

# Disrupt Yourself Podcast

## EPISODE 281: JONATHAN JOHNSON

Welcome back to the Disrupt Yourself podcast, where we provide strategies and advice on how to climb the S Curve of learning in your professional and personal life, disrupting who you are now to slingshot into who you want to be. I'm your host, Whitney Johnson. This week I speak with Jonathan Johnson, no relation. The CEO of Overstock.com, which you probably know is an online retailer, mostly for home furnishings. But the company has gone through a lot of changes in upheaval since its dotcom origins in 1999. Jonathan has been with them for a long time and stepped into the CEO role right before the pandemic. Like many leaders, he faced some difficult choices in the era of COVID, but their company was uniquely positioned to refocus the business and push for a very progressive hybrid work policy that continues to pay dividends. Jonathan also ran for governor of Utah and learned a lot from that experience. In short, we have a lot of S Curves to discuss. Enjoy.

**Whitney Johnson:** Jonathan, tell us about a either formative or crucible experience in your life.

**Jonathan Johnson:** Well, Whitney, it's kind of a soul-bearing question. It's a hard one to open up to. But, you know, when I think about it, the first thing that comes to mind is when I was a teenager, a bunch of my buddies were engaged in a prank that went too far. And I won't give a lot of details about it. But when we got caught, I was adamant to my parents that I wasn't involved. And my mother, like all good mother bears do, went to bat for me and explained how I wasn't involved. And of course, over time it came out that I was, and I remember when my mom came to me and said, Johnny, I don't mind that you did this, but what I mind is that you didn't tell me the truth, and I went to bat for you based on a lie. That was worse than getting busted. That was disappointing my mother. You know, I think about that, and how it taught me to tell the truth, even when it's a truth about a mistake or an error or something I've done wrong, and things work out when you tell the truth.

**Whitney Johnson:** So, what happened when your, when your mom said to you, I wish you would have told me the truth, but what did the conversation look like after that?

**Jonathan Johnson:** Well, I mean, it's embarrassing for a teenage boy, but I was weepy, you know? I mean, I there's, there's really no one I'd, I'd at that point in my life that I would less like to let down than my parents. And in particular, my mom had a really big influence on me. And to know that she was going to go to bat for me, right or wrong, you know, I knew she had my back. And the problem is I put her in the wrong place, and I just felt horrible.

**Whitney Johnson:** So, Jonathan, if we fast forward, is, has there been an experience then in your adult life where because of that moment with your mom of I need to tell the truth that that has been through your, gone through your mind. You may not have wanted to quite tell the truth, but you knew you had to because of that experience.

**Jonathan Johnson:** Sure, sure. I mean, I make mistakes at work. I have a boss, you know, or I used to have a boss. And you make a mistake, it's difficult to admit it. But because of that, you know, I've been quick to explain things I've done wrong. And over time, I've learned that that's actually a real strength to admit a mistake early when it can still be more easily resolved makes a difference. And it's one of the things I try and teach the people that I work with and who report to me. Let me know what the mistakes are. Let me know where we're failing soon because most of the time, we can correct it. And the longer it festers and stays, the more it's embedded, the harder it is to fix.

**Whitney Johnson:** You know, as you say that too, I'm thinking about we have two college-age children, and I'm realizing so our daughter, we had a conversation recently where she was telling us the truth about a situation. And as a parent and I think as a work colleague as well, when someone tells us the truth, there is a moment where you feel deeply trusted. And that they feel safe with you.

**Jonathan Johnson:** Yeah. And I think because of that, there's also no anger. You know, and I think the concern when we make a mistake, and we're trying to hide it is that when it's exposed, people will think will be angry with us. People will think we're dumb, you know, people will think our judgment is bad. But usually, it's thank you for telling me that. Now let's get to work on rectifying it. And so, I think that trust is really important. And, you know, in the 20, nearly 20 years I've been in Overstock, I've had people come to me and explain big, huge problems. That couple resulted in financial restatements, which for a public company, that's a big error.

**Whitney Johnson:** Yeah.

**Jonathan Johnson:** And my response wasn't to slam my fist on the desk and start yelling. It was just like, okay, well, let's figure out where the error was. Let's figure out how to fix it, let's figure out the magnitude of it, and let's deal with the consequences as they come. And that's how I've tried to react. And in my career, that's how people have reacted when I've come with mistakes and have said, Well, here's what, here's what I did or what my team did, that's, you know, we slipped a stitch, and we're going to need to fix it.

**Whitney Johnson:** You mentioned Overstock. Let's talk about Overstock. You're, you're the CEO. You've been the CEO for several years now, right before the pandemic. Tell us, what does Overstock do?

**Jonathan Johnson:** Overstock today is very different than what it was 20 years ago. We started out as a liquidation company selling surplus product. Thus, our name, Overstock. Over the years, we've morphed into a general retailer. We've had a lot of side businesses, like selling insurance and selling homes. We got very involved in blockchain technology today. We are focused. Today we are maniacally focused on being an online home furnishing and home furniture company. We've kind of shed everything else so that the management team can focus on what we do best and what our customers really want from us.

**Whitney Johnson:** So, your customers didn't want Overstock. They wanted how did you, how did you get to that point where you said, this is what we do best, this is what we're going to focus on?

**Jonathan Johnson:** Well, it's morphed over time. There was a real need when we started our business in 1999, really an e-commerce pioneer to sell last year's goods that so there wasn't a channel pollution. So, you know, if someone had a toaster and this year's toaster and last year's toaster were really no different other than the color of the button you push down, there was a need for that. But pretty soon, people that were supplying us that wanted to use us as a general merchandiser to sell their goods because we were a successful distribution channel. Then we and, and we expanded to lots of things, and we saw that we were really good at home furnishings and furniture. We've also, as we looked at our customer, the customer that's a home purchaser for us, a home goods purchaser, twice as likely to come back as a bigger average order size has more product in the basket. And as we try and focus and be profitable, because I think businesses should be in business to make money, that was a better business than other things we do.

And so, over the last year and a half, we've been shedding different things electronics, apparel; in the coming months, we'll shed jewelry and watches, and then we'll be strictly a home furnishings company.

**Whitney Johnson:** There are some disruption, isn't there, in there where you started as just the, the liquidation place. And then you discovered that people said, wow, this is a great distribution channel. And then you gradually moved upmarket.

**Jonathan Johnson:** Yeah. And there's all there's always changing. And you know where we are in ten years, I don't know. I think it will, you know, have a, I'm certain it will have a big home component. I think it'll look different than it is today. I couldn't have imagined when I started in, you know, 20 years ago at Overstock. And my wife thought the first time she came and visited us, she said, Have you gone to work for a garage sale? Because the whole office was full of, of liquidation goods as we were trying to decide what to buy and what not to buy. Today, it doesn't have that feel at all. It feels very corporate, very analytical, very data driven. And where we'll be in, in 20 years, I hope, is more refined and more focused.

**Whitney Johnson:** From a brand perspective. How do you walk that over from Overstock to what you're doing now so that people in their mind go, Oh yeah, this is what they do?

**Jonathan Johnson:** Well, that's a question we grapple with all the time because our name is not changed as our business has changed. And the name Overstock has is a real asset and has some downside to it. The asset is it has very high name recognition. Most Americans have heard of Overstock. They know they know that this company and this name, that's the plus side. And the downside is not all of them, in fact, many of them don't associate us with home furniture and home furnishings. A lot of them still think surplus and liquidation. So, the question we continually grapple with is what to do with the name. Changing a name is hard and expensive. You don't flip a switch and buy the name recognition that we have. And so, rather than do that, we are trying to re-associate our well-known brand with who we are as a home furnishing company. If that's not successful, well, again, revisit whether a new name is right. But we're going to try and take the, what we think is the easier course before we take what feels like the more expensive and harder course.

**Whitney Johnson:** So, speaking of change, we've just been we think we're almost through a pandemic. Walk us through what you did as CEO when it hit, and what are some things that you learned?

**Jonathan Johnson:** Yeah, I mean, I've been sitting in the CEO chair for less than six months when we heard about this virus out of China. And so, one of the things we did is we started putting together a plan, and we actually did a few practice days working from home before March. And we decided that the most important thing during what I don't think we were using the term pandemic really then. But during this kind of crisis would be, number one, protect our employees. That was number one. Number two, try and keep the business running. And then number three, try and stop or slow the spread of the disease. And those became during the pandemic. The three things we measured, any decision we did.

**Whitney Johnson:** All right. So, I'm going to recap. Just protect your people.

**Jonathan Johnson:** Yep.

**Whitney Johnson:** Keep the business running and stop the spread of the virus.

**Jonathan Johnson:** Yes, those are the things we did. And so, you know, we did this test run. We learned some things that we needed to, you know, get a little bit more tech in people's hands. And then it was weeks, a small number of weeks, and March 13th or whatever that fateful day in 2020 was and we were all working from home immediately. And candidly, our team performed really well, and it was a good time for our business. People were at home early on the things that we saw them buying were, you know, things that we don't sell anymore. Spools of elastic string so people could make their own face masks. It's hard to remember that was the thing, but that was what people were thinking about. Of course, desk, you know, office chairs, stand-up desks, different things. But over time, people began to turn their home into a haven. It became a workplace an education place, an entertainment place. It was everything. And so, our home furnishings business really took off and e-commerce really took off, and we're both

those things. And so, for us it was good. We communicated a lot. I began writing at least a weekly email to the entire company, and as big, hard events came up, those would be more frequent. When the George Floyd incident occurred and then protests occurred that was really raw.

**Jonathan Johnson:** And I wrote really personal messages. I tried not to be a CEO. I tried to be someone who was thinking about my psyche and my teammate's psyche and what they might be going through. Sitting in, maybe working in their bedroom, maybe working in a closet-sized office and talk about the things that were going on. And I've, I've kept that up. I still write an email to the company, not quite every week, but at least every other week. And, you know, a lot of its business related and things we're working on. Some of its sharing articles I've read, some of its sharing poems that I like. I like to read poetry every day and just kind of letting people get to know me. Because I think as we became remote, there was this disconnect. We became disconnected, and the goal was to try and keep connected. And so, you know, of course, we zoomed and had lots of company-wide standups on Zoom and all of those things. But I think there's something in the written word that people can study and think on and look at that made a difference.

**Whitney Johnson:** So, one of your big, big takeaways from this time period was that you needed to communicate, communicate, communicate, even though you didn't know what was happening. There was something about just talking through the experience. So, when you say that, the image that comes to my mind is that you're all in the dark together, but you're talking to each other, and when you talk to each other, it feels safer.

**Jonathan Johnson:** Yeah, we talked, and we would do that, and it would be interesting. People would write back, Thank you for these letters they make, they make a difference in my life. You know, I discount some of that because people want to say, hey to the CEO and, you know, pop up on the radar. But they didn't feel like that. They felt like these make a difference to me. And, you know, sometimes it would be someone who I hadn't heard from and after a year of writing would just write me a note saying, I look forward to these every Friday. Thank you for sharing them.

**Whitney Johnson:** You said you like poetry, and it's right now as we're recording this, it's April, which happens to be Poetry Month.

**Jonathan Johnson:** It is Poetry Month.

**Whitney Johnson:** Is there a poem that you especially love?

**Jonathan Johnson:** Walt Whitman's, *There Was a Child Went Forth*, and it's a longer poem. But it talks about a child, and as he goes forth, everything that he encounters becomes part of him. His mother's kind words and her touch, the father's harshness, the flowers, and the pieces of nature that he sees. And it ends with something. I'm not a memorizer of poetry, but it ends with something like, and the child went forth every day and continues to go forth. And I like that poem and I think about the people who've had an influence on me. And a lot of them probably, unfortunately, don't know it because I haven't let them know. But I'm an amalgamation of lots of people who've touched me, who've influenced me, and I feel like that child going forth and who goes forth every day is part of who I've become because of these different things.

**Whitney Johnson:** And so, as you were writing these letters to your, your company, the thought it sounds like that was in your mind is how can I be those kind words and people's heads as they go forth?

**Jonathan Johnson:** Yeah, kind words, reassuring words, informational words. I mean, there was, when we weren't together. And I think we've gotten very comfortable working remotely. And but in those early days, you know, we didn't know if we're going to be out for two weeks and, you know, oh, won't be longer than two months. And here we are two years. And it's still, still kind of like that. But it was, it was people crave information and they worry, is the job going to be there? They worry, you know, what's the future look like? Am I going to be forced to come back to work while my kids are still at home and not going to school? Am I going to be put in a position where I might get sick? And I really don't want to have that. And so, it was just kind of trying to be reassuring and and trying to take their pulse. We'd send out a lot of polls, you know, how's it going? What's your mood? Sunny. Stormy. Partly cloudy. We'd ask that kind of question. How's working from home going? Do you want to keep doing this? And we

get a lot of information and all of that informed where we've ultimately decided to land as what we think the future of work looks like.

**Whitney Johnson:** So, what does that look like?

**Jonathan Johnson:** We have something called the Forward Plan, and F.O.R.W.A.R.D. is an acronym for Future of Remote Work and Reentry Design. And for us, it's largely continuing to work from home. We've asked each of our department heads to decide how frequently their teams and different levels of people on their teams need to come to the office. And we've said when they come to the office, it needs to be for a purpose. It's not to do the day-to-day, what I think if it's read task, you know, checking things off the box, answering email, you know, being in meeting stuff, it's to come with a purpose. And so, recently we had our first day where we had our entire company come together for two days, what we called our homecoming. And we're to have the entire company come together two days, twice a year. They'll be in the office four days a year. And the purpose of it was specific. It was three Cs to connect, to collaborate, and to celebrate. And really to reinforce our culture, which is a fourth c. And we said, don't answer email. Put your out-of-office response in your email. Try not to do any phone calls. This is going to be a different kind of day. We have our senior executives come in once a week. Some people in the company come in once a month, others once a quarter. Most of the company, the majority of the company comes in two days, twice a year. So, you know, that's the, that's the minimum we require. Of course, the office is open if people want to come in and do things. But for us, it's better. I think we figured out we work well from home. We've opened up to more remote hiring. When I look at our current executive team, our two most recent hires are from California and Texas. We're headquartered in Utah. I think we've got we're expanding our talent pool and getting better people because of it. For us, the future of remote work looks like kind of what it's been for the last two years, but punctuated by times of connectedness, by times of collaboration, by times of celebration.

**Whitney Johnson:** By times of coming home.

**Jonathan Johnson:** Yes.

**Whitney Johnson:** You said something earlier that really caught my attention. I want to just double click on that for a moment, which was, and candidly, we did really well working from home. So, here's the question for you. Have you done any work to be able to assess who is capable of working from home really well?

**Jonathan Johnson:** Yes, we have. And a lot of it is. It's a hard question to answer because productivity can be measured in lots of ways, and we've found the best way to measure it is in outcomes. Are we meeting our goals, are customer's questions getting answered? Are we getting new product on the site? It's not in monitoring screen time, monitoring mouse movement. I talked to one of my brothers who works for a big company in New York, and he says they monitor mouse, mouse movement and people go to Amazon and buy mouse jigglers. Now, I didn't know that was the thing, but, you know, I just think whether it's a mouse jiggle or your or surfing YouTube and Facebook, your mouse is moving, but you're not being productive. To us it's, are you getting things done? And we recently had like this, as I mentioned, this homecoming of that and some of the notes I got afterwards from employees where that was so fantastic. And I want to thank you for how you've handled the pandemic. I've been able to be with my kids as they struggle through school. I've been able to see my kids leave the nest to go on to college or wherever they were going.

**Jonathan Johnson:** I've been able to spend time with an aged parent, and these people are still being productive and getting their work done. I think I think we've learned that life-work balance and I like saying it that way rather than work-life balance is better achieved when we have some more autonomy over our life. And I'm a big believer in intent-based leadership. And if people know what they're supposed to get done and they have the skills to get it done, they'll do it. They don't have to be micromanaged all the way. When I read about other CEOs who are saying, you've got to be in the office, it shows you face time is important. I think that is a lot of hubris from a CEO that I'm so important that I need to be able to see you scurrying around our office space or I need to be able to walk around the office and wave at you and have my ego stroked when you know, you wave back at me. And that's not what I'm worried about. I'm worried about bottom-line results.

**Whitney Johnson:** So, you brought up this idea of intent-based leadership. It sounds like that is your leadership philosophy. Say more about that.

**Jonathan Johnson:** So, yeah, I mean, I think it's really important. When I became the CEO two and a half or so years ago, I had a lot of different roles at the company. I'd been the president of the business, in which kind of our COO. And then I took some time off and ran for governor. Then I came back and was the president of our blockchain division. So, it had been about six years since I had been in a e-commerce executive meeting. And the first meeting I came to two things I recognized. One, we were talking about a lot of the same things we'd been talking about six years ago when I left running, attending, and running that meeting weekly and two people in the room were looking at me to make decisions. And I had purposefully, we have a big boardroom with a big round table with a couple of long arms off it. And then we have some pews that are on the side of the room. And I've been sitting on one of those benches on the side of the room, not taking a table seat at the table and certainly not the head of the table. And it was clear to me people expected me to make decisions. Now, the good news was the things we were talking about, I understood, and I could have made decisions on pretty quickly.

**Jonathan Johnson:** But our organization had become big enough that there's no way that one person could micro-manage all the things that were being expected that people were looking to me. And so, we would talk through these things 15, 30 minutes until the person who should be making the decision came to a decision. And I believe that if you hire capable people or train people to be capable. And then, you have clear objectives of what you want to get done, your priorities are understood. That you concede control to people and let them be decision makers. And so, it's taken time to kind of change a mindset. I took over from a founder and founders make lots of decisions that when we are a small startup, and they tend to keep making decisions. I came in as a non-founder, yeah, kind of a manager CEO if you will. And I certainly have ideas on places we want to go and to be innovative. But I really felt like we needed people to be able to control what they were doing. We'd do better as a company, and they'd be happier because they had some autonomy.

**Whitney Johnson:** So, where does that idea of intent? So, how do you walk that line for walk people to that place?

**Jonathan Johnson:** So, intent, you had to be clear about what the company's objectives are. And when I took over as CEO, we had 27 key initiatives. We were working on.

**Whitney Johnson:** Only 27?

**Jonathan Johnson:** Yeah, and I mean, that's like having zero key initiatives. And if we looked at the return on investment for those 27, it was like having zero. And so, the next year we pared it down to four, and then the next year it stayed at four, and this year it's one. And in addition, we put into place an OKR system, objectives, and key results. So, you know, I have two objectives for the company, and everything we do, the president and the CFO all cascades out of that. And everything we're working on should fit into those two objectives. And we have quarterly key results we measure. That, I think, provides the clarity of intent.

**Whitney Johnson:** What are your two key objectives?

**Jonathan Johnson:** My two key objectives are, foster our "We Are Overstock" culture. That's the title we've given to our culture, and then to increase our enterprise value as a company. So, there's a bottom line one and there's a culture one. And I think what's this culture eats strategy for breakfast? I think both of those are important. The other thing I would say that's key in intent-based leadership is forcing people to come with decisions. And, you know, when someone sees a problem, the first thing they have to do is be able to identify and bring it to whoever they think. It's important to bring it to. I see a problem. So, if one of my direct reports comes with the problem, that's the kind of the lowest rung on the ladder. I hope they come, and they say, I see a problem, and here's what it is. Then I hope they come and here's what I think we should do. But my favorite is when they come and say, Here's what I intend to do, here's what I intend to do. And I may ask a few questions, in fact, I'm guaranteed to ask a few questions. I'm a really questioning person because I like to understand the thought process. But when they say I intend to do this, they haven't put the monkey on my back. You don't put the monkey on your boss, your manager's back. You say This is what I want to do. Now, the manager may have a little bit wider vision, more in his or her can, and say, Have you thought about this? And if they haven't, they may change their intent statement, but it really gets

people to own and to act. And it's amazing. I don't think a single one of my direct reports ever comes to me with a problem without saying, and here's what I intend to do.

**Whitney Johnson:** All right. I love it. Here's what I intend to do.

**Jonathan Johnson:** Yeah. And then at some point, they figured out where they can come back to me and say, here's what I've done. That comes over time, there are certain things that it's better to say, Here's what I intend, versus the more routine. Here's what I've done. But that balance people I think, kind of intuitively figure out over time.

**Whitney Johnson:** In our work, all our listeners know we like to talk about S Curves of Learning and being able to jump to new S Curves. And you've been at Overstock for over two decades. Talk to us about some of the different S Curves that you've been on.

**Jonathan Johnson:** Yeah. So, I joined Overstock as the general counsel. I was the legal department of one. That's career advice I'd give to everyone. Never be a department of one. It's really hard. So, the first S Curve was thinking in a non-legal way, and I'd been at the company for a couple of months when a request for proposal came across my desk that had a contract I was supposed to mark up. And I could see that it had a lot of business pieces to it that others, no one at the company was going to own all of this. And so, I went to our CEO, and I said, I'd like to captain this project. And he said, What do you know about merchandising or marketing or testing or warehousing? I said, I don't know much about those, but I know enough about I know more about all of this than probably anyone in the company. So, let me be the adult supervision on this project. He said, okay, give it a go. I assembled a team, we won the RFP, we won the bake-off versus the incumbent, and we took that contract away and that was an S Curve in learning about merchandising, marketing, pick, packing, and shipping at the warehouse, all those kinds of things.

**Whitney Johnson:** So, you said what you intended to do.

**Jonathan Johnson:** Yeah, I mean, I really want I wanted to be the adult in the. I wanted to be the adult and see if we couldn't do it. You know, another thing that I started as the corporate secretary and I've sat in every board meeting at Overstock since I've joined, I ultimately became the chairman of the board for a time. And I think learning to think at a strategic level, making sure governance was right, was an S Curve to climb. When I took a little time off to run for governor and came back and ran our fledgling blockchain venture capital business, that was new technology. There was, I mean, it was new to the world, but it was certainly new to me. There was a learning curve to climb. As we look to what kind of companies to invest in, what the best use cases were, that was probably a pretty jagged curve. We made some mistakes, but it was a, it was a fast, steep curve with some, with some jags on it.

**Whitney Johnson:** So, you had a venture arm that you were making investments in blockchain technology for the business or just.

**Jonathan Johnson:** Outside the business.

**Whitney Johnson:** Interesting, ok.

**Jonathan Johnson:** And we made, we made investments in 21 different companies using blockchain.

**Whitney Johnson:** Fascinating. That's quite an interesting detour.

**Jonathan Johnson:** Well, it was overstock's always been innovative. You know, we viewed ourselves as an e-commerce pioneer. And when blockchain came along and its current name is Web 3.0, that felt like where the next place to go. I will tell you this, though, when I became the CEO, we had two businesses. We had our e-commerce business, which was shrinking and losing money, and we had our blockchain business, which was using money with no immediate return. That's what venture capital is spend money with, that's a bad combination. Losing and shrinking and spending with no immediate return. And it was then that I determined we need to focus on the e-commerce business, and we've found a way to outsource the management of that blockchain business to a venture capital firm, kind of ringfence the expenses that were associated with it. And we've turned around from shrinking

and losing money to growing and making money and more importantly, taking market share in the space. So, a lot of, a lot of different S Curves.

**Whitney Johnson:** Yeah. Oh, it's so interesting. And so, then after, after the, the blockchain portfolio, then you were COO and then became CEO?

**Jonathan Johnson:** No, I was I was the president of Overstock from 2008 to 2013. And I would say that was kind of like a COO role.

**Whitney Johnson:** Okay.

**Jonathan Johnson:** Then I was on the board, the executive vice chairman, and the chairman while I ran for governor. When I came back after I lost that race, I was the president of Medici Ventures, our blockchain business, and then I became the CEO of the entire ball of wax.

**Whitney Johnson:** Okay. So, you ran for governor, which is fascinating. Tell us about some lessons that you learned that have helped make you a much better CEO than you would have been otherwise.

**Jonathan Johnson:** Definitely. Definitely. It was a learning experience and I think I am better because of it. I just, I'll start with saying, I ran for governor, and it was the first time I've ever run for anything. I didn't run for second-grade class president or anything because I read a book called *Leadocracy*, which is a portmanteau of leadership and democracy. And the theory in the book is we need to hire or elect, but we need to hire leaders into political office. And that really struck a chord with me as I read it on a transcontinental flight. And I thought, you know what? I think I've got something to offer. I'm a, I'm an executive, I'm an operator. And so, rather than run for the legislative branch, which I think is an angry mob, generally, and hard to get things done. I said, I'm going to run for the executive branch.

**Whitney Johnson:** Who wrote the book, *Leadocracy*?

**Jonathan Johnson:** His name's Geoff, with a G., Smart, and I love his writing. He's got several books that he's written that are part of kind of my business.

**Whitney Johnson:** Your canon.

**Jonathan Johnson:** Canon. I was looking for the right one.

**Whitney Johnson:** Have you reached out to him and let him know how influential that book was for you?

**Jonathan Johnson:** Oh, absolutely. And I let him know before I ran, and he said, when you win, I will come. And another book he wrote is a book called, *Who*, which is about hiring. He said, I will come and work for free to help you staff your team the right way when you win. Now, I didn't have the chance to take him up on that offer, but. But so, what is a campaign? I mean, Utah is a large geographic state, so there's a lot of land to cover. It has city, it has suburb, it has rural. And there are a lot of issues, and people care about different things. And, like one thing I learned that I think carried over to being a CEO as it's really a one-on-one experience when you're campaigning, you're convincing one person, one at a time to vote for you. And you're answering their questions, and you're figuring out what's important to them. When you're running a business, you're thinking a couple of things. You have one customer. What's important to her? How are you going to make her happy? You have one employee. What's important to him? How are you going to make him feel comfortable and heard and feel safe? You have one shareholder who wants to know, are you being a careful steward of their capital? Now, of course, you have more than one of all of these things, from a voter to a customer to an employee to a shareholder, but each one wants to be heard.

**Jonathan Johnson:** I also learned it's important at a town hall meeting when you're doing Q&A to ask someone to tell you their name before they ask a question. They're more friendly. They are little less when they're not anonymous, they're a little less harsh. And I do that at work when we have big town hall stand-ups. Most people's

names I know, but I want them to tell me who they are because it takes a little bit of the edge off the tough question. I'm not afraid of the tough question, but I think it should be asked in a way that's that it will get us to understanding, not asked in a way that gets us to being combative. There will be conflict, or there will be, there will be issues to address, but we don't have to do it in a way of conflict.

**Whitney Johnson:** Well, as we're having this conversation, you have a t-shirt on that says, what's your mantra around that?

**Jonathan Johnson:** This t-shirt says challenge ideas, not people. And one of the things I've done and worked really hard with our chief people, care officer, and our executive team was try to put together an intentional culture. We have five leadership principles in that culture, and one of them is to challenge ideas, not people. I love the part before the comma, challenge ideas. Because we should always be challenging the status quo. What are we doing that we shouldn't be doing? What do we need to be doing new? But when we do so, we don't need to challenge the people. It should never be, Jonathan you're an idiot. Now maybe my idea, not me, may not be good, but let's not make it personal. Let's be careful. And so, the leadership principle, as we list these in order and our in our We Are Overstock culture, there's challenge people's ideas and not ideas. Challenge ideas, not people. And then right below that is open and active discussion. So, when we have that discussion, it needs to be people need to be involved. Don't be a bystander because we want your input. It should be open. Everyone should be able to say what they want. And then the leadership principle that follows that is, commit when a decision is made. Because sometimes, no one is completely happy with the decision. Certainly, unless it's unanimous, at least one person is not going to be happy. Once we've decided what's best for the business. Let's all get in line and get there and do it the best we can. So, challenge ideas, not people. Open and active discussion. Commit when a decision is made. These are really important leadership principles for us.

**Whitney Johnson:** Could everybody in the company recite those?

**Jonathan Johnson:** I don't know. I guess not, but I would hope so. And one of the things that we do to try and make our culture more than just a booklet or lip service is. Every meeting we start, we start with somebody highlighting a We Are Overstock superhero. And it's usually not somebody in the room, it's usually somebody else in the company. Every company email I send, it highlights an Overstock superhero, what they're doing to live our vision of dream homes for all. What they're doing to live our mission of, we are an online customer-focused online retailer. We are a technology company. Live our values. Be you, know your numbers do good or live our different leadership principles or the qualities. We have eight qualities. So, there's probably about 20 different things we focus on and people. It's great to catch people doing good.

**Whitney Johnson:** So, you emphasize that.

**Jonathan Johnson:** We emphasize that you got to celebrate your superheroes, and we tend to, we tend to catch people making mistakes. Those are easy. But if you catch people doing good, and then you say something about it, it reinforces good behavior.

**Whitney Johnson:** Absolutely. So, we kind of pull off at running for governor. Are you glad you did it?

**Jonathan Johnson:** Yes. And when people ask me what I do it again, my answer is always the same. I would do it again for the first time, but I would not do it again for a second time.

**Whitney Johnson:** What do you mean when you say that?

**Jonathan Johnson:** Well, it's. Politics is a dirty game, and particularly when you live in a one-party state and Utah is a one-party state, there's a machine, and it's dirtier than people think. And Utah has, you know, what we call the Utah way. And I think it's useful and it's a pretty apple pie, smiley-faced place. But politics is dirty, and I don't want to do that again. In fact, when I first announced I was running, one of the big political bosses in town called me into his star chamber, and I brought my wife with me, and he explained how this would be. How I would be great at this job, but this was the wrong time, and it would ruin my career, particularly my political career. And I heard that, I think, as it was delivered as a threat. And my wife quickly spoke up and said, Jonathan doesn't have a political career and

doesn't want a political career. Trying to be the governor, is not his steppingstone to being something else. He thinks he has something to offer. He'll be a great governor if he wins, but if he doesn't? Candidly, our life will be better. He'll go back to a job we'll be less taxing on our family. Because it was taxing on our family, and I don't want to do that again.

**Whitney Johnson:** All right. Let's go back to your job. You, when you became the CEO, you took over for a larger-than-life CEO and founder. What advice do you have for people when they're in this situation? And so, for our listeners, as you're thinking about moving into a role where you've got a person who was on that S Curve, and they were larger than life, and you're trying to figure out how do you make your own way? That's the question we're asking.

**Jonathan Johnson:** I think you celebrate the good. There's a lot that predecessors and bring and have built that is great. And you know, parts of our We Are Overstock culture, are parts of things that our founder, CEO brought and made sure that we were. And then I think you look, and you say, you know, what do we need to do differently and how do we do that? And I think that some things can be done quickly, but I think patience is important too. When our founder, CEO left, it was like a plate tectonic shift that had a big earthquake.

**Whitney Johnson:** Yeah.

**Jonathan Johnson:** We, he was the personality of the company. And I have a very different personality than him. I'm some sense. I'm more measured and just different. I knew things I wanted to get done. And some of them I thought some we could probably do straight away. And I knew if we did, some immediately, it would be the aftershock earthquakes, and that would cause more damage. So, there was a patience time. I learned a lot from our founder, and I am a better person because of him. And we do some things differently because we're going to improve. And you know, candidly, we had we engaged in an exercise about a year ago that I asked all the executives to come up with a list of things that they wanted to change with the company and put them in three different categories. What do we want to destroy? What do we want to preserve, and what do we need to create? The first thing we went through was the destroy list, is really hard to destroy processes that are in place, and we had 80 ideas. 40 of them, we said, no, these are good, we want to keep. 40 of them, we said, let's do, as we spent more time on them, I would say about 30 of them got done and ten we decided, No, you know what, on further reflection, let's keep them. Then we move to the create and preserve, and we figure out how to implement those. So, I think as taking over from a founder, that was a good exercise for us.

**Whitney Johnson:** You know, you're reminding me as you're saying that this idea of patience and going back to the launch point of a new curve. There's one of the things that I think is a challenge is that it feels like growth isn't happening because you're, you're assessing where you are and figuring out what you have and, and cataloging. And so, in fact, it's just not apparent that it's happening, but there's a lot of growth taking place. The other thing that you reminded me of is I remember having a conversation on, on the podcast with Roger Martin, who was the dean of the, the Rotman School in Toronto, very, very, very successful dean. And he shared with me that he never once said, let's change something. He just started tweaking gradually. And those gradual tweaks over time ended up being very significant changes. And I hear a little bit I hear some strains of that as I'm listening to you talk.

**Jonathan Johnson:** Well, and I, you know, I recently read an article that said, you know, there's a healthy rate of change and they said it was 3%. I don't know how you measure. I mean, I guess you could measure your diet in a percentage way, but a lot of change. You can't measure that way. But I think if you push too hard, you get more pushback.

**Whitney Johnson:** Oh, yeah.

**Jonathan Johnson:** And you also probably have people leave that you, you're alienating. And during the pandemic, I don't know how we'd measure it, but I know we've had more than 3% rate of change. I mean, it's been disruptive. And so, doing this during the pandemic, I think was extra delicate. And I also believe in planning, and you can't have paralysis from planning. But Einstein has a quote that if he was given an hour to save the world, he would spend 59 minutes figuring out how to and one minute on doing it. That's probably not the ratio that I live by. But I

do think you need to think about, okay, what? Here's our end state we want what's the best way to get there and what are going to be some of the consequences of taking one route versus another?

**Whitney Johnson:** It sounds like your legal training has come in very handily on all this.

**Jonathan Johnson:** Yeah, I guess so. I mean, I used to laugh in law school that professors would always say, you're here to learn to think like a lawyer. I'm like, I don't know what that means. I'm here to get a job. I mean, that's I was much more practical, but there was, I guess the lawyer training that's come to me was I was a corporate lawyer. It was not a zero-sum game litigator. I was, how do we do deals to be win-win for both sides? And I try and find that. In fact, I'll, I'll tell you one story from my early legal career. I was practicing law in Los Angeles. Largest client that I was working on was a company called Bandai, which is a Japanese, large Japanese, toy company. In the mid-nineties, its largest product was the Power Rangers, which were a big deal. And there was one time when I was negotiating, it was the first time that I was kind of allowed to go do be the lead lawyer. I was very junior, but I was the lead lawyer on negotiating a deal with a company that was going to license the Power Rangers to put on t-shirts and kid's t-shirts and underwear.

**Jonathan Johnson:** Think kind of underoos. But Power Rangers and I went to the client, and I said, What are the things that are important to you in this deal? And got the list and went and negotiated and won on every point. I was really proud of myself, and I went back to the client, and I explained what the deal was, and the client said, This is not a good deal. And I said wait a second, we got everything you wanted. And they said, Yes, this is too good a deal. We will make money on this for a year. The licensee t-shirt and underwear company will not and will be looking for a new partner to do this, go back and negotiate a fair deal. So, I called the lawyer, I said my client said no. They said the lawyer said, I can't, I have nothing more to give so we can do some getting. And we negotiated a win-win deal. Wow. And you know, that's how Overstock tries to work, too. We call our suppliers partners.

**Whitney Johnson:** Yeah.

**Jonathan Johnson:** Not because we're a legal partnership, but because if they don't make money and we don't make money, it's not a good deal. And the third party in that partnership and our customer has to get a great price too. And I just think that part of the legal training has really seeped into what we do at Overstock.

**Whitney Johnson:** What are one or two roles at Overstock that are low profile? They're not obvious. They're not visible, but they're indispensable.

**Jonathan Johnson:** Well, I would say a role that's indispensable, and it may not be low profile, but it's crucial. And that's our chief people care officer. When I talk with Meghan Tuohig, who's our Chief People Care Officer, she is the sounding board. And that's a difficult job because you have a balance between what's right for the company, or management, and you kind of have this side what's best for the employee. And some people in that space turn into what I refer to as kind of union organizers, and it's all about the employee all the time. Some turn into just company. We get that to be in the middle. And Meghan has helped me develop this intentional culture. I feel like she's the, the person who has her pulse on that. And when it pulse beats a little slow, what do we need to do to pick it up? When the pulse beating a little too fast, you know, what are we doing to not stress the organization?

**Whitney Johnson:** By the way, I've met her. She's impressive.

**Jonathan Johnson:** She's. She's fantastic. She's fantastic. And, and she's someone I've candidly would call a mentor on something. I mean, she reports to me, but when I'm looking for advice on things people-oriented, she's there and it's sound.

**Whitney Johnson:** I've been asking you lots of questions, but that doesn't mean your brain hasn't been processing as well. Is there something that you thought of, a connection you made, an aha that you had as we were talking?

**Jonathan Johnson:** I think when you talked about changes, incremental, and little changes, turn to big changes. We've done some big changes, but I think most of the things that we've done to improve our business have been little changes. I'll share one more story with you. Our business has certainly risen during the first part of the

pandemic, and a lot of people said, Oh, this is a COVID play. But while we were doing this COVID play, we were doing a lot of retail 101 improvements. And that's how I've described it to shareholders or blocking and tackling things that you'd say. There's nothing really exciting about that. Should have been doing that all along. We weren't. And now that we are, as we've kind of lapped the first year and, and even the second year of COVID, our business is showing it's improved. And kind of as the COVID tide has come out, we've proven that we're still here. And I think of something that Buffett said, said it's only when the tide goes out that you discover who's been swimming naked. And I've told our team the tide has gone out and all of these changes we've done have created an operational wetsuit for us. And what you've said, is small things make a difference. And I think we've stitched that web operational wetsuit stitch by stitch, small thing by small thing, occasionally, maybe putting on a whole sleeve at a time with a big thing. But it's mostly been small things.

**Whitney Johnson:** So, as we wrap up, Jonathan, any final thoughts?

**Jonathan Johnson:** Whitney, I've just got to say, it's been a ton of fun. Your podcast is, all we're missing is a fireplace, to be sitting by it. It felt like the total excellent conversation. And as you mention, you know, I also know I have your book on my nightstand and I think about things to improve. I've got to crack it. I have you sent me your book and a puzzle. I've started the puzzle. I've got the edges done and I just need to fill in the middle. But I really need to read the book.

**Whitney Johnson:** Well, do the puzzle and send me a picture and then we'll post it with the podcast. Okay. Thank you so much for, for joining us.

**Jonathan Johnson:** Thank you. It's been a pleasure.

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I really enjoyed this conversation. Here are three key takeaways. Number one, always tell the truth. Jonathan's childhood experience is one, we can all relate to. The disappointment of a parent when we're caught covering something up. In addition to just being the right thing to do, to tell the truth, there's real strategic value in being truthful about our mistakes early and often. As Jonathan says, things work out when you tell the truth. The longer a lie festers, the harder it is to fix later. Being honest shows vulnerability and removes anger from the equation and allows leaders to focus on the solution rather than the problem.

Number two, the importance of extreme focus. I'm fascinated by Overstock's evolution. What began as a wholesale business dabbled in insurance, blockchain, and today focuses almost exclusively on home furnishings. As Jonathan said, the pandemic played a big part in that, and they made a conscious effort to lean into what the market demanded at a unique time. And they were uniquely positioned for that. When Jonathan became CEO, there were 27 key objectives, but his team decided to focus on far fewer. So many companies struggle with this. So many people struggle with this. But as we've learned from many of these conversations, doing less is often the path to achieving more.

Number three, challenge ideas, not people. This concept is so important. Jonathan was even wearing it on his shirt and I'm glad it came up in the conversation. It's clear that creating a culture of productive dialog is important to Jonathan. People need to be able to speak their minds openly without feeling threatened. Team members should never be bystanders, as he puts it. I love the tactic he mentioned about asking people their names before they pose a question. That moment of personal connection, however brief, is a way to reduce hostility and focus on the ideas, especially if the discussion is contentious. Jonathan also reminds us that even though all viewpoints are

acknowledged, decisions still need to get made. Agreeing to commit, even if it's not your preferred outcome, is so important to the health of an organization.

For more on extreme focus on learning to say no, listen to Ryan Westwood, [Episode 192](#), who not coincidentally introduced me to Jonathan. And for more on a productive way to disagree, listen to Buster Benson, [Episode 174](#). Thank you again to Jonathan Johnson for being our guest. Thank you to you for listening. Thank you to our producer Matt Silverman, audio editor Whitney Jobe, production assistant Stephanie Brummel, and production coordinator Nicole Pellegrino.

I'm Whitney Johnson.

And this is Disrupt Yourself.