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Q4

**To the donors of Second Spoon Inc.:**

*Specialization is for Insects*

Last week, as a guest speaker at Oak Hill Elementary, I opened with a video of a bear riding a bicycle. The idea being – borrowed from Naval Ravikant – that the magic happens when you “combine things you’re not supposed to combine.” On his own evidence, the philosopher/investor’s nonlinear thinking is the offspring of his stark, seemingly opposing values.

Admittedly, our own initiative’s relationship to this circus act seems almost impossibly strange. The underlying message was this: rather than choosing to summarize our identities in pithy ways, there is value in tapping into our multivariate interests. There are thousands of great charities and even more student-athletes across the country, but when the two come in contact, we bring disproportionate attention to the issues we care most about.

Systemic change doesn’t happen by chance. It *necessitates* those with heightened public platforms to speak on them. The other night, during the Heisman Trophy Ceremony, Joe Burrow set a precedent for acceptance speeches. When the audience was largest, he chose to bring the impoverishment of his hometown of Athens, Ohio to light. Three days later, the Athens County Food Pantry received nearly \$500,000 in donations.

Similarly, we have been fortunate enough to discuss our mission on multiple nationally syndicated platforms. Here’s the short list since Q3:

- The Today Show
- ESPN
- CBS Sports
- Fox News
- Athletes Unfiltered Podcast

And featured in:

- Sports Illustrated
- Nashville Lifestyles

Two years ago, many of you attended our first fundraiser in Coral Gables. You would have been hard-pressed to find somebody in attendance who didn’t believe we would influence communities in this way.

Beginning that night, your unwavering support proved to be the foundation for a successful 2019. In our inaugural year in Nashville, we distributed 28,000 meals. With the addition of another 27,000 in Miami, we have tapped into an efficient model that will soon be implemented in new communities and at new universities.

This is a testament to the power of a focused, violently executed plan - all backed by you.

### *Just Keep Trucking*

At the end of each year, Warren Buffett pens his investment mistakes to Berkshire investors - a tradition we'll be borrowing from the oracle. (Admittedly, it seems easier to do when you beat the S&P every year, but the principle remains.)

Keeping this in mind, and in homage to Howard Marks, let's do a little second level thinking. To his point: First-level thinkers buy stock in good companies. Second-level thinkers sell these stocks because everyone thinks they are good companies, but in reality are overpriced. Guys like Marks are playing a different game.

It's worth noting first off that a.) It seems as though the largest mistakes are made by omission rather than commission and b.) If there is always something to improve upon (and there is) then this implies that there is an error - almost by definition. So what is the "good," overpriced stock we bought last year? For a young non-profit like ours, this would be anything under the general heading of efficient fund allocation.

Let's deconstruct our food truck ownership model - both our largest asset and potential liability. Owning a vehicle necessitates insurance, storage, and maintenance. If we take it out an average of four times a month, we're paying a steep rate for a truck that otherwise sits unused during the long school weeks. Our research indicates that partnering with a local rental company in each of our locations would allow us to transfer these costs into expansion and increasing our reach. In the context of expanding to, say, Columbia University in New York City, this appears to be a potential solution.

So renting is clearly the better option ... right? That's the seductivity of first-level thinking. All you need is a short-sighted opinion. Within Marks 14 page memo, *It's Not Easy*, the following quote is ingrained into our ethos: "What's clear to the broad consensus of investors is almost always wrong."

The proposed model could be error-prone, in that it ignores the possibility where rental costs are greater than ownership, the value it brings in branding, or unavailable rental partners.

In reality, a combination of the two is the answer.

### *Deja vu*

While we talk about second-level thinking and detachment from consensus psychology, the partners at Sequoia Capital live it. This is partly because their careers depend on it, and not in any theoretical sense. Nearly two decades ago, just before the dot-com bubble, Michael Moritz poured hundreds of millions into Webvan, a promising delivery service. *You can see where this is going.* Not only did Webvan flop, but it also held the VC giant back for years.

Later, an investment in Instacart proved Moritz's fastidious, almost obsessive focus on reevaluating every opportunity based on its own merit. The two companies - Webvan and Instacart - share a kind of broad e-delivery function. After the initial public embarrassment of a failed investment, a first-level thinker would have kept their distance.

The other reason Instacart is a success: timing.

### *Luck is Winning the Lottery*

Few understand the value of timing better than Malcom Gladwell. *Outliers* suggests there is an omnipotent disparity between success and competency. In fact, the two are orthogonal: the presence of one doesn't imply the presence of the other. In light of this, he argues, "Success arises out of a predictable and powerful set of circumstances and opportunities." Among the many he cites: *demographic luck*.

Take for instance, the nature of the rise of an executive like Sequoia's Michael Moritz. Born in Wales, he emigrated to the U.S in 1976 - a time when "all of Britain seemed to be on strike and the lights kept going out and the future seemed rather bleak," he said. If it were not for the coal and gas strikes in the U.K at the time, Moritz would likely have never landed in San Francisco - precisely the year Steve Jobs and Steve Wozniak started Apple. At the right place at the right time, his investments in startups such as Google and YouTube have returned incredible dividends.

Fifty years from now we will have discovered that Second Spoon was born in the demographic trough of the early 21<sup>st</sup> century. Human-induced climate change poses the largest threat to our existence. Excess food accounts for 8% of global greenhouse gasses, resulting in an estimated \$165 billion worth of resources and materials wasted. Moreover, these foods release methane, a substance that is up to thirty times more potent as a heat-trapping gas than carbon dioxide.

This, alongside the fervor and fanaticism that college football catalyzes, is the recipe for real change. It's rare to find an archimedes lever like this.

*Always Forward*

As we look towards reaching our goal of ten locations in the new year, I am excited to share our plans for our Second Annual Fundraiser Gala with you. This is to be held in Nashville on April 4<sup>th</sup> (tentative). I will update you with further details in the coming weeks.

In the interim, I will be working on graduate school applications and taking our work with Second Spoon to the next level. If you would like to meet, I will primarily be in Nashville and I suspect Southern California soon. Otherwise, you can always reach me at: [anthony.m.hasan@gmail.com](mailto:anthony.m.hasan@gmail.com).

Thank you,

Anthony Mo Hasan