs thereof. So that is really the route that Zebras is arguing for, is that as we think about how are we going to make outsized impact, it's not through one big project that brings everyone into the tent, it's through a million little projects that then builds our own tent together.

Tristan Harris: So speaking personally for a moment, I, in the social media space, have been working for something like eight or nine years now on how are we going to change the system? And I've been on my own journey of thinking about, at the beginning, maybe it's like we just got to get them to make different design decisions. And if we could only get those engineers to think differently, then maybe those engineers at Facebook or Twitter would just change the virality of the system. And if we could just teach them or we could just talk to them about
it and we could have a collaborative conversation. Then you realize that as much
as you have these good-intentioned employees at these companies, they’re
bound by the incentives, and so they don’t do the things that are so obvious to
do, and yet you just had a really positive conversation with people who seem
aligned with you, but then they’re trapped inside that same set of incentives.

Tristan Harris: Another thing that comes to mind, though, is how much of my time and the
community that I think I’m a part of has spent just hours and hours trying to
convince a small number of people to do something different than what they’re
doing. And what a waste that is, is a way to spend a life to be trying to pull on
the pant legs of a small number of powerful people to try to get them to do
something different that they don’t have an incentive to do differently? And I
want to also applaud that we have had some positive changes that have come
from that. But what you’re really talking about is how do we liberate the 99%’s
creativity to be building brand new systems, to actually be able to build the
world that we want to live in, the adjacent world that our hearts know is
possible. So Kate, what does the zebra movement need and what actions can
our listeners take?

Kate Sassy Sass...: Mm. The zebra movement needs more zebras to self-identify and come to the
table, the zebra movement needs capital, so it needs people to be awakened to
our mission and how it is actually not just going to have positive social returns,
but can have positive economic returns, and it needs people to join on to the
great project of changing their mind about what’s time and energy quote,
unquote, "efficient" and start investing in building the deep and complex
relationships with their livelihood, with their economic livelihood, with their
products, with their markets, et cetera, that will generate this fertile sea of well,
what if we just owned this, and then we took it over and then we operated in
that fashion. So people really need capital, culture work, and to start really
mindset shifting from quick, fast scale to deep, rich, connected. So join the
community, and then maybe join the co-op, and then join the party.

Stephanie Lepp: Join the dazzle.

Kate Sassy Sass...: Join the dazzle.

Stephanie Lepp: Mara Zepeda is the managing director at Zebras Unite, a member-owned
cooperative that’s creating the capital, culture, and community to power a more
just and inclusive economy. She’s also a senior consultant and board member at
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Stephanie Lepp: Kate Sassy Sassoon is the director of cooperative membership at Zebras Unite and a Zebras Unite founding member. She's also the founder and principal at Sassy Facilitation supporting cooperative communication. Kate is a lifelong cooperative advocate and is devoted to creating efficient and ethical processes for high impact collaboration. The Zebras Unite Co-Op serves a community of over 6,000 members and about 30 chapters spread out over six continents. Learn more at zebrasunite.coop.

Tristan Harris: Your Undivided Attention is produced by the Center for Humane Technology, a nonprofit organization working to catalyze a humane future. Our executive producer is Stephanie Lepp. Our senior producer is Julia Scott. Mixing on this episode by Jeff Sudakin. Original music and sound design by Ryan and Hayes Holiday, and a special thanks to the whole Center for Humane Technology team for making this podcast possible. You can find show notes, transcripts, and much more at humanetech.com. A very special thanks to our generous lead supporters, including the Omidyar Network, Craig Newmark Philanthropies, and the Evolve Foundation, among many others.

Speaker 6: And if you made it all the way here, let me give you one more thank you to you for giving us your undivided attention.