GEORGIE FROST: Welcome to The So What from BCG, the podcast that explores the big ideas shaping business, the economy, and society. I'm Georgie Frost. The "thumbs up" has long been a powerful symbol in our collective imagination from the Roman Coliseum to The Terminator movie. But in the digital age, it's become something much bigger, a currency of attention, influence, and economic value.

In this episode, I'm joined by Martin Reeves, Chairman of the BCG Henderson Institute and coauthor of *Like: The Button That Changed the World,* to discover what the story behind the most iconic button on the internet can teach us about innovation and our future.

MARTIN, welcome. You've written many books about AI, imagination, and strategy. Now that little like button is something that we must probably use multiple times a day. We don't really think about it. So, what was it that made you want to write a book about it? What drew you to the story of like?

MARTIN REEVES: Yeah. I think you said it, actually. I mean it's precisely because it has such massive consequences and it's seemingly so inconsequential. It changed how we communicate, how we transact, how we create online. The second reason really is that the story of like shows innovation in all of its glorious messiness, which was so fascinating for me.

GEORGIE FROST: I want to dig much more into that, but I think most people assume that Facebook invented the like button, but your research tells a far more tangled tale. What actually happened?

MARTIN REEVES: Well, I thought that Facebook invented the like button. And so, when Bob Goodson, my co-author, showed me a sketch dated at least four years before Facebook rolled out the like button, I was surprised. And I asked Bob, "Did you invent the like button?" And he said, "Well, I'm not sure." And that's such a strange response.

But the more we zoomed in on the details, we found at least 30 companies that had contributed in some way to the invention of the like button. And in my research on innovation, we tend, after the fact, to have the hero story, something like a Steve Jobs or an Edison is attributed with an invention. But in fact, if you look close in, it's much more social.

GEORGIE FROST: Yeah. You mentioned that in your book. You say it's sort of, I suppose, the breeding ground of Silicon Valley. Lots of ideas all happening at one time, in one space. But the thumbs up as I mentioned there is traced back to antiquity. This is a symbol that it seems strange for people to think that actually it was invented at all.

MARTIN REEVES: It is an invention, because that's the symbol we see when we click like. But of course, behind it sits a dozen lines of JavaScript code, which was the invention. And the invention was for a very specific reason. Web 2.0 was coming about, the social web, where users contributed content in the early 2000s. The companies that were trying to get them to do it didn't have a lot of money, so they had to encourage them with this currency of recognition with a like button to contribute content, like restaurant reviews and so on. And it was massively effective.

GEORGIE FROST: It tells us a lot about innovation, which I will dig into in a short while, but it tells us a lot also about human psychology. Why do we like to like?

MARTIN REEVES: Well, our superpower as a species, speaking as a former biologist, is really social learning. The ability to learn things without necessarily trying them directly ourselves. So, I can listen to your story of your attempt to do something or I can observe you doing something and learn indirectly. And that propensity for social learning is built on a couple of key behaviors that are hardwired in our brains. One of them is preference for mild hierarchy. And we like to learn from people that are popular, that other people appear to be learning from, hence observing the number of likes.

The second thing is homophily, which is on the whole we like to learn from people like us, because the learnings will probably be applicable. Like has this sort of delicious ambiguity. It means I like you, I like your content, and I am like you. So, hence the like button plugged into all of that, which is hardwired in our dopamine chemistry in the brain. So the like button, by piggybacking on all of that, never needed an instruction manual, never needed promotion. We already knew for thousands of years how to do that.

GEORGIE FROST: Is online liking the same as real-world liking?

MARTIN REEVES: Well, it actually is, Georgie. You can do fMRI scanning when people like or are liked. And what we find is that in terms of dopamine release in the particular part of brain, the nucleus accumbens, that liking and being liked in real life involve the same dopamine mechanism. And that's exactly the same dopamine mechanism as digital liking and being liked.

GEORGIE FROST: So what's been the economic impact?

MARTIN REEVES: Facebook's innovation was not the invention of the like button, but it was the invention and the rolling out of a business model that involved the like button. Essentially, they sold for an age-old joke in advertising, which is 50% of my advertising is wasted. It's just that I can never know which 50%.

Well, for the first time we could know. Therefore, there was this indirect attention economy-based business model, which is you get free services, like email, and messaging, and so on, in exchange for providing this tiny stream of like data which helped advertisers to target products that you would probably like and buy.

And that had two effects. It launched social media as a massive business. And as a result of that, it also essentially disrupted and turned upside down the advertising industry. If you remember back to the early 2000s, the only feedback we had on advertisements was the Nielsen set-top box. And that simply told you that the TV was on, then it was on Channel 13. It didn't tell you that anyone was necessarily watching.

GEORGIE FROST: So then let's talk more about the story that it tells about innovation. You said innovation is perhaps much messier than we would imagine it to be.

MARTIN REEVES: So instead of this sort of sole genius in an afternoon solving a problem with great foresight, I think the messier picture of innovation is serendipitous, it is social, and it's continuous, and it's not just one "big bang" moment. Now, if we accept that model of innovation, we'd probably go about structuring and managing our innovation processes quite differently.

GEORGIE FROST: I think you write that companies try to manage innovation like it's a factory line almost. And clearly, that's not what you think is the right thing to do.

MARTIN REEVES: If we accept this messy model innovation, then we do things like look outside. It's likely that pivotal inventions or contributions will be happening outside my company. We're patient because this process takes time. We're open to reframing. I mean, there's a great story about Alexander Graham Bell with the telephone.

He was trying to invent a multiplex telegraph. And his assistant accidentally plucked the transmitting read and he heard a sound. And his comment was, "I'm so glad I knew so little about electricity," because the prevailing theory of the time said that you can't transmit sound waves over copper wires. So, that was the invention of the telephone, serendipitous and messy.

GEORGIE FROST: So how do you foster that environment then? If innovation is social, is there a way that you can actually nurture it?

MARTIN REEVES: Yes. I think it's not completely controllable, but you can increase the number of collisions, if you like, between an idea and reality, so you get lots of sparks, lots of chances of getting something right. You can employ a cognitively diverse workforce, so that people are seeing different things, and possibilities and reframing in different ways.

GEORGIE FROST: What role does storytelling or narrative thinking play in innovation, especially in a world, as we say, dominated by data, dominated by KPIs?

MARTIN REEVES: In a sense, an innovation, or a strategy, is a fiction because you may know what you're trying to do, but the fact is you're doing it for the first time. You're aiming to establish a state of affairs that doesn't currently exist. So it's a fictional story and your mind needs to be prepared for that possibility. That's the function of the narrative. People need to feel impassioned and motivated to pursue this risky business of innovation. So, a story is not just information, it actually emotionally engages and excites people.

And then the other thing about ideas is that, unless they travel and evolve by passing through different

people's minds, essentially the ideas don't progress. And so, ideas evolve because we tell stories, and stories are passed on to others, and the stories change as the innovation changes.

GEORGIE FROST: What does the like button tell us about regulation around technology?

MARTIN REEVES: Well, the like button, as we all know, had serious unintended consequences and we're sorting through the science of those unintended consequences. So we have internet addictions. We have, for some reason girls more than boys, but we have young pre-teens becoming depressed by their popularity or unpopularity by looking at their number of likes. We have misinformation. We have social polarization. So, if you're a bit sad about being unpopular at school, we didn't need the internet to do that. We already had that phenomenon. I think the difference is one of quantity.

So I cannot probably only meet three people a day called Georgie and have social interactions with them if I really try hard. I could probably have 100 sitting in my bedroom late at night, looking at my comparative like count. And our evolved brain chemistry is not designed to deal with that volume of responses, especially in the very formative period where our social intuitions and skills are being formed in the pre-teens.

The cartoon version of regulation is, what were the regulators doing? Why didn't we regulate earlier on this stuff? But the truth is we can't, because we didn't even anticipate the benefits of the like button, let alone the dis-benefits. Regulation will necessarily lag behind the reality.

When you launch an invention there will always be unintended effects, good and bad, and you have to sort through those and regulate. The big difference with technology, digital technology, is that the scaling is very, very rapid. So, the regulatory bumbling takes too long to act upon these pervasive psychological effects of in my book the like button, but prospectively AI, too.

And so, actually, we had a dinner with regulator innovators in Washington where we discussed how can we speed up the regulatory learning process. And we discussed ideas like public observatory, which essentially is get the regulators the early data. We discussed training regulators. They're the last to be trained on the new technologies.

We discussed adaptive regulation, in other words, having provisional regulation that evolves as we learn more then more. And we had the idea, which is a subject of another book recently by Jonathan Haidt, about namely family norms and education to make sure that we're prepared for these new inventions. So, I think all of these lessons from the like button, I'm absolutely sure we're going to see again in the case of AI.

GEORGIE FROST: What other the lessons can we apply from the like button as we move into this sort of new phase of AI, generative AI, very advanced technology moving incredibly quickly?

MARTIN REEVES: It could be very directly relevant, because if you look at the, your ChatGPT, you'll actually see a like button. So, what are going to be the effects of liking the answer to our prompt? Is it going to tell us what we want to hear rather than the truth? Is it going to tell us the truth in a form that we want to hear it? Is that information going to be used by advertising with our permission or without our permission?

And I think lessons for leaders are empower the regulators by giving them early information, train them. Maybe have adaptive regulation, because even from the point of view of a producer, it's in your interest to have a regulated game, because if your technology is mistrusted, it may derail. So, one of the questions I like to ask CEOs is, what's your regulatory game? What's your referee game? And if you don't have a referee, then you may be the subject of chance and misfortune in terms of your technology being mistrusted and used much less than it should be.

GEORGIE FROST: I love the structure of the book, Martin. It was a narrative and yet it's a business book. Is that how you initially set about writing it? Because I didn't get any matrices, two by two matrices, no bullet points. It was a very captivating narrative.

MARTIN REEVES: I think it was pretty clear fairly quickly that we were writing a book about how innovation really works. And if your theory is that it's very serendipitous, very messy, then a very rarefied theory, a highly summarized theory is not going to capture the quirks. And in order to capture

the quirks, and the twists and the turns, which actually are the point, I think it had to be a narrative form.

We had to say without judgment and without putting theory first, let us first describe in immense detail exactly what happened in the history of the like button. I write business books and I hope that they're informative—confession though is that I wouldn't curl up in bed with one. But I wanted to write a book that I might curl up in bed with. I don't know whether I achieved that or not, but I wanted to write something in narrative form that had some humor in it.

GEORGIE FROST: I don't know about you Martin, but I did, over this weekend and enjoyed it greatly. Thank you so much.

MARTIN REEVES: Thank you for saying that, Georgie.

GEORGIE FROST: I did. I read it this weekend. What were the most surprising...I want to talk a bit more about the book...the most surprising or perhaps entertaining episodes in your research for the book?

MARTIN REEVES: I'll give you two. It was a lot of fun, actually. There's a chapter called *Why the Thumb*. So, Americans believe that they know that this came from the Colosseum in ancient Rome, the thumbs down gesture to the fallen gladiator to show no mercy and the thumbs up to show mercy to the fallen gladiator.

And this comes from a painting in the 1870s that was very popular with the rising American middle classes, showing the Vestal Virgins in the Colosseum giving the thumbs down gesture. But actually, it was a deliberate distortion for dramatic effect. The Romans did have a thumb gesture they used in the Colosseum, but it was more like the sheath thumb and the downward pointing thumb, with the inverse of the modern meaning.

So, interestingly, the Italians actually call the thumbs up the American gesture, because traditionally in Italy this had a rather obscene meaning. But of course, in language, if people use something in a certain way, then it becomes a linguistic fact. The software engineers that designed the like button, they were probably not thinking very deeply and explicitly about why the thumb, but it was natural given all of this history for them to reach for the thumb.

Just quickly, the other amusing thing for me was I felt like I was walking on Mars for one of the chapters, when I was trying to decode the creator economy. And I was interviewing teenage TikTok stars that have 50 million viewers and an income of $5 million by lip-syncing dance videos with lizards on their shoulders. And this was a totally alien world to me, so it was a lot of fun for me to try to figure out the economics of this huge creator movement.

GEORGIE FROST: Have you set up a TikTok page, Martin, with dancing?

MARTIN REEVES: I have.

GEORGIE FROST: Yes?

MARTIN REEVES: I have, because I wanted to do some experiments on the algorithm. And so, I made three TikTok videos and then I analyzed the growth and the likes and so on. And my 12-year-old daughter came in and told me I was doing it all wrong and showed me how to make a TikTok video properly.

GEORGIE FROST: A new career awaits, perhaps. You've described the like button as both a business breakthrough and a cultural phenomenon. And given that you're someone who's spent years shaping big ideas, I want to turn to the business of thought leadership itself, if that's okay. Firstly, how does it work?

MARTIN REEVES: I'll give you a quote from two clients that explains this. So, I had a client that was head of a pharmaceuticals company and he always used to say, "Look, for convenience, we contract around the problem and the solution, the project. And that's fine. That works really well. But personally, I believe that the most value occurs in the non-projects."

By which he meant the conversations about what is the problem, what should I be thinking about, that precede the project. And another client, a head of a consumer goods company, he said to me that, "Consulting, our business, really consists of two games. One of them is solving described and contracted problems, and the other is," he called it, "exposure to an idea factory." And he essentially

said, "Both games are equally valuable to me. I want both games."

GEORGIE FROST: Is Like your 14th book, Martin? 13th, 14th book?

MARTIN REEVES: 13th. I need to write another one, so as not to be unlucky.

GEORGIE FROST: Oh, yeah. No, fair, fair, fair. Well, will books and articles continue to be a medium of thought leadership in the future? Or is your TikTok channel going to be much, much busier in the future, Martin?

MARTIN REEVES: So I think about this not in terms of long-form communication being replaced by short-form communication. I think about it as the need for fractal communication. So, nowadays when I'm writing an article, I think about the main idea, that for the discipline of my own thought process I have to do in longhand. And then I think about all of the whole suite of different forms of communication, because people are going to consume it in different ways. And I don't think we should be snobbish about this.

GEORGIE FROST: And finally, in your role as Chair of BCG Henderson Institute, what are you most excited about right now in innovation and strategy? What do you believe is the next frontier?

MARTIN REEVES: Yeah. I'm the worst person in the world to ask that question to, because I tend to get interested in everything. We've been talking about innovation today. And innovation at zero interest rates is slightly easier than innovation with a significant cost of capital. So, I'm playing with an idea I call co-ambidexterity, which is a way of thinking about how to break the traditional trade-offs of innovation, because we generally accept that innovation is slow, costly, and doesn't work most of the time. And I think we can take out some of that risk. I think you can break some of these traditional tradeoffs of innovation. So, that's something we're writing about recently.

GEORGIE FROST: Martin, thank you so much and to you for listening. Martin and Bob Goodson's book, *Like: The Button That Changed the World*, is out now and available online and at all good bookstores. If you enjoyed listening to this episode, you can watch it and much more on BCG's YouTube channel. And don't forget to subscribe wherever you get your podcasts, so you never have to miss an episode.