

Li Costi

The No Policy, Policy

WITH GUI COSTIN

**Evolve: Reinventing Leadership –
Building Freedom Cultures**

Welcome to Evolve – Reinventing Leadership, Building Freedom Cultures, with thought leader and award-winning author Yvette Bethel. This podcast provides you with insights and ideas you can use to reinvent your culture through trust and the principles of interconnectivity, flow, and balance. At a time when the world is rewriting the rules of work, traditional leadership practices are not enough. It's time to perceive persistent challenges through a new lens. It's time to evolve.

YVETTE BETHEL: Hello, everyone, and welcome, once again, to Evolve. This is your host, Yvette Bethel. And the topic for this episode is the no-policy policy, how trusting your team can transform your business. Our guest is Gui Costin. He's the CEO and founder of Dakota. It's a financial software, data, and media company in Philadelphia. And his story goes beyond just numbers. He's an innovator who's changing what it means to build successful work cultures in the world of finance. As the author of Millennials Are Not Aliens and The Dakota Way, he brings new perspectives to sales, leadership, and marketing in the investment world. His people-focused approach has led him to build two multi-million-dollar companies by prioritizing what he believes matters most, the people. Welcome, Gui.

GUI COSTIN: Thank you. Thanks for having me on.

YVETTE BETHEL: Oh, it's great to have you. I almost feel like I should say it's great to have you back.

GUI COSTIN: I guess there were just multiple connection issues.

YVETTE BETHEL: Yes, yes. So my first question for you is, can you recall the moment or experience that shifted your leadership mindset toward no policies?

GUI COSTIN: I think it definitely was 2011, when we formalized The Dakota Way and our processes and procedures for how we did everything. And part of what I just realized is that I was just going to trust the team as it related to key policies,

like travel and entertainment and vacation time, and, basically, have no policies and just treat people like adults. Take the time that you need, but get your job done. And what you really realize is that certain people really gravitate towards that and don't abuse it. And we've never really had anyone take advantage of it. And I think Reed Hastings of Netflix recently said it the best about the no T&E policy, is that you end up having to create a whole massive bureaucracy to track all of it. And his feeling was, I'm just going to treat people like adults and we're not going to create the bureaucracy to track it all, which I thought was a fascinating look at it. Personally, I just don't... I want to work with adults who want to get their jobs done and want to excel. And so for me to be worrying about all that stuff is really a drain on your energy.

YVETTE BETHEL: Yeah. Yeah. I think for most people, when they hear the words no-policy policies, they think that there's no structure. And I'd like to invite you to talk about how this is different from having no structure.

GUI COSTIN: Right. So we actually have a ridiculous amount of structure. But we do it by our core principles and what we stand for because if you study businesses, the ability to focus is really critical. And then the ability to have everybody be accountable to get their job done, and that's what we have, is we have an enormous amount of structure and processes and procedures. Now, we don't have bureaucracy. We don't have any middle managers. We have no managers. We have leaders, team leaders. But there's... and so the way that you get at the no-policy policies is you need to have standards. And in order to properly serve your customers and create products and grow your career, the processes and procedures are critical. Now, I will say, Jeff Bezos stated it like this. He said, you can't have policies as a proxy. And what he meant by that was the procedure that might have worked two years ago might not be working today. And that's the old adage of, why are you doing it that way? Oh, because that's the way we've always done it. So you always have to be examining your processes and procedures because they might get outdated. They might not make sense anymore. You might have to eliminate them. So there's a lot going

on as it relates to this. But just being aware of all those moving parts is really, really important. And then it all comes down to treating people like adults, trusting them, giving them clear direction, you, as the leader, having clear direction, and then making sure that you... I think what encapsulates all this is a concept of you need to be able to focus on what matters most. And then you need to be able to tap into the collective knowledge of the group through communication. So there always has to be a focus on what matters most. And then you have to have an infrastructure that allows the company to communicate in a way where everyone can tap into the collective knowledge of the group. And that requires a lot check-ins, technology like Slack, and other stuff like that. And if you can get that and if you can limit to your... 0% of your time and energy spent fighting internally, like talking about people or anything like that, and it all can be focused on progress, that's another huge component of having a structure where you're, we're not talking about people. And if we are, then they're going to have to leave. You want to spend your mental energy on productive activities. And talking about other people are highly unproductive activities.

YVETTE BETHEL: You said something a bit earlier. You said you have no managers. You have just team leads. And I think this is a critical point that you made, even though you just mentioned it. But I think it's central to being able to have an organization with no policies. Can you say a bit more about that?

GUI COSTIN: Yes. And so everyone has to be a player-coach. Everyone has to be a contributor. And if you create the right incentives, then they all feed each other. So everyone has to be a player-coach. And we don't need any middle managers or anybody wasting time managing a team. You lead a team. But that leaders in the weeds to getting stuff done, talking to customers, thinking about the product, coming up with marketing ideas, whatever it might be... so there's just there's no room or time for... and I think Facebook eliminated all their managers because it's just an unnecessary layer. And frankly, it's not really a great way to build a career because you don't ever really get the respect of the group because you're not doing the work.

YVETTE BETHEL: I'd like for you to...you just made an important statement. You said it's not really a way to build a career. But some may think that the process is a path to building their careers. And what would you say to people who would say, well, if you get rid of that layer, then how do I get to the next level? What do I need to do to move my career up a level?

GUI COSTIN: You need to prove that you can get stuff done. It's just that simple. The best workers get stuff done. And then what ends up happening is people go to that person. Now, that can be leading a team, making sure the team is functioning. But you're an integral part of the team. So it's just not... you can't just sit there and manage people. You have to lead people. And that means being that player-coach. That means being involved in the business and doing that. But how you advance your career is being able to show that you can accomplish projects and tasks very quickly and effectively. So it's definitely not about... and also, you think about management. It comes down to politics and preventing people from talking to other people and just all that stuff. And it's just such a waste of time because what you really want to do is focus on getting the job done, whatever that is. And that's how you build your career. And then you just get better and better at it. And then people, as you get better and better, people give you more and more important jobs.

YVETTE BETHEL: I think trust is at the core of everything that you're talking about. And how do you build trust and sustain it within your organization, because it sounds like you have a lot of it?

GUI COSTIN: Yeah, I would say that trust is really earned because what ends up happening is if you go in day one and you're always in the "trust but verify," but you're giving people the benefit of the doubt early on, what they have to do is they have to actually earn the trust through their performance. And then how do they trust you is... that's where you have to be, as a leader, be consistent. You have to be... live the words and your corporate principles. You actually have to

live them. And so you have to have integrity. And probably at the end of the day, having integrity and doing what you say you're going to do is how you build trust with your team.

YVETTE BETHEL: I think we all have people that come in from different cultures that we hire over time. And they have different experiences of culture. And some of those cultures may be low trust. They may be high on control, which is the antithesis of what you are all about at Dakota. How do you... well, first of all, do you hire people from those kinds of companies? And if you do, how do you help to acclimatize them or integrate them in?

GUI COSTIN: Generally, the people that we've hired into senior roles that came from other, bigger organizations are incredible doers. And I can think of our head of data, our head of news, and our chief technology officer... are all just doers. And they're great people. And I think when you start to really show the respect, compliment them, treat them with kindness, let them do their job, don't get caught up in any petty anything, stuff like that, then all of a sudden, they're like, man, this is a blast to work here. I feel like I can be the best version of myself and doing great work. And the CEO really appreciates my work. And showing that appreciation and gratitude is really critical. Look, a lot of people can't do that. They run big organizations. They just can't express gratitude. It always has to be, this is... all right, good. Now, what's next? We got to be doing better. We're doing great. We need to be doing better. It's never enough for people. And that attitude towards people wears people down. And it's a shame. They're just leaders that just are not self-aware of their own behavior. There's some level of insecurity inside of them somewhere that they just... they can't. And if you can, do it. So if you can't do it, you can't really grow a business as much as you, you're never going to maximize the opportunity set because you're messing with the heads of your people too much.

YVETTE BETHEL: Yeah, I like your point about expressing gratitude because people are always so focused on the next goal and the next target. Leaders, or I

guess they're managers, they don't take the time because they're managing the numbers, really. They're just focused on the numbers and not how people feel. And it seems like what it is that you are very good at is understanding people, their behaviors, and what's behind them because you don't even do it sounds like you don't even do any training to onboard them into this trust culture. You allow the modeling and leadership to help, I guess, plant them into the culture. Is that correct?

GUI COSTIN: Yes. Well, we do have a really detailed onboarding program, how we onboard all of our teammates and employees. So we have a very detailed onboarding called Dakota U. It's a distinct process. We talk about our core principles, what we stand for. I have a face-to-face meeting with each person just to check in and just walk through what we stand for, core principles, the expectations. So no, we definitely do. And it's just nice because once people understand what you stand for... and you just have to have clarity around what you stand for. A lot of people aren't clear of what they stand for. And then a lot of... what I've tried to eradicate permanently, totally permanently, is the excuses. So what's really insidious in terms of the... what's really insidious is excuses and giving people reasons to make excuses. And for instance, I just had a whole session on speed, how we have to move faster as we grow, not move more slowly and bureaucratically. We have to move faster without sacrificing quality. So what people might say...well, if we have to move that fast and it's all about speed, or I... we have to make mistake. No, I didn't say that you're allowed to sacrifice quality. But we always have to be thinking and moving faster. And then you put that distinction out there. And it's like, look, that's what we stand for. We stand for speed. Why? Because speed is going to allow us to serve our customers better. And embracing speed without sacrificing quality is going to teach you how to do certain things that you might not have thought about before. It's going to make you better. It's all about you and, because if you're going to make a case that, hey, we should slow down decision-making, and there's all studies that show people leave jobs because people don't make decisions or they don't implement the work they've done or they take forever to make

decisions. And it just frustrates people. So my point is you try to focus on the things that matter most, the things that you know that work.

YVETTE BETHEL: It sounds to me that you spend a lot of time working on the company as well as working in the company. You seem to have found a balance where the things that are important to cultivate the behaviors that you're looking for are things that you pay attention to and you give a lot of thought to, and you also share about. Can you speak some more on that and how you spend that... how much time you spend on the business as opposed to in the business?

GUI COSTIN: Yeah, I think of it as it's... you're always coaching. So for instance, we're launching a new product, a new data set. And there's a handful of competitors that have been doing this for 10-plus years. Because of large language models, like ChatGPT and Claude from Anthropic, you can ask them to create marketing copy. And we're a competitor to XYZ. And then you can put the details in. And the LLM is going to have a 10X more level of expertise than you'll ever have in that domain. And they're going to come out with all the things that you should be talking about as it relates to the product because it's smarter. But it's also... you have to then coach your team, and this is where you're talking about to think differently, that like, don't write from scratch. I don't want to be in the writing from scratch business when the person at Anthropic and the person at ChatGPT has 50 times the knowledge that we have. And they can give you that knowledge in 60 seconds. So if you have the expert, let's ask the expert and then keep asking questions. That's just rewiring how people think. But you have to be thoughtful about that, you talk to them like, OK. And so let's not be writing from scratch. When we have somebody who's 50X more educated and experienced in this domain than we have, why would we start writing from scratch when we created a direct competitor to these five? So let them tell us what we should be saying about our own product that we've created if you give them the information about the product.

YVETTE BETHEL: That's correct.

GUI COSTIN: Right. And that's really what... it's really amazing... is that how everyone now has these experts on their team. Why be in the business of creating, now, if it's truly original content, that's not what I'm talking about. But our marketing team is amazing. But they don't have 10 years of product knowledge of working at a direct competitor. But the LLM does.

YVETTE BETHEL: We'll take a break here. This is your host, Yvette Bethel. And when we come back, we'll explore a bit more about no-policy policies and trust. Welcome back to Evolve. Our guest is the CEO and founder of Dakota, a leading investment firm in Philadelphia. Welcome back, Gui.

GUI COSTIN: Thanks. Nice to be back.

YVETTE BETHEL: All right. So I'm curious... you had talked about when people come in, you do some, I guess, onboarding. And clearly, there's some modeling that happens. And my question for you is, because you talk a lot about integrity previously, how do you design or embed trust in a culture without forcing it, because it seems like you've actually done it over and over?

GUI COSTIN: I just think it's your way of being. It really comes down to the words that come out of your mouth. And we all know when people ask certain questions, and the words they use and how they treat us, whether there's underlying trust there or not or whether someone, and it just comes down to the questions you ask, the words you use, how you treat people. That's really what it comes down to. And I think it's a... because I think people can be very revealing in the questions and their tone of voice, very revealing. And you just have to be really careful because people feel it if you're using certain words or saying certain things that just completely imply, hey, he doesn't really trust me.

YVETTE BETHEL: So emotional intelligence, it sounds like, is an important part of building it, sensing people?

GUI COSTIN: Mm-hmm. Yeah, I think that's... emotional intelligence is everything and sensing how people are feeling about how they're being treated or if they're in a certain situation or if they're uncomfortable and then having that... that's why it's like, listening is one thing. But active listening, what you're really getting at is, can you read the room? When people say active listening, it's not like listening. It's like, are you able to read the room on how that person's feeling right now based on what they just said, and then react to that? And that's why all the best leaders are the ones that can completely read a room. And they can completely feel the emotional aspects of the, and generally, well, I think I'm this way. I don't know if it's not 100% of people. But some people, as they get older, they evolve. Some people, as they get older, they devolve. And I feel like I'm evolving as a leader. And I try to evolve all the time.

But it's having that awareness of what's going on in certain situations or with the company, or sometimes, you can just... a lot of times, you're not hearing certain things as much. And then you say, oh, I should probably ask a question about that because I'm not hearing what I used to hear a lot. Then you ask a question like, oh, yeah, it's funny you said that. We stopped doing that two weeks ago. Who told you to stop? Nobody. We just decided to stop. OK. Wow. OK. Can we restart that now? I've had to just get a culture going of not stopping things that we've asked you to do just because we're not asking you to do them every day.

YVETTE BETHEL: I'm going to shift the focus a little bit because some people listening to us will probably be in a culture of control. And where you started out... you started your businesses out with the intention of not being burdened by bureaucracies. Some of them already are. And so my question is, how do you help people coming from a control-based environment to make the shift to no policies and more structure?

GUI COSTIN: I think it's actually pretty easy because I think people feel, when they're in those control situations, it's just not a lot of fun. And then all of a sudden, someone trusts you. And like I said, there's standards. So you can't

compromise or hide your standards. You have to live by your standards and live up to them. And then I think people fall right in. And they're like, man, this is what I've always hoped for. Everybody wants to work in an environment where they're trusted. There's clear expectations. People are happy. They're having fun. They're playing at the highest level. They're taking a little risk. They're pushing themselves a little bit. They're supported in being pushed. They don't feel like they're being judged or demeaned or made fun of when they make a mistake or something doesn't work out. That's why I think, actually, if you reverse engineer leadership and you actually describe what utopia would look like, everybody wants, most generally, people don't raise their hand and say, look, I want to be completely controlled and I want to be judged at everything. I want to be put down. I want to be publicly shamed if I make a mistake. People aren't going to say that. I want to be abused. But the reason it doesn't happen... that's why we're writing the book *Be Kind*. It just is for one reason. And if there's a few words in the book or whatever, the point of the book is you actually can have your cake and eat it, too. And people have to get out of their mind that they can't treat people well because those people will not be motivated or they'll take advantage of them or they'll be lazy because you're so kind to them and so nice to them. And it's like, that's just simply not true. But you, as the leader, have to do the hard work mentally to get your brain comfortable with that. And I think that's where the whole thing falls down... is that people don't... they don't do the hard work. But you can. You can have your cake and eat it, too. But you're going to have to do certain things mentally to overcome whatever's in your way and that way of thinking. So why wouldn't you want to create the ultimate work environment? Why wouldn't that be your goal?

YVETTE BETHEL: I think one of the barriers to building out this level of trust is the fact that it could backfire. And I'm curious about any... if you have any examples of a time when it backfired and how you harnessed it into something positive.

GUI COSTIN: How it backfired, I don't think, I can't really think of a time that the trust factor backfired. I can't really think of a time where people took advantage. I would say the natural evolution of a growing business is the business can and will outgrow people. It's not the person's fault. It's not the company's fault. And there's a gazillion books about it... what got you here won't get you there, all this different stuff. But that's just the distinct reality, is that people, the company outgrows them, despite what a great person they are. But also, the different people that evolve in a business, and people are evolving more rapidly. And I'll tell you, AI is a great exposé because if you had trouble figuring it out, whatever this is, before you had an AI companion and you had an LLM that you could use as your subject matter expert on any subject on the planet, and AI then just accelerates all those people that are using AI to be their companion. Like I just said, it's just an example. If you're going to create a business based upon a clear competitor and the LLM knows that competitor very, very well and all its strengths, its product strengths, everything, well, you're going to end up having similar things. So you're able to learn very quickly by asking the expert, how do we compete for every marketing copy to compete with that firm? Why is it so important to have the information that that company has? What is that company doing right now that makes their customers unhappy? What are the things they could do to improve to make their customers more happy? Right there, I just gave, in under 30, seconds five prompts that would give you... right now, if you don't have the ability to do that, what's going to end up happening is... and you didn't have it before, you're going to be left in the dust, unfortunately. You're just going to be able to get to the finish line that much faster of a certain project. So if you're lucky, you're launching a new product, you just want some general marketing copy, even you, Gui, don't know all of the ins and outs of the details of what makes the competition strong. But you want to create marketing copy? It literally lines everything up for you to edit some stuff, take some stuff out that you don't do. But boom, all of a sudden, you have it. You don't have to hire a consultant. You don't have to be a subject matter expert. But you have the product. You can deliver it, put that information up on your website, have your designer design it. Boom, you're on to the next thing. So my point is that the

company can outgrow the person if the people just aren't keeping up. And it's not the person's fault. But it's also very unkind for me, as a leader, to leave people in those roles for too long when the other people are sprinting ahead. So you got to be kind to those people that are getting ahead. And so I've never really had a situation... we've just had situations where the company just outgrows people.

YVETTE BETHEL: And how do you manage them into something different?

GUI COSTIN: Well, I always try that. And we've successfully moved people around into roles that they're more successful in, and they're happier. And so I work really, really hard. But then in some cases, it's just not the right spot for them anymore. And they're awesome people. But it's just not the right spot. But I think that's just with anything in life. But the faster you recognize that and the less time they have to fester in that role that they're not succeeding in, the better. But it's just if I were to give myself advice as an older leader to a younger leader, it would absolutely be, deal with those HR issues faster.

YVETTE BETHEL: Wow.

GUI COSTIN: And just because it's, no one wins. And then naturally, the leader gets more and more frustrated if that person isn't performing or communicating or...

YVETTE BETHEL: Right, no one wins. That's true, well, because they end up becoming... they lose their self-confidence and self-esteem. And then people who are trying to get ahead and evolve start to feel some sort of negativity toward that. And then that person feels it. So it's like a, it's actually dehumanizing to be that person that's outlived their... what's a good way to say it... contribution.

GUI COSTIN: Yeah, true.

YVETTE BETHEL: Now, if a leader wants to shift from a control-based culture to one that's more trust-based that you've evolved into, what are some of the first things that you would suggest that they do?

GUI COSTIN: Well, first off is just define what you stand for, which sets clear expectations. Make sure the vision is clear. And then make sure that it's clear what they have to do to report progress against anything that they're working, on any project. And so... that each individual feels that they're not controlled. But there's clarity around the goal. And then there's clarity around the expectations against the goal, and then reporting progress against the goal.

YVETTE BETHEL: I think this next question is connected. And it's really, what's one question, and it's the final question, what's one question every leader should ask themselves when they're deciding whether to build more policies or more trust?

GUI COSTIN: I think it becomes pretty clear that most of your policies could be summed up in your core principles. But you have to make sure your core principles, as they're stated, are very much personalized to the company, not just some general, give me a core principle teamwork. Well, why? What does that mean? It has to go more to the personality of the company.

YVETTE BETHEL: That's right.

GUI COSTIN: Right. And so it really comes down to core principles drive everything, what's expected of you at the company and the permissions that you're allowed, because certain people might behave a certain way in their personal life. But they know at work, they can't get away with that. And so at work, because the company wouldn't tolerate that. I think that's becoming more and more common. They call it the "no A-hole" policy.

YVETTE BETHEL: That's a book, isn't it? I think I'm... I will look in that.

GUI COSTIN: Said it nicely. But it's like, that states it all. It's like, they just... but most of the people that are above 45 or 50 years old probably, early in their career, were absolutely subject to... because I think this started to phase its way out a little bit early 2000s, mid-2000s, if you will, 2010. But before that, there was massive, massive bad behavior tolerated within organizations, massive. And now when people say this, it's like, look, man, I just don't... I don't want to be around some jerk all day long. It's just not going to happen. And then even good performers are getting voted off the island. And then they're wondering, well, it just happens. Dude, you're an ass. That's what. And it's not working. And then a lot of them are like, I got to change my behavior. That hurt. It's like, yeah. Now, the scary thing is the owner of the business is the person who can probably get away with that behavior the most because there's no one above them. And so that's where you have to be really self-reflective when you know, at the end of the day, you can get away with what you need to get away with. And you might not keep all your best people all the time, or what people, a lot of people do is they just overpay the people. So they put them in golden handcuffs so they can treat them in a certain way, which is very insidious. But I just think every business comes down to what do you stand for. What are your standards? Is it really, really clear to everybody in the organization of what you stand for and what you will tolerate and not tolerate? And if you can do that and you do it with precision and with a lot of love and kindness without sacrificing excellence... that was my whole point, you can have your cake and eat it, too, where you can create a wonderful work environment while still hard, hard charging.

YVETTE BETHEL: Right. What do you stand for? What do you tolerate? And make a decision with a lot of love. And what was it that you said?

GUI COSTIN: And kindness, love and kindness.

YVETTE BETHEL: And kindness. That's right. So go ahead.

GUI COSTIN: No, no. Just it's... and that really encapsulates it. And it is possible. It can happen, I promise you.

YVETTE BETHEL: And with that, I'd like to thank you, Gui, for joining us. I love the fact that you take an unconventional approach to policies, one that's grounded in trust. We appreciate this conversation because some organizations put excessive controls in place, using them to replace leader discretion and decision-making and, as you call it, evolution. But before we depart, can you please tell our listeners how they can connect with you?

GUI COSTIN: So on LinkedIn, Gui Austin, and then Dakota.com, or if you want me to send you a copy of my latest book, just email your address to gui@dakota.com, dakota.com, gui@dakota.com.

YVETTE BETHEL: Fabulous. This has been Yvette Bethel with Gui Costin. And we would like to thank you for taking the time to join us at Evolve-- Reinventing Leadership, Building Freedom Cultures.

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