



“Larry Friedberg: The Trust and ‘Safety Dance’ eBay Origin Story” Season 1: Episode 2

Speaker 1: Welcome to Stayin' Alive in Technology, a series of conversations with Silicon Valley veterans, touching on war stories from the past and practical advice for today. Now, here's your host, Melinda Byerley, founding partner of Timeshare CMO.

Melinda Byerley: Welcome back to Stayin' Alive in Tech. I want to tell you a little bit about Larry Friedberg and why I invited him on the podcast. I have known Larry since almost my first day in Silicon Valley when we worked together at eBay during the first, during the boom. Larry has a lot to say about trust and safety in Silicon Valley. He gets into what it is and why it exists. The reason Larry's story is so important right now is as we observe what's going on with Facebook, Facebook's problems right now stem straight out of a trust and safety problem. It's a more complex problem than what we've dealt with at eBay. It's a bigger problem. It has far more wide-ranging implications for the company and for the world than what we dealt with at eBay, but the lessons that we learned at eBay could be used at Facebook. There is a direct connection between what Facebook is going through and what eBay experienced in the early days of its existence. Enjoy this recording with Larry and let me know what you think.

Speaker 1:

Melinda Byerley: I couldn't be more excited to welcome Larry Friedberg to our show. I've known Larry for almost 15 years now. Larry is currently the founder and principle of 380 West, which is a strategic marketing and sales consulting firm. He also offers trust and safety marketing and discusses a business approach to trust and safety, which is exactly what he's here to talk to us about today. Larry, thank you and welcome to Stayin' Alive in Tech.

Larry Friedberg: I am so happy to be here, Melinda. Thanks for having me.

Melinda Byerley: Awesome. Larry, I like to ask our guests to tell us about the first time you touched a computer.

Larry Friedberg: First time I touched a computer was in my study of my apartment in Brooklyn, Massachusetts. It was a Mac, that little box, little, grayish box with a little screen and I couldn't tell you how ... I can't tell you how excited I was to get that Mac. It was unbelievable. It was such a good feeling. I was part of this new trend in personal computing and it was so meaningful to me to be able to do that.



- Melinda Byerley: How old were you?
- Larry Friedberg: Okay, we're getting to the age game here. I was probably, I want to say 24, 25.
- Melinda Byerley: Yeah, it's an interesting theme to ask, because many of our guests did not grow up with their hands on a computer and I think it's -
- Larry Friedberg: That's right.
- Melinda Byerley: I think we have a different perspective as a result of where technology fits in our life and it's a fun question.
- Larry Friedberg: Totally true. It's learned, so it's learned over time. We look at our kids and their kids after them. It's, the phone is now, it's an extension of the hand and eventually it's going to be a pair of glasses, it's going to be ... If you believe in the singularity, we won't be having any devices at all. It'll be interesting to see how this thing unfolds.
- Melinda Byerley: Larry, would you tell our audience, what is trust and safety?
- Larry Friedberg: Trust and safety today is, I would say, three things. The first thing is it's catching the bad guys, catching the bad guys is a combination of risk analytics and law enforcement or law enforcement relations. It's reducing the numerator of bad guys that are effecting the vast majority of the denominator. You need to have catching the bad guys infrastructure that, where you have people who are experts in applied math who are running the models. You have people that are working with law enforcement, getting the subpoenas and doing what they can to catch these bad guys. That's core to it, but there's other parts to this. The other part of trust and safety is the policies. What are the policies that a given eCommerce company should have in order to make sure that customers or buyers and sellers are comfortable conducting business on the platform, so a policy could be anything from shipping. What are the shipping terms? What are the shipping requirements? To what kinds of payment are going to be accepted and not accepted?
- Larry Friedberg: Can you use Moneygram or Western Union? Which was a big problem that we had at eBay back in the 2000s, early 2000s. It's law enforcement and catching the bad guys. It's policies. How do we manage what we do to make sure that buyers and sellers are comfortable on our platform? The last part of this, which is near and dear to my heart is issue resolution. What happens when something goes wrong? What do you do? That's a part of the process where online dispute resolution plays a significant role. Of course, that's what I did in my last gig at Modria. Brands are really in a tough position when a transaction goes south. Often times it's a part of the process they haven't really given a lot of thought to, what they would think about is, "Okay, we'll have customer service handle



the problem." The challenge is that if you're in an eCommerce company and you're growing leaps and bounds, the number of bad transaction, transactions grows commensurate with the number of transactions you're doing. The math that we used is anywhere between one and 3% of all transactions, both online and offline are going to result in disputes.

Larry Friedberg: If you keep using bodies to help you resolve these disputes that are coming from your customers, you're going to burn out those customer support agents and you're going to have a real problem with your brand, because people are going to be very unhappy. If I were to summarize I would say: Catch the bad guys, make sure the policies are rightly tuned, and figure out how you're going to resolve a dispute when it happens. That's trust and safety to me.

Melinda Byerley: For our audience, Larry and I worked together at eBay. We overlapped for a period of time and it was really my first job in technology. Often you have very strong memories of your first experience. I remember the trust and safety team telling us that their job was to make sure that eBay was a clean and well lighted place to do business.

Larry Friedberg: Exactly. When you get right down to it, the number of transactions that go right far, far outweighs the number of transactions that go bad. It's amazing how when one transaction goes bad, it casts a light on an entire organization. It gets out into the press, it gets amplified, it gets shared, and it's, it becomes a morass. Remember, when you and I were at eBay and we overlapped there, we didn't really have a same social media amplification that we have today. Brands are even much more at risk today than they've ever been. When there is, when there are issues about, that we hear about Cambridge Analytica and Facebook, it's a reminder of how fragile this whole thing can really be in terms of eCommerce and tech and Silicon Valley.

Melinda Byerley: Do you remember what year you started at eBay?

Larry Friedberg: 2003. It was May of 2003.

Melinda Byerley: Gosh, we started at almost exactly the same time. Fascinating.

Larry Friedberg: Yeah, you were in the category side and I started in trust and safety.

Melinda Byerley: Do you remember ... I think it's interesting for people to hear why eBay thought it needed something and the evolution of the phrase trust and safety. Do you remember what was going on and why that team was started?

Larry Friedberg: Well, I do. Originally it was basically safe harbor.



- Melinda Byerley: What is safe harbor, for those people who are listening who don't know what it is.
- Larry Friedberg: Well, safe harbor is all about what the rules of the road are in terms of how do we safeguard people's security. That's how I...
- Melinda Byerley: How do we not get sued, another words? How does the company protect itself?
- Larry Friedberg: Exactly, exactly.
- Melinda Byerley: From being sued.
- Larry Friedberg: That's right. The reason trust and safety started, and this is inside baseball. I think every quarter Meg Whitman would be on the phone with analysts doing earnings calls. Invariably the analysts would go right to the fraud problem at eBay.
- Melinda Byerley: This was all over the media. People don't remember that it was everywhere.
- Larry Friedberg: Everywhere, everywhere. Every consumer publication, every business publication, and I think she really got sick and tired of hearing it. The responsible thing, she did what a good Chief Executive does. She found this guy named Rob Chestnut. Rob Chestnut was a former federal prosecutor who actually put Aldra James, the Russian spy, in jail. This guy is a great guy. He's now the general council at Airbnb and he had a passion for eBay and he connected with Meg and he started this group, which had never been created before, called trust and safety. The goal was to address the fraud problem at eBay. The team grew fairly quickly. I think Rob started in '98. I came on board in 2003 as a Director of Trust. This was really a response to the bad media coverage. It was a response to analysts asking her about the fraud problem, and it was a responsible thing to do. We didn't have a playbook. Rob didn't have a playbook. We made it up as we went. The result was basically a playbook, and I laid out a little bit before, of how companies are currently looking at trust and safety and how important it is to have groups dedicated to catching bad guys, making sure policies are tuned correctly, and then figuring out what to do after a transaction problem.
- Larry Friedberg: That all came from eBay. A lot of the stuff that you see, whether it's Airbnb or Uber or Lyft, these are companies that are practicing a lot of what eBay created over 15 years ago.
- Melinda Byerley: I think you and I have talked about how one of the fears that Meg had was that eBay was at the forefront of eCommerce. Most transactions between individuals had not yet moved onto Google. You couldn't easily create a website and sell to people. Meg's fear was that if we didn't tackle that at eBay that it



would ... That eCommerce as a whole would never succeed if we couldn't figure out how to conduct transactions safely.

Larry Friedberg: It's spot on and Meg used to talk about this metaphor called the leaky bathtub syndrome. The leaky bathtub was business was growing so rapidly, like 100% a month that it was growing so much that you never had a chance to see that the water was actually draining out of the bathtub. There were cracks. As business starts to slow with any eCommerce company, you start to see the cracks in the tub. That's what trust and safety was designed to reverse is the leaky bathtub, because eventually ... You can't keep growing at 100% a month. You can't necessarily keep growing at 100% a year. When those, in advance of those eventualities, you want to make sure that you've got your trust and safety organization optimized so that you don't all of a sudden get caught unawares. All of a sudden it's like, "Oh my god, our revenue has slowed so dramatically and oh my god, our profit is now being effected because we're seeing a tremendous amount of churn and there's a lot of bad transactions that are not being remedied in an appropriate period of time."

Melinda Byerley: Meg was investing in profitability at the same time that the company was growing?

Larry Friedberg: Yeah, I think so. I think that obviously the optics around fraud are enough to convince any CEO, "We've got to do something about this." I give her a lot of credit. It's not that she knew what to do. She knew the right person to hire. Rob didn't know exactly what to do, but he is a whip smart guy and he figured it out and he built out his team.

Melinda Byerley: That's a good segue, because I thought it would be interesting for folks to know a little bit more about the types of people who worked in trust and safety. I remember being surprised as a newcomer to technology, which I always thought would be full of engineers and creative people, to find this man who had worked for the federal government, who had been a federal prosecutor being serious about this. I remember thinking that the people in trust and safety were a little bit different from the typical people in technology. I thought ... And you and I have talked about this. I thought it'd be fun for people to hear about the types of people who work in trust and safety.

Larry Friedberg: Yeah. Let me answer that question with a brief story. About a year ago, year and a half ago, Colin Rule, who is the co-founder of Modria and the former director of dispute resolution at eBay, I had actually hired Colin into eBay back in 2003 to help me solve that problem. We decided we would host a lunch for a lot of former trust and safety people that we worked with at eBay primarily, but also Paypal. Out of the 25 people invited, everybody showed up. It was really a celebration of trust and safety, because we never really did that. This was not a celebratory group. It didn't mean they didn't have fun.



- Melinda Byerley: They're solving problems. Yeah, catching bad guys.
- Larry Friedberg: That's right. They wake up every morning figuring out how to catch bad guys. If I were to create a personality type I would say that highly introverted, incredibly brilliant, ranging from brilliant to off the charts, people who love numbers, and people who have a sense of right and wrong, a strong sense of right and wrong and responsibility. For them it's not about what I've done. It's really about, "How do I catch the bad guys?" It's how I very much envision people who join law enforcement, who join the military, and it's a sense of purpose and duty. It's not a lot of celebration, even though we did celebrate. We celebrated each others' successes and so forth. By and large these are not people who are there to toot their own horns, which is what I really love about this kind of group. I'm an anomaly, so I'm very extroverted and I'm very social. I wasn't your typical TNS person. Neither was Colin for that matter. What we did was we celebrated what we did together and this is a chance for us to all get together and say, "Here it is now, five, ten years later. Let's celebrate and look back on what we built."
- Larry Friedberg: What's remarkable about it is I looked around the table at this restaurant. Every one of these people are people that I appreciated, was glad to have worked with, and I think part of it is because they were not self promoters as much as they were basically on a mission. They did it with dignity and they did it with focus and care. It was a great time, it really was.
- Melinda Byerley: It's like trust and safety is the intelligence community of the internet.
- Larry Friedberg: I think that's right. I think that's well said. I wish I had thought of that.
- Melinda Byerley: It's like they're the unsung heroes working quietly in the background to make sure that we can all safely enjoy and do business and buy things and communicate with each other over the internet. It's a remarkable evolution. It's not a police force, I guess. It's not the way I want to, that's the not the impression I want to leave with people when I say intelligence community, but more like collecting data and analysis to enable the businesses to make decisions.
- Larry Friedberg: That's right and it's people who have high integrity. That's the part that's really important. In this day and age when we see the problems with invasion of privacy and Cambridge Analytica and so forth, we forget that there are people behind this. When you know that the people you worked with were super high integrity it gives you a sense of pride. You're trusting your data, you're trusting your transactions, if you will, to a platform, but behind that platform are people who are managing it. Those people who are managing it have to be beyond reproach. That, to me, is what this is all about. That's what trust and safety is all about is: How do you translate this notion of a trust that, for example, you and I

have? We trust each other. We've known each other for years. We trust each other's character. We trust each other's judgment. How do you translate that? How is it possible to translate that in a way where you're doing transactions with people you don't even know? Well, you have to hire the right people. You have to create the right policies. You have to get the bad guys out. You've got to make sure that when something goes wrong you're there for them. It really is remarkable how cyclical this stuff really is.

Melinda Byerley: What are some of the problems specifically that eBay tackled at the time? I think it's ... Hearing you say eBay was growing 100% month, year over year, but on a monthly basis, that's how we're growing sequentially 100%. It's sometimes easy when you're young to think that people who are older than you don't know how to move fast, but we were moving pretty damn fast in those days. We understand that. I think some of the problems are fascinating. What are some of the problems that you ran into in your days at eBay that you wanted to solve or that you were tackling, that were like, "Holy cow. This is a problem we've never seen before?"

Larry Friedberg: Right, so day two of my tenure at eBay I was basically told, "We have to solve the stamps, fraud problem." "Okay."

Melinda Byerley: What is the stamps fraud problem?

Larry Friedberg: Exactly. There were perpetrators who would post listings in the stamps category at eBay that were alleged to have been fraudulent, meaning they claimed that it was a particular stamp that it wasn't. It was a fake. eBay was not an expert in stamps. "What are we going to do here? We have people who are sellers on the platform and they're complaining about other guys who were posting, other so-called stamp collectors who were posting listings of stamps that they know are fraudulent. They know it. We had to figure it out. We formed a team consisting of Michael Richter in the legal department, Dan Neary who oversaw the stamps and actually collectibles category, myself, and the customer support team in Salt Lake City. The question here was, "Okay, if eBay is not the expert, how on Earth are we going to solve this fraud problem?" Well, we came up with a pretty cool idea. We're not the experts, but you know what? There are people in the community who are really experts. We identified, I call it a posse, of stamp collectors who had outstanding feedback. Feedback was really the second commerce on eBay. If you had a high feedback score then you were trusted and you cared about your customer service, you tended to get higher prices than those who had lower feedback and so forth.

Larry Friedberg: These are people who had high feedback scores. They had knowledge about the category, and they had what we called a vested interest in the eBay platform. We identified a couple of these folks that we knew we could trust, who were trusted within the community. They could identify the listings. We created a



workflow process whereby a stamp expert, who was part of this posse, would report a problem and then would look for affirmation from a second. We had attestation. We had somebody who initiated the problem and then somebody else confirmed, "Yes, I think this is fraud." Then, what we would do is the customer support team in Salt Lake that handled collectibles would reach out to the seller with the potentially fraudulent listing setting. We've had some complaints that, "This is not correct and you need to fix this listing within the next 24 hours or we're going to pull the listing down." That process was, ended up resulting in reduction in fraud by orders of magnitude.

Larry Friedberg: It's a testament to what can happen in a marketplace when you work with the community to help you solve the problem. That was ... Day two was when I inherited that problem. It took us several weeks to pull that together, but we implemented it and we actually ended up getting an award by the executives for the stamps community. We called it the stamps community watch program.

Melinda Byerley: I have a question for you, Larry. Back in those days did the ... Was it an option? We'll get into lessons that other companies can learn today from our experiences in the past, but there's so much discussion today about artificial intelligence and eBay wrote algorithms to solve these problems. Why not write an algorithm? Why not look for the commonalities in those days? Why do community watch?

Larry Friedberg: That's a great question. I think first of all, I don't think artificial intelligence or machine learning was really part of the parlance at eBay at the time, certainly not on the trust and safety side. I think what we had was we had an accumulation of transactions that allowed what we call today, data scientists, but back then our trust and safety analytics team were looking at transactions. They were looking at trends. I think it's an easy, I'd say a step, not a leap. It's an easy step to go from where we were in 2003, '04, '05, '06 and so forth to today where it is so much more about machine learning. I think we didn't do it back then, because I don't think we had ... We had to build everything, Melinda. We had to build the ODR system. It took time for us to build these things.

Melinda Byerley: What's an ODR system, Larry?

Larry Friedberg: Sorry about that, online dispute resolution.

Melinda Byerley: It didn't exist. There was no way for people to disagree about a transaction before trust and safety built it.

Larry Friedberg: Exactly. When I think about Stayin' alive in tech, when I think about the things that we learned, how intrepid we were about looking at all of the data that we had and looking for trends, and we did that by building pivot tables...



- Melinda Byerley: I know.
- Larry Friedberg: We didn't have the same kind of technology today, but we figured it out. Imagine how much more efficient eBay and other market places, other key eCommerce companies can be today with machine learning, with artificial intelligence. The key is, what do they have that others don't have? They've got data. It's really overlaying a tool or a technology to the same data that we had before where we had data scientists figuring it all out.
- Melinda Byerley: That's a fascinating problem. We saw that. There was ... I remember, to add to your stories, I know the host should not always be the one interviewed, but in over in electronics, in consumer electronics, I remember, because I was there in 2003 and that was the year of plasma televisions. Plasma televisions, everybody was buying plasma TVs on eBay. Business was off the charts in that category. It didn't make any sense until the team started digging into it and then they discovered there was a ton of fraud inside of the plasma television unit. I learned a lesson to that to your point on data science is that whenever things are going too well, or too badly, it's probably good to look at the data first.
- Larry Friedberg: Absolutely.
- Melinda Byerley: You're not as good as you think you are. You're not as bad as you think you are.
- Larry Friedberg: That's right. These stories, these stories abound. I think the only other one I'll mention here, I don't want to bore your audience, but the ... We had a problem with people using Moneygram and Western Union, and what would happen is the fraudster would take the transaction off the platform, offer a deal that they couldn't refuse, the buyer couldn't refuse, and then request that the payment actually be made by Western Union or Moneygram, which were really not secure. Your point about plasma TVs came up. What we created was a contextual messaging program through eBay's own internal rule system, which we called Elvis. When we identified that this was a high risk transaction, we could write a rule in Elvis that allowed us to flash a message in front of the buyer to beware of trading off of eBay, "Don't use Western Union. Use Paypal and so forth." That contextual messaging program is interesting, because again we were making it up as we went . we didn't have the ability necessarily when we started that process to message on a segmented basis. We had to create that and make sure that when we did send the message, in this case it would be to somebody who was perhaps new to eBay, under a 25 feedback score, under a ten feedback score, was buying a high valued item, we would ...
- Larry Friedberg: We couldn't control it. We couldn't stop the transaction necessarily. We weren't 100% sure it was fraud. Where we were sure it was fraud, the listing would be pulled down immediately, but if we weren't 100% sure, then obviously we would allow the transaction, but we'd want to coach or educate the end user,

the buyer to beware not to conduct the transaction off eBay, not to use Western Union or Moneygram. That was an interesting program too and we ran it for a period of about six months, I want to say. The results were we did the test, seemed to work well, but it was not something that we launched widely afterwards.

- Melinda Byerley: As a fun piece of trivia, what does Elvis stand for?
- Larry Friedberg: You have to tell me that. I don't even remember what it stands for. It's eBay listing ... Elvis, something system. I don't -
- Melinda Byerley: The eBay listing violation system.
- Larry Friedberg: Violation system. That's it. eBay listing violation -
- Melinda Byerley: Violation system. It was an early form or machine learning, because it was algorithmic based, and so it was if X and Y, which someone in the business or trust and safety had deemed indicators of a problem, then display X message or remove from system.
- Larry Friedberg: Exactly.
- Melinda Byerley: Very simple, algorithmic work. Yeah, a fun piece of trivia for folks if you hear anyone from eBay talking about Elvis. It's not viva Las Vegas.
- Larry Friedberg: Exactly. It's workflow.
- Melinda Byerley: It's workflow, nothing quite so exciting. You really showed how trust and safety and the policies around fraud detection and prevention and dispute resolution helped eBay, but how, since those days, how has the trust and safety function evolved in your experience?
- Larry Friedberg: Well, I think that I can say with confidence ... I was at actually a risk salon last night. I presented on online dispute resolution, and one of the people mentioned to me and it's Chatham House Rule, so I can't mention the company, but it was a major company here in Silicon Valley said that thanks to online dispute resolution they think now about what a resolution experience should be in everything that they do. It was because we presented to this company and its team about a year and a half, two years ago. We at Modria did. I think that the first thing I would say is that people are thinking much more today about the post-sale journey. In fact, the fact that it's called the post-sale journey is ... I have to chuckle a little bit. They have a name for everything. I'm sure since it's Silicon Valley it'll be the PSJ before long. We weren't thinking about that in 2003. There was no such thing as thinking about a post-sale journey. I think that's a healthy thing. There's a lot more competition today, so I think



companies are thinking more holistically about their experiences with their buyers, their sellers, it's marketplace.

Larry Friedberg: I think there is a baked-in predilection if you will that we've got to think about the journey from soup to nuts, and the journey is: What's the buying journey? What's the seller journey? What's the journey going to be when something goes wrong? What's the shipping journey? All of these are journeys, right? It wasn't a journey back then. I think that would be the first thing. I think the second thing is there are a lot more companies focused on selling security solutions. Palantir comes to mind. Fraud Scientist was a company bought by eBay way back when. I think ... You're never going to go poor by having a career in trust and safety, especially when you're trying to catch bad guys. I think there's increase focus on technologies that will help companies stay one step or two ahead of the bad guys. I think there's more investment in those teams to service the policing function and the prevention function. Those would be the things that I'd say are different today. There's more technology. There's more third party solutions out there than there have ever been. There's this whole cottage, it's not even a cottage industry. It's a major industry now of companies that are trying to help other companies solve the trust and safety problems.

Melinda Byerley: And the more the company does it encourages transactions between individuals. Rob Chestnut at Airbnb is a perfect example, the more it needs attention to this. It will be interesting to see. I believe that Facebook does have a trust and safety team.

Larry Friedberg: It does. It does. So does Airbnb and so does -

Melinda Byerley: And so does Uber.

Larry Friedberg: Uber.

Melinda Byerley: And Etsy and Crafts and all these places all have that. It's fascinating to see the eBay diaspora that many of the people that you worked with in those early days are at those companies building those functions. It's a theme, I think, of Stayin' alive in tech to show that these are not mutations, that what's going on at Facebook or Airbnb that there's a thread that comes from our past that's worth understanding.

Larry Friedberg: I think that's really well said, Melinda. I think that what ends up happening is when you get a lot of really smart people together, try to figure out a problem, it's amazing the kinds of solutions that you can actually come up with. We were talking before about how we made stuff up as we went along. We didn't know what the answer was. We knew we had to solve the problem. The fact that there are so many companies today dedicated to risk management, it's a testament to the fact that it is a major problem, it's a growing problem, and I

think that people who go into trust and safety, I don't think they grow up thinking, "Gee, I want to be a trust and safety person." No one thinks about that. "I want to be a risk management guy." But, it's such an important part of what we're doing in the valley and in tech, there's unfortunately always going to be bad perpetrators. It's such a small subset of the numbers of transactions. We said at Modria that between one and 3% of all transactions are going to result in a dispute. A really small subset of those transaction problems are actually fraud, and yet the amount of money that's ... It's quite literally billions of dollars that go into trying to solve these fraudulent transactions. It's amazing.

Larry Friedberg: The fact that there are risk management teams and trust and safety teams that are dedicated to try to always catch the bad guys, it's a small sliver of transactions. Isn't that amazing?

Melinda Byerley: It's a huge business. Yeah. Hey, Larry, I've got one last question for you and it's an important one. Given your experience and many years of thinking about these problems, what advice do you have for companies today that are tackling trust and safety issues?

Larry Friedberg: I would say this. When you're starting your company, you're thinking about all the positive things. You're not thinking about the negative things. By definition, start-ups, the founders and CEOs are eternal optimists. It's what got them to where they are. They're not necessarily wired to think about all the bad stuff that happens, and yet you really have to bake that in from the beginning. You've got to think about how you are going to catch the bad guys or address the potential for fraud in your company. It seems like such a bizarre thing to say. It's so antithetical to every CEO. That's the stuff that can really catch you. It's what Meg realized she had to solve. Otherwise, eBay was going to stop growing. I would say, "Think about it early. Think about it often. If it's not your bag, find somebody who's really good at this, somebody who really understand this, so that you could build in the systems, build in the organization that's going to be necessary to ensure that the brand that you've built is not going to be undermined by the small number of perpetrators who can really hurt you. I think that's really the major point is, it takes one really bad transaction to effect between 20 and 25 people.

Larry Friedberg: When you think about that math, it won't be long before your brand is dragged through the mud. Important that you have systems. Important that you give people, give your customers an easy access path into reporting a problem, because what you don't want to do is stick your head in the sand. When we launched online dispute resolution at eBay, it was at a time when we buried the access point, five, six, seven pages in. It was almost impossible. We called it a fraud alert. Oh my god, can you imagine that? We were immediately casting aspersions on the seller or the buyer. It's about resolving an issue and make that easy for the customer to be able to access. You want to know about this stuff,



because if you don't know about it, you're not going to be able to manage it right. Meg used to say, "You can't manage what you can't measure." If you are underestimating the number of transaction problems that you've got, then you're creating a massive hole for yourself.

Larry Friedberg: Get ahead of it, find out what those problems are as early as you possibly can, and come up with the work flows. Come up with the organizational fixes in order to solve those problems. Stay ahead of it as much as you possibly can, and hire really great, smart people who can help you solve those problems.

Melinda Byerley: Well, and that would include Larry Friedberg, of course.

Larry Friedberg: Aww, you're too kind.

Melinda Byerley: Yeah, you can send me the check later. It's okay. We're running out of time, but I think as you were talking about what the companies could learn, and I hope if you're a start-up or even a fast growing company that you'll take Larry's words to heart, because as we think about what's happening with Facebook in this very moment, anyone who's worked in trust and safety field is beside themselves with emotion to watch it happen. It's like watching a train wreck that you new, you think you could have prevented if you were there, and it's really hard to watch. It's not that we rejoice in their struggle. It's that we've been there with them. We know how hard it is. They're doing it at even a higher scale and with even more complexity, because it's advertising. There's no money changing hands between the viewer of the ad and the ad itself. The complexity of their problems is even greater. One wonders, could they have addressed it sooner? Could they have tackled it sooner and not faced the barrage of what's happening to them now. What do you think, Larry?

Larry Friedberg: No. I couldn't agree more. When I think about trust and safety, trust and safety marketing, so much of it is about the prevention. It's about preventing bad things from happening. It's about educating your users on policies, educating your users on the right process, educating your users on proper shipping and so forth. It's also about: How do you resolve a problem after it's happened? How quickly are you going to get that problem resolved? We learned at eBay and Paypal that when you resolve a problem quickly the buyer action, buyer activity increases by 18%.

Melinda Byerley: Wow.

Larry Friedberg: Eighteen percent. When you think about it, and there's a funny story that we would say that when we presented this to execs at Paypal, the question came up, "Well, does that mean that everybody should go through a dispute? All the buyers should go through a dispute?" The answer is no, but what this is a testament to the fact that when a brand pays attention to a problem and is



listening and is providing remedy quickly and a process through which the user can get their issue resolved, it results in a feeling of loyalty. There's incredible loyalty when you feel that you've been heard and your issue's been resolved. I'll take it a step further. We learned at eBay and Paypal that when you resolve an issue faster, even if the outcome was not in your favor, there is still a likely, a stronger likelihood of brand loyalty. People would rather lose fast, than win over a long period of time. Think about that for a second. It's because they've been heard. It's because there is a transparent process. It was easy to go through. It happened quickly.

Larry Friedberg: That is probably the best lesson to learn from trust and safety. Get the problem resolved as quickly as possible. Now, that's a lot easier to say when the transaction is only 15, 20, or even 100, which to some may be a lot of money, but in the scheme of things it's not like a 2500 dollar transaction or a \$5,000 transaction where by and large people will hold on for dear life and wait it out to try to get what they want. At the same time this is really strong council to brands that are in the eCommerce space that issue resolution must be addressed in a thoughtful way and throwing bodies at it in customer support is probably not going to be the best way to solve the problem, because the average tenure of a customer support agent is somewhere between nine and ten months and the training is typically inconsistent. You have a really horrible experience.

Larry Friedberg: How many times have we been on the phone with two, three different customer support agents telling us two or three different things? As you think about issue resolution, as you think about adding customer support agents, the problem with that is quite fraught. What you're doing is you're relying on people who are not necessarily as knowledgeable about the policies and they're not trained often times and there's a lot of churn, there's a lot of stress in that. You've got to find a way to give, to allow the technology to solve as many of these problems as possible and steer those customer support agents onto more revenue generating types of opportunities, which is going to be better for them anyway and better for the company.

Melinda Byerley: Well, Larry, I can't thank you enough for your time. There's a lot of lessons to be learned here and I'm so glad that you came and shared them with us, and I want to invite you back again someday. I think there's another podcast in here about brands in particular. I hope we'll have a chance to talk a bit more about that in the future.

Larry Friedberg: I would love to. Thanks so much, Melinda. This has been fun.

Melinda Byerley: Thanks, Larry.



Speaker 1:

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