

Defining Entrepreneurship

An Interview with Michael Loeb, President and Chief Executive Officer, Loeb.nyc

EDITORS' NOTE After starting his career at Time Inc., Michael Loeb co-founded the Synapse Group with then partner, Jay Walker. Under Loeb's direction, Synapse grew to become the largest seller and servicer of consumer magazine subscriptions worldwide, with its revolutionary and patented Continuous Service Model. Loeb and Walker went on to form and incubate Priceline.com at Synapse, leveraging a shared team of operators and capital. When Synapse Group was sold to Time Warner in 2006, Loeb formed Loeb Enterprises with partner, Rich Vogel, to ideate and develop new business concepts. Today, Loeb.nyc is building and managing a portfolio of over 20 curated companies, some of which are domiciled at Loeb headquarters in Manhattan and half of which are executions of Loeb concepts. Under Loeb's leadership, Loeb.nyc has established a new model for startups, and by pairing exceptional strategic and executional talent in a "shared services" model with passionate founders, plus capital, they meaningfully improve success rates.



Michael Loeb

COMPANY BRIEF Loeb.nyc (loeb.nyc) is a unique "ideas-to-execution-to-exits model" that is self-funded with self-generating ideas for start-ups. It lays claim to five unicorns thus far and has a portfolio of over 20 companies in its venture collective.

Will you discuss your entrepreneurial journey?

It started when I got fired. I followed my father into Time Inc. – my dad was a renowned journalist – and I joined on the business side. After I left, I started a company that I had been trying to start inside of Time Inc. – "Synapse." It became a platform for all magazines to replace paper renewals and bills with credit card payments. At our peak, we were servicing 70 million subscriptions, about one sixth of the then installed base. Nine years after our founding, we decided to bring the company public. That year was 2000 – an interesting time for an IPO.

Synapse had two advantages: We were making money and with "continuous service" we could accurately forecast future sales. As we were fueling the jets for the roadshow, my former employer, Time Inc., made me an offer

I couldn't refuse, which is why my wife labelled me the most expensive rehire in business history; hyperbole to be sure. The deal included a multi-year earnout which brings us to 2006.

How did you decide after Synapse what you wanted to do next?

I did have a decision to make and felt that I had more in the tank. One of the most gratifying things for me is mentoring young people who work at our company and at the helm of some of our startups. It is spectacular

to be able to coach and to develop ideas. I have the privilege to work with people half my age who are twice as smart. I learn something new every day.

The inspiration for Loeb.nyc stemmed from Synapse, where we concurrently incubated Priceline, an inspiration of my co-founder, Jay Walker. It was an experiment that worked: a single layer of overhead supporting multiple companies. That is what we have at Loeb.nyc today.

I compare Loeb.nyc to a tootsie pop. The chocolate center are the over 20 companies that we are building. Half of these are internally generated and half are outside inspirations. The tootsie pop's hard candy shell is our shared services which is a Swiss Army knife of all the shovel-ready know-how that all new companies need to scale. This includes a full spectrum of services – back-office accounting, research, recruiting, strategy, tech, marketing – moreover, everything a start-up needs. We don't get involved in any company unless we feel we will be the difference maker.

When you look at entrepreneurship, do you feel that this is a skill that can be taught or is it something a person is born with?

I always ask an "entrepreneur" to tell me about their lemonade stand when they were a kid. If they say that they never had a lemonade stand, I ask them to tell me about their newspaper route. Then I ask them what they did do to make money, and if the answer is "nothing," I'm not talking to an entrepreneur. Moreover, entrepreneurs are born. An entrepreneur doesn't believe in the rules; they believe that all the other people following the rules create a road less travelled, and that road spells opportunity.

Do you feel that entrepreneurs can also be good operators or are these different skill sets?

The individual who wants to be an entrepreneur but didn't have a lemonade stand is your operator, and they are crucial to the success of the business. At Loeb.nyc, I am blessed to be working with Rich Vogel for the last 30+ years. Rich is an operator's operator. As we learned from the film *Cool Hand Luke*, "a man's got to know his limitations." Entrepreneurs who know how to operate at a high level are rare. They should stick to their inspired thoughts.

As an entrepreneur, are you able to enjoy the process and celebrate the wins or are you always focused on what is next?

I wish I was better at being in the moment. The victories are savored in a flash, but interestingly it is not about the check that comes in. It is the satisfaction of knowing that you built something no one else thought of, something important that is going to improve lives. The enjoyment for me is having conversations with other entrepreneurs and it is not only talking about our successes, but also about our failures which are really just lessons and learning experiences. Thomas Edison said, "I have not failed. I've simply found 10,000 ways how not to make a lightbulb." Learning what doesn't work is collateral to the entrepreneurial process; mourning the dead is not.

You devote your time and resources to philanthropy. Do you see this as a responsibility and will you highlight this effort?

I think of myself as inexplicably lucky. To not pay it back would be an affront to the entrepreneurial Gods. One example is the LockStep fund – my only fund – that I co-sponsored with Bonin Bough. In the wake of the killing of George Floyd, seeing my country being torn apart, I called my friend, Bonin, who is a man of color, and asked him what we can do to make a difference. We decided to create Lockstep which is a venture fund with a mission to empower systemic change by helping Black entrepreneurs. There were two statistics that were our wake up calls. First was the delta between White and Black families with respect to net worth which is a 10:1 ratio. The other is the anemic percentage of funding that goes to Black founders from venture capitalists. We decided to launch a fund that only invested in Black-founded businesses. We are finding companies that are extraordinarily mature and have encountered some great opportunities – so a case of doing well by doing good. ●