

On March 19 the Club hosted Dan Gilbert, founder and chairman of Quicken Loans and Rock Ventures, and chairman of the Cleveland Cavaliers, for the Third Forum of the 2018-2019 Program Year at The Standard Club. Second Vice Chair David Snyder moderated the seated conversation with Mr. Gilbert while incorporating questions from the audience submitted via Poll Everywhere.

After the luncheon concluded, Mr. Gilbert participated in a “Continuing the Conversation” program with young leaders, where he continued to answer questions from attendees. Young Leadership Committee Chair Andy Crestodina facilitated the discussion.

Excerpts from the forum and young leaders’ program are below.

On what drove him to become an entrepreneur...

“I think, for me, and probably for a lot of entrepreneurs, it starts young. There's this sort of a feeling, actually. It was never the pursuit of money or cash. It was the action, the excitement, of having your own business [...] The action of business, the action of building. I always like to build things.”

On how he approaches the demands of his many businesses on his life...

“I actually heard Jeff Bezos say this about a year or two ago. He talked about how you can't be happy at work if you're not happy at home, and [you can't be] happy at home if you're not happy at work. I really buy into that [...] Everybody here probably has more things to do than time, right? That's just the way it is. So, when you leave, you're never going to be done. You just have to put down the pencil, brush, or whatever you're doing, and leave to do your other things [...] I think it makes you better at your job. Now, these electronic devices have tethered all of us, so do you ever really leave it? You probably don't, but you have to look for the balance.”

On instilling a corporate culture...

“I do this with a couple other guys, the folks who are leaders, senior leaders. We spend an eight-hour day with all new people every eight weeks [...] we have a lot of fun and we play videos, and we do some exercises, and things like that. I will tell you that I'm really shocked and surprised to get feedback from people who say, ‘I can't believe that you would spend that much time with [new employees].’ Really, what could be more important than the leaders, founders spending a full day ingraining the team into the culture of who you are? And that's another way we describe culture. It's not what we do, it's who we are.”

On the city-wide effort to rebuild Detroit...

“What you had in Detroit, unlike any other city, is you had this geographic divide first [...] The land mass of the city of Detroit proper could fit Manhattan, San Francisco, St. Louis; six big American cities inside of it. The spreading out of that distance alone created barriers, and those barriers then got fueled by union versus management, white versus black, East Side versus West Side, suburbs versus the city, bureaucrats versus everybody [...] That culture fed until 2013, when the largest municipal bankruptcy in the history of the country, maybe the world, took place. I'll tell you what, that'll give a city religion real quick. It got everybody in the same boat [...] Foundations, the citizens, neighborhoods, the people, the businesses – we don't agree on everything, but we're swimming in the same river, same direction. When you get that, man,

there's nothing like it. It's a great feeling. Especially when you compare it to where it was for over a half century.”

On his response to a critic that said he was building a “white island in downtown Detroit”...

“I was a little bit surprised by it. Most people don't know the facts. That's the problem. They read the headlines, or the this, or the that [...] Somebody told me a long time ago, and it really stuck with me, ‘If you don't have a lot of criticism or critics out there, then you're probably not doing anything worth doing.’ Things don't change without resistance. [...] We take big pride in being the largest African American employer in the city. Our people, everybody is involved in something, some way, somehow. It's a mission above and beyond what we're doing.”

On the opportunities he sees in fintech, artificial intelligence and big data...

“For most people in this room, within about 8 or 9 percent accuracy, we can call you in January and say ‘We'd like to help you out on the new home you're buying this year and your mortgage.’ You're going to say to us, ‘I'm not buying a home this year,’ and we're going to say to you, ‘Actually, you are going to buy a home, you just don't know yet.’ That's about as scary as we've gotten with the stuff.”

“[We] take \$2 million home purchases in the last X amount of years that we've done a home loan on, and we look at everything [...] We have everything but a blood sample and a urine sample, right? We have everything. So when you look at where all those folks were at the time they bought homes, what their credit was, how old they were, how far did they live from their job, in this environment, in this city. Then you lay on third party data, and [our team] spins out a bunch of forms and algorithms [...] it's using the data in a non-personal way. We're never taking an individual's data. It's just group data, and there's never names on it, or any of that stuff. It's just variables, and we try to figure that out.”

On the personality traits he looks for when he is backing an entrepreneur...

“One of the things that we talk about [is whether] that person actually asked a question [...] Curiosity is a big piece. Are they curious? Do they like to probe things and go deep? We don't care who they are, where they come from, what they look like, what their education was. I would say it's more about [if] they have any sort of entrepreneurial drive to get it done, to figure out a way to get it done [...] I look at the idea too but I look first at the person and the people because [ideas] can always switch or flip or morph or change, which I think is part of the entrepreneurial process.”

On how he manages his time across multiple companies...

“If you're not re-prioritizing several times a day based on the current information, your competitor will and you're going to get your clock cleaned [...] don't be so married to a path you might be on. It's dangerous today, those people who say, ‘Well I already started this and I already worked for that.’ Who cares? It's in the past. [...] Just accept the fact you're never going to be done. I know it's a hard thing, it took me years, but now I just know it. It's never done. So don't ever have that vision, just how can I re-prioritize to always be doing the most important things based on who you are and what you want to accomplish.”

On how Quicken Loans survived the 2008 economic downturn...

“We survived it because of what we didn't do before the downturn. That's the main reason. We didn't do subprime loans, it just wasn't our thing [...] We have a net worth, we have a balance sheet. We sign certain reps and warranties. We had something to protect. There is something to be had with skin in the game, right? I mean, when all these [mortgage brokers]... and it wasn't just the brokers [...] The banks probably led subprime. Even, a lot of people don't know this, Fannie Mae and Freddie Mac, [...] started creating securities for subprime loans. So they fueled the market too, getting everybody to sell into these securities [...] The reason we were able to survive is that we didn't have that kind of liability. There's a handful of loans here and there that are just bad in general, no matter what you do. But in no way did that have the ability to take us down. Sometimes the things you don't do are the best decisions, right?”

On the advice he would give entrepreneurs starting their journey...

“You can't be afraid to fail because that's part of the risk, and that's part of the game. If you're afraid then you won't take risks and you'll never do what you want to do. You'll realize it. I mention my older son, he's had incredibly challenging health over the last several years, especially last year. You start thinking to yourself, "What am I worried about here?" There's no risk when you have your health, really. Look at Detroit – [the city] filed for bankruptcy and it's coming back. Bankruptcy. We have a forgiving system in society, right? You're alive here, now. Just go do your thing. I'd say that's the number one thing.”