Should You Start A Startup? | Startup School

Video URL

Introduction

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I'm Hodge tiger one of the group Partners at y combinator today I'm going to talk about whether you should start a startup because YC invests in startups so early I've spent a lot of time with people who aren't yet sure if they should start a company or not I've helped many people including my own friends and family think about this decision at my intended audience for this talk is anyone who doesn't feel ready to start a startup today but thinks they may want to one day in the future I'm going to break down the topic of whether you should start a startup into two parts first we'll talk about which types of people seem best suited to being startup Founders and help you figure out if you might be one of them second we'll talk about how you might best

How to decide whether to be a startup founder.

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out if you're the kind of person who should become a startup founder or not I really wish there were simple test you could take that would give you a clear and correct answer to that question I've now worked with almost a thousand startup Founders as a group partner at YC and I still get surprised by which people take to Startup life like a duck to water and which ones struggle to adapt now you might find this surprising if your image of startups is based on the way famous Founders are often depicted in books or movies these depictions can make it

seem that if you're not a ruthless brilliant programmer like Mark Zuckerberg in The Social Network movie or a charismatic product genius like Steve Jobs in one of the many books or movies about him you probably aren't cut out to be a startup founder now I can't deny it that being a brilliant programmer or a charismatic product genius will certainly make it easier to be a successful startup founder but I can say that after working with many successful Founders there are many more different types of people who succeed as startups with different strengths than just those stereotypes as an investor my job is to pick which people will make great startup Founders and yet even after 15 years of starting and investing in startups I still get surprised by who turns out to be a great startup founder that means it's going to be hard for you to know for sure if you're suited to being one you might think you could just look at how well someone has done in school or at work and assume success there will lead to success of startups that's definitely what I thought when I first started working at YC in 2010 and began reading YC funding applications for the first time after I started working with more startups though I realized that these signals mattered much less than I'd expected they would when you're working on a startup you have to put in Blood Sweat and Tears to convince even a single user to care about trying your product let alone convincing the first 10 or 100 you have to push through a lot of rejection to get there and because this is your startup all of that rejection feels very personal in a way it doesn't when you're working at a Fan Company building a product

Resilience is the most important quality

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your early users and that's the quality I think is most important for startup Founders to have resilient people are suited to startups and should definitely become Founders but how do you know if you have enough resilience to be a startup founder when I first started working at yce I thought I could use confidence as a proxy for resilience I'd assume that if someone projected confidence like speaking with conviction being high energy during our funding interviews they were likely to be a resilient founder the more Founders I worked with though the more I realized this was also wrong it turned out that someone could appear very confident initially but not be resilient when their startup hit roadblocks conversely some of the quietest and least confident seeming Founders at first turned out to be the most resilient Founders I'd go on to work with many eventually

Founder of Benchling (S12)

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benjling in 2012. benjling is now worth over six billion dollars and Sagi has grown into a formidable founder and CEO but I remember when we first interviewed him and his co-founder Corey they were both softly spoken engineers and we

were all concerned they wouldn't be suited to working on benchling because benchling's idea was to sell software to biotech companies and pharmaceutical companies to make money and we weren't sure that they would be good at that kind of Enterprise sales this concern was shared by investors at demoday who worried that they wouldn't be able to get those biotech or pharmaceutical companies to pay for the benchling software and benjling struggled to raise very much seed funding at demoday sales did turn out to be a real struggle for benchlink in fact over a year after they'd graduated from YC benchling was still not making any Revenue though they did have some enthusiastic grad students as free users and the product continued getting better it took them almost another year that's now two years after ycee to start doing sales and making any Revenue now benchling is on calls to become a public company someday and has many of the world's top biotech and pharmaceutical companies as customers looking back I always had confidence that Sagi was a good engineer but I could not have predicted back when we funded him in 2012 that he would have the resilience to overcome that amount of rejection and transform himself into the leader of a company that took many years to become great

Startup resilience

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who seemed equally talented at first when we first funded their companies but turned out not to have the same amount of resilience as these Founders did I've thought a lot about how to tell the difference between people who have this kind of startup resilience and those who don't I've wondered if maybe having the right motivations or reasons to start a company mean you're more likely to have this special resilience over time though I've decided that this also doesn't matter as much as I had thought I think there are many perfectly legitimate motivations to start a company for example it's become popular to say that you shouldn't start a company just to make money that's considered a somewhat flimsy motivation but I actually think it's fine to start a startup to become rich startups are one of the few ways to make life-changing amounts of money in a relatively short period of time if the desire to make money gets you started then great go for it I also think that simply being curious about what it's like to found a startup is a fine initial motivation to start one actually doing a startup is the only way to know for sure if you'll enjoy it the reason I have conviction that your initial motivations don't matter so much is that I've seen motivation to change over time I've seen Founders who started out a company with a plan to sell it within a year change their mind as they kept working the company and they're still working on that same startup a decade later and it's now a public company this means that your initial motivations to start a startup aren't as important as what those motivations might change into over time in order to keep working on a startup and keep going through those dark periods that every startup experience is you need enduring motivations and I think the best ones are to be genuinely interested in the problem you're working on and

As a curious founder ask "What do I have to lose"?

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introspecting too much on if you'll make a good startup founder I'll offer some practical advice if you are curious about what it'd be like to start a company start by asking yourself what do I have to lose now I mean this question not as a rhetorical one but as a very practical one figure out what the worst case scenario looks like if you started a startup and decide if you can live with that it's probably going to take at least a year for you to have enough data to tell if the startup you're working on is promising enough to keep working on in the worst case you'll shut down the company without having earned much or any salary for that year can you live without worst case the calculus here is different for everyone if you're about to graduate college taking a year after graduating to work on a startup is not a big deal those job offers will still be waiting for you in a year but if you've been a Fang employee for the past nine years and you're in line for a big promotion this year then maybe you stand to lose a lot by spending the next year working on a startup instead asking yourself if you can handle the worst case is the best way to know if you should start a startup be honest with yourself if you can't actually handle the worst case then your own constant anxiety will probably self-sabotage your startup efforts when you're thinking about the worst case scenario of working on a startup you should Factor something else into the equation you will learn a lot from starting a company I don't think enough people factor in how valuable this learning is when they're doing their worst case scenario analysis as a startup founder you're responsible for making everything happen and that means you get to do lots of different types of work you'll have to do some amount of sales product and customer support all at once this can be very clarifying in helping you figure out what type of work you enjoy and where you might want to focus your career even if the startup doesn't work out some people start a company that doesn't work and then they jump straight back into starting another one because they want to learn from their mistakes others decide they actually really enjoy specializing in doing one thing really well and they join a company where they can do just that

Startup experience can improve your career opportunities

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succeed my second startup triple bite use software to help companies identify and hire great people I work with hundreds of employers as they search for the best talent and I found that many of them were explicitly looking to hire people who had previous startup experience they believe they showed evidence of being a self-starter and being able to take initiative and Lead projects some of the most successful YC companies have actually built their hiring processes around this knowledge Rippling a 10 billion dollar company founded by Parker Conrad also a YC company hires former Founders and puts them in charge of entire product divisions usually we love hiring former Founders to run specific product lines and

and build them and and really run them as general managers we've been you know really successful at recruiting I think we have Lao now probably around 50 former Founders that work at rip Lane at YC we often see startup Founders leave this thought up if it doesn't work out and go on to join a more successful YC company this is Nick Grandy YC funded his first startup wonderbar in 2008. that startup shut down but he went on to join another YC company you may have heard of Airbnb as his first employee that of course worked out great and after many years at Airbnb he left to start another YC company out school which is now valued at over 3 billion I share these stories to show how career progressions are not always perfectly linear introducing some Serendipity and meeting smart ambitious people can completely transform your career and being a startup founder is a great way to do exactly

Getting ready to start a startup in the future

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you're not ready to do one right now how can you best prepare yourself to start one in the future to actually start a company you'll want two things an idea and a co-founder now sometimes an idea and co-founder both come to you quickly and you're Off to the Races there's lots of great startup content out there about how to start a company once you're ready but let's talk about what to do if it will take you some time to get to that point I'd start by encouraging you to not think of finding ideas and co-founders as two separate tasks it's hard to think up good ideas yourself also your ideas will start out being vague and fuzzy more like a hunch or an Impulse than a clearly formed idea and you'll go through seven iterations of fleshing it out into something more tangible and concrete having someone to talk through that initial idea or impulse with and debate and discuss is important and the best person to do that with is your co-founder I find my best ideas come to me during conversations with smart people so I'd start by thinking about who do you know that you enjoy talking about ideas with in college these are often the people you'll go to when you're stuck on a hard problem or they are the people you most enjoy working on group assignments with at work these are the colleagues who you find make you the most productive and help you do your best work I'd see these people out and start having conversations with them about ideas or technologies that you find interesting talk about products you use every day that you admire or are frustrated by talk about Technologies you think are underrated today and why flesh your thoughts out and debate them spend the time between these conversations doing your own reading and research to learn more about the topics you find interesting if you're a curious person this will seem natural to you anyway all of this primes your mind to more easily notice and think of potential startup ideas and it helps you get to know your friends or colleagues better as potential co-founders if you're struggling to think of people you enjoy talking about ideas with

Best environment is working at a startup

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start a company one day it's best to choose an environment where you will be around many people who might someday be your co-founder I think the best environment for this is working at a startup you both get to see how a startup works from the inside and your colleagues will be less risk-averse than the average Fang employee so if you're in college I'd recommend finding a startup to work at after graduation or if you had a fan company now think about leaving to join a startup as an intermediate step to starting your own someday once you're around smart people who you enjoy talking about ideas with I'd recommend you start experimenting with turning these ideas into side projects at some point during these conversations you'll eventually say something like huh like it'd be cool if someone built X and that's the moment to stop and think about how you could be the one to build X is there a simple first version you could build over a weekend or can you find other people who might be users and Pitch them on the idea to see how they react keep pulling on this thread until you've come up with a plan to turn this idea into something real however small it is right now you're not trying to launch the next unicorn you're just getting used to the experience of turning ideas into reality and experiencing the thrill of launching something turn your idea into something real you'll need the skills to actually build them if you're not a programmer then either you need to learn how to program or find a co-founder who is a programmer my advice speaking from experience is someone who started his first startup without being able to code you start learning to code you only need to learn enough to build a version one

When to take the leap and start a company?

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how do you know when it's time to take the leap and quit your job to start a company while it'd be great if one of your side projects started getting explosive traction and made the decision easy for you you can't rely on that happening if you're serious about starting a company someday even if you launch your side projects and get some early users the feedback you get will be mixed it's not uncommon for the early use of any product to span the spectrum of being delighted appalled and indifferent towards a product to judge how promising your side project is as a startup idea I'd use some advice from my y combinator partner Paul bukhai he says that it is better to make a product that a few people really love than one a lot of people are indifferent Awards if your side project elicits a deep reaction from someone the kind where they can legitimately say that doing something very differently as a result of your product existing then you may be onto something a single passionate user of a crude prototype that was hacked together in a weekend means so much more than a million sign-ups on a waitlist for something that doesn't exist yet my main advice to you would be to think less about how well your side projects are going and think more

about how much you enjoying the process of thinking up ideas and turning them into something real are you learning new things and finding yourself energized contrast this feeling with your day job if you find your job is draining but you have energy to work on your side projects on evenings and weekends that's a sign it may be time to quit and work on your own ideas pay particular attention to how much you enjoy working with your side project collaborators if you enjoy working with them and you both want to be startup Founders recognize how rare that is having a great co-founder who wants

Advice

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to do a startup is a fantastic reason to quit and start one to finish my advice is one don't worry too much about your initial motivations or reasons to start a company those can change over time simply being curious about the experience of starting a startup is enough to get going think about the worst case scenario if you did start a company and be sure you can live with that if you don't yet have an idea or co-founder start looking around for smart people to talk about ideas with and launch some side projects with actually launch those side projects however small to get the experience of turning ideas into reality and if you find someone you really enjoy working with side projects with and you both want to start a company make the jump I really hope you do and I hope we get to work together at YC Community someday thanks so much

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