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Moats of Discipline, Moats of Control: Investing Beyond The Castle

This article is authored by MOI Global instructor Jonathan Isaac, President and Portfolio Manager of Quilt Investment Management. Jonathan is an instructor at Wide-Moat Investing Summit 2018.

In observing institutions such as schools, factories, hospitals, the army, and prisons, the twentieth-century French philosopher Michel Foucault became fascinated by disciplinary relationships — the relationships that produced subjects and exercised power. (1) Years later, these relationships expanded beyond institutions towards the production of corporate structural advantages in public spaces, shopping spaces, and eventually even the home. This "mechanism of normalization" is how so many of today's consumers develop their own personal brand, and how they prioritize a certain product or service in a certain space or in certain conditions. (2) These site-specific encounters, where a product or service and an instance come together in a feedback loop, are what we might call "disciplinary moats." (3)

With Foucault's *Discipline and Punish: The Birth of the Prison*, we can see the origins of disciplinary moats as the metastasized product of procedures that emerged in an institutional context hundreds of years ago, before eventually spreading throughout society. (4) Foucault's disciplinary societies reached their peak at the beginning of the twentieth century and their successor, which the philosopher Gilles Deleuze called the "societies of control," saw their emergence gain momentum after World War II. (5) In today's globalized world, both disciplinary societies and societies of control coexist, generating and regenerating moats. (6) What we will describe as control moats are structural advantages that maintain themselves or grow as environments and scenarios change, rather than being suctioned to the discipline of a spatial relationship in order to maintain returns on invested capital or pricing power.

In this article I will take the reader from a description of disciplinary moats and their individual distinctions, through disciplinary moats in holding company form, to control moats. The reader will see how moats shift, from the discipline of a consumer's repeated action producing a known end, towards the "perpetual training" and "continuous control" of a consumer without other options or even a known end. (7) This may be where we are today, in a feedback loop or endless marathon of consumption—or we may already be embedded in new types of moats.

I

Disciplinary moats are those that operate through routine and repetition; they are site-specific, occurring within the bounds of a relationship. Their livelihood is their ability to discipline the flows and the relationships created by the environment. It doesn't matter how seemingly wide or deep the moat is around the castle if the community decides it doesn't need castles anymore, or if the environment's proclivity towards shifts and tectonic movements impacts the viability of the moat's particular seal of normativity.

Much of the discourse on moats ends here, with the closed system of the castle and its capacities. Through analytical techniques, the investor can declare that a moat exists; through an understanding of the scenography producing the business relationships, and the business itself, the investor can declare that a castle exists. One may even look into the future and see capacities for reinvestment, capital allocation, or a positive outlook considering the environment. This is the discourse of structural stability: the capacity of a closed system to reproduce relationships, events, and self-similarity from within its conditions of possibility, *a posteriori*.

But sometimes even the most structurally stable systems may overlook the Trojan horse of shifting business landscapes. By focusing on a company's research and development efforts as a way to gain an advantage in business, Philip Fisher chose an expansive style of investing over the repetitious and eventually decadent mechanics of disciplinary moats. (8) Fisher could see the beginnings of something beyond post-war, halcyon notions of stability. For Fisher's generation, the television's capacity to encompass new demands within its reach was the beauty of the TV dinner, an intermediary object in the transformation of disciplinary spaces into control spaces. What else would the population do, at that time of day, than eat in front of the television *and kill two birds with one stone*?

Epochal shifts occur in these subliminal ways when those engaged in sedentary processes are forced to encounter new situations. The modality shifts, creating new demands and making indispensable demands seem incorrigible, parochial, and out-of-step. For the castle, willful blindness is rarely an economic solution. While the reasons for the fatal attack on the castle are obvious in retrospect, how the structure interacts with environmental variability may have a predictive value. In other words, by focusing on structural stability and its apparatus of reproduction within a closed system, we miss not only the fissures that may lead to the castle's fall, but also a thorough understanding of the value of interoperability.

II

Alexander Galloway discusses the shift from Foucault's disciplinary societies to Deleuze's control societies in his essay "Computers and the Superfold." Galloway declares that disciplinary functions are heterogeneous but "happen to interoperate because they have managed… to 'grow' the necessary sockets that fit into each other." (9) The interoperability of disciplinary moats can benefit *on paper* the holding company owning multiple castles but not the structural advantages of each castle. The ability of disciplinary moats to link-up can create scale advantages: under one corporate roof, general and administrative, marketing costs, and other synergies can occur, as disciplinary holding companies piece together heterogeneous castles into wider arrays which, despite their number, still cannot control environmental variability.

The ability to connect castles is a largely spurious operation, capable of benefits that may deteriorate as the scale benefits—in addition to any financial engineering—divert attention from structural fissures. My leap of judgment from Galloway's text is thinking of interoperability for control societies as a structure inherited in form but modified in function from disciplinary societies. With control moats, interoperability becomes less of a connective tissue between numerous site-specific functions, and more of a membrane through which life passes.

III

What happens to a product or service if the relationships that produce routine and repetition are modified? Can the product or service *surf* into other flows and still maintain its historical returns on invested capital? (10) Think, for instance, of the differences in interoperability between a substance built for a very specific use, unable to correspond with other forms and uses, versus a substance which does a general task very well and can be used from low-tech to high-tech applications in a wide variety of industries, without the site-specificity of customer or industry concentration. For the latter, a shifting environment may be an opportunity, while for the former it is often a death sentence.

Control moats have the capacity for continued relevance even when their conditions of possibility shift; they are resonant and experimental, while disciplinary moats are dogmatic and preset. Disciplinary moats are parts of a larger environment, without the ability to control variation but only to implore the subsistence of someone else's action, while control moats take environmental variability with stride and rely more upon interpolation than repetition.

While disciplinary moats concentrate on the castle and its defense as a way to create preferable events again and again, like a video looped on auto-play that eventually disintegrates, control moats are oftentimes overheard saying, "Is the castle really the highest and best-use for that land?" Control moats figured out that encompassing only part of the environment is generally less durable and predictable in the face of variability than composing the entire environment, including the territory and processes outside of the castle's walls. While disciplinary moats maintain the rigidity of warfare and alignment, control moats are comfortable leaving their military stripes behind when they leave the castle, *if only to blend in*.

Control moats, at their limit, have seamless interoperability. They are the epidemiology that evaded our grasp for too long, and now underlines reality; they are the membrane, the checkpoint through which we travel with each step or cognitive leap. (11) And so some companies today attempt to compose entire environments as a way to control the consumer and create further network effects and switching costs. While this semiotic leadership is a remnant from disciplinary moats, it is not so much about the consumer's discipline in making this a control moat. It is about there being no other option.

Endnotes

(1) Regarding disciplinary societies, see Michel Foucault, *Discipline and Punish: The Birth of the Prison*, Second Vintage Books ed. (New York: Second Vintage Books, 1995), particularly the section, "Discipline" (135-228).

(2) Foucault sums up disciplinary power as that which "normalizes" (183). Discussing the relevancy of normalization in modern society, Foucault declares, "Is this [the norm] the new law of modern society?" (184). Furthermore, Foucault says, "At present, the problem lies… in the steep rise in the use of these mechanisms of normalization and the wide-ranging powers which, *through the proliferation of new disciplines*, they bring with them" (306, emphasis mine). We can presume that disciplinary moats, as a new discipline, include mechanisms of normalization.

(3) While the concept of the "moat" originates with Warren Buffett (see the 1986 Berkshire Hathaway shareholder letter), others such as Tom Russo, Connor Leonard, and Pat Dorsey have offered generally interesting developments of Buffett's original theme.

(4) Foucault discusses how discipline became "deinstitutionalized" before its procedures spread throughout the society (211-212).

(5) Gilles Deleuze, "Postscript on the Societies of Control," *October*, vol. 59 (Winter, 1992): 3-7, 1 (hereafter referred to as PSC). Regarding the societies of control, see also Gilles Deleuze, "Having an Idea in Cinema [On the Cinema of Straub-Huillet]," Eleanor Kaufman and Kevin Jon Heller (eds.), *Deleuze and Guattari: New Mappings in Politics, Philosophy and Culture.* Minneapolis: Minnesota University Press, 1998: 14-19 (hereafter referred to as HIC).

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(6) As Deleuze discusses in HIC (17-18), the movement from disciplinary to control societies is not a clean break.

(7) Speaking of the shift from disciplinary societies to control societies, Deleuze explains in PSC: "Perpetual training tends to replace the school, and continuous control… replace(s) the examination… In the disciplinary societies one was always starting again (from school to the barracks, from the barracks to the factory), while in the societies of control one is never finished with anything—the corporation, the educational system, the armed services being metastable states coexisting in one and the same modulation…" (5).

(8) Philip Fisher, *Common Stocks and Uncommon Profits and Other Writings* (John Wiley & Sons, Inc. ed. Canada: 1996). Fisher's discussions of research and development capacities and scientific/technical talent as paths towards survival remain eerily relevant in today's world. In speaking about the subject matter, Fisher uses language such as "scientific manpower," "frontiers of scientific technology," and "leading technological edge" (30, 64, 230). "Outstanding research and technical effort" is part of Fisher's first dimension (157-158). In Fisher's second dimension, he lambasts corporate rigidity: "The company that is rigid in its actions and is not constantly challenging itself has only one way to go, and that way is down" (165). A zealot of self-similarity and repetition Philip Fisher was not.

(9) Alexander Galloway, "Computers and the Superfold," *Deleuze Studies 6.4* (2012): 513-528. Galloway defines the analogue, the language of disciplinary societies (517-518), as "[working through] modularity… What this means is that different elements, remaining relatively whole and heterogeneous to each other, are nevertheless able to interoperate immediately… In the analogue paradigm, the stuff of the world remains unaligned, idiosyncratic, singular… They only happen to interoperate because they have managed, by virtue of what Deleuze would call mutual deterritorialisation, to 'grow' the necessary sockets that fit into each other" (519-520).

(10) As Deleuze says in PSC, "The disciplinary man was a discontinuous producer of energy, but the man of control is undulatory, in orbit, in a continuous network. Everywhere *surfing* has already replaced the older *sports*" (5-6, author's emphasis retained).

(11) According to Galloway, "[The French word contrôle] means control as in the power to influence people and things, but it also refers to the actual administration of control via particular monitoring apparatuses, such as train turnstiles, border crossings and check points" (522).