

INTERVIEWS WITH THE FOUNDERS OF

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ADOBE  
ALIANTE COMPUTER  
APPLE

HOTMAIL  
HOTORNOT  
HUMMER WINBLAD  
LYCOS

# FOUNDERS AT WORK

STORIES OF STARTUPS' EARLY DAYS

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J E S S I C A L I V I N G S T O N

# FOUNDERS AT WORK

STORIES OF STARTUPS' EARLY DAYS

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*Jessica Livingston*

Apress®

## *Founders at Work: Stories of Startups' Early Days*

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*For Da and PG*



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# Foreword

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Apparently sprinters reach their highest speed right out of the blocks, and spend the rest of the race slowing down. The winners slow down the least. It's that way with most startups too. The earliest phase is usually the most productive. That's when they have the really big ideas. Imagine what Apple was like when 100% of its employees were either Steve Jobs or Steve Wozniak.

The striking thing about this phase is that it's completely different from most people's idea of what business is like. If you looked in people's heads (or stock photo collections) for images representing "business," you'd get images of people dressed up in suits, groups sitting around conference tables looking serious, Powerpoint presentations, people producing thick reports for one another to read. Early stage startups are the exact opposite of this. And yet they're probably the most productive part of the whole economy.

Why the disconnect? I think there's a general principle at work here: the less energy people expend on performance, the more they expend on appearances to compensate. More often than not the energy they expend on seeming impressive makes their actual performance worse. A few years ago I read an article in which a car magazine modified the "sports" model of some production car to get the fastest possible standing quarter mile. You know how they did it? They cut off all the crap the manufacturer had bolted onto the car to make it *look* fast.

Business is broken the same way that car was. The effort that goes into looking productive is not merely wasted, but actually makes organizations less productive. Suits, for example. Suits do not help people to think better. I bet most executives at big companies do their best thinking when they wake up on Sunday morning and go downstairs in their bathrobe to make a cup of coffee. That's when you have ideas. Just imagine what a company would be like if people could think that well at work. People do in startups, at least some of the time. (Half the time you're in a panic because your servers are on fire, but the other half you're thinking as deeply as most people only get to sitting alone on a Sunday morning.)

Ditto for most of the other differences between startups and what passes for productivity in big companies. And yet conventional ideas of “professionalism” have such an iron grip on our minds that even startup founders are affected by them. In our startup, when outsiders came to visit we tried hard to seem “professional.” We’d clean up our offices, wear better clothes, try to arrange that a lot of people were there during conventional office hours. In fact, programming didn’t get done by well-dressed people at clean desks during office hours. It got done by badly dressed people (I was notorious for programming wearing just a towel) in offices strewn with junk at 2 in the morning. But no visitor would understand that. Not even investors, who are supposed to be able to recognize real productivity when they see it. Even we were affected by the conventional wisdom. We thought of ourselves as impostors, succeeding despite being totally unprofessional. It was as if we’d created a Formula 1 car but felt sheepish because it didn’t look like a car was supposed to look.

In the car world, there are at least some people who know that a high performance car looks like a Formula 1 racecar, not a sedan with giant rims and a fake spoiler bolted to the trunk. Why not in business? Probably because startups are so small. The really dramatic growth happens when a startup only has three or four people, so only three or four people see that, whereas tens of thousands see business as it’s practiced by Boeing or Philip Morris.

This book can help fix that problem, by showing everyone what, till now, only a handful people got to see: what happens in the first year of a startup. This is what real productivity looks like. This is the Formula 1 racecar. It looks weird, but it goes fast.

Of course, big companies won’t be able to do everything these startups do. In big companies there’s always going to be more politics, and less scope for individual decisions. But seeing what startups are really like will at least show other organizations what to aim for. The time may soon be coming when instead of startups trying to seem more corporate, corporations will try to seem more like startups. That would be a good thing.

Paul Graham

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Most of all, thanks to Paul Graham. He inspired this book and was a source of encouragement and advice throughout the entire process. I'm grateful to have benefited from his extraordinary understanding of technology, startups, and writing. But mostly, I'm glad to know him.

# Introduction

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Some kind of magic happens in startups, especially at the very beginning, but the only people there to see it are the founders. The best way to understand what happens is to ask them, so that's what I did.

In this book, you'll hear the founders' stories in their own words. Here, I want to share some of the patterns I noticed. When you're interviewing a series of famous startup founders, you can't help trying to see if there is some special quality they all have in common that made them succeed.

What surprised me most was how unsure the founders seemed to be that they were actually onto something big. Some of these companies got started almost by accident. The world thinks of startup founders as having some kind of superhuman confidence, but a lot of them were uncertain at first about starting a company. What they weren't uncertain about was making something good—or trying to fix something broken.

They all were determined to build things that worked. In fact, I'd say determination is the single most important quality in a startup founder. If the founders I spoke with were superhuman in any way, it was in their perseverance. That came up over and over in the interviews.

Perseverance is important because, in a startup, nothing goes according to plan. Founders live day to day with a sense of uncertainty, isolation, and sometimes lack of progress. Plus, startups, by their nature, are doing new things—and when you do new things, people often reject you.

That was the second most surprising thing I learned from these interviews: how often the founders were rejected early on. By investors, journalists, established companies—they got the Heisman from everyone. People like the idea of innovation in the abstract, but when you present them with any specific innovation, they tend to reject it because it doesn't fit with what they already know.

Innovations seem inevitable in retrospect, but at the time it's an uphill battle. It's curious to think that the technology we take for granted now, like web-based email, was once dismissed as unpromising. As Howard Aiken said, "Don't worry about people stealing your ideas. If your ideas are any good, you'll have to ram them down people's throats."

In addition to perseverance, founders need to be adaptable. Not only because it takes a certain level of mental flexibility to understand what users want, but because the plan will probably change. People think startups grow out of some brilliant initial idea like a plant from a seed. But almost all the founders I interviewed changed their ideas as they developed them. PayPal started out writing encryption software, Excite started as a database search company, and Flickr grew out of an online game.

Starting a startup is a process of trial and error. What guided the founders through this process was their empathy for the users. They never lost sight of making things that people would want.

Successful startup founders typically get rich from the process, but the ones I interviewed weren't in it just for the money. They had a lot of pride in craftsmanship. And they wanted to change the world. That's why most have gone on to new projects that are just as ambitious. Sure, they're pleased to have more financial freedom, but the way they choose to use it is to keep building more things.

Startups are different from established companies—almost astonishingly so when they are first getting started. It would be good if people paid more attention to this important but often misunderstood niche of the business world, because it's here that you see the essence of productivity. In its plain form, productivity looks so weird that it seems to a lot of people to be “unbusinesslike.” But if early-stage startups are unbusinesslike, then the corporate world might be more productive if it were less businesslike.

My goal with these interviews was to establish a fund of experience that everyone can learn from. You'll notice certain classes of problems that constantly bit people. All the founders had things they wished they'd known when they were getting started. Now these are captured for future founders.

I'm especially hoping this book inspires people who want to start startups. The fame that comes with success makes startup founders seem like they're a breed apart. Perhaps if people can see how these companies actually started, it will be less daunting for them to envision starting something of their own. I hope a lot of the people who read these stories will think, “Hey, these guys were once just like me. Maybe I could do it too.”