Founders at Work Summary

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1-Sentence-Summary: *Founders at Work shows what it takes to start a successful business by summarizing the principles that author Jessica Livingston learned interviewing the founders of many successful startups.*

Read in: 4 minutes

Favorite quote from the author:

We've all had that discussion with a group of friends where we kicked around some ways to solve a problem. How many times have you said, "This is such a great idea, we should really do it!" Or, "This will make a fortune!"

Some of these brainstorms can grow into a , Apple, or an Uber. Most business concepts will fail within the first year, which is the most critical time of launching a startup. But what really happens in the early phases of these organizations will surprise anyone on the outside. For the most part, the only ones who've really been there to relay it are the founders.

Jessica Livingston, author of the *Founders at Work: Stories of Startups' Early Days*, gathers a collection of unique interviews from some of these founders of great startup enterprises such as PayPal, TiVo, Yahoo, and TripAdvisor.

Here are 3 lessons that Livingston's interviews can teach us about building a business:

1. Starting with an idea is good, but having a talented team is best.
2. Too much investor money can actually hurt a startup initiative.
3. Creating something of real value to others comes by listening to your customers.

This book is the closest that you'll ever come to being a fly on the wall of these successful companies. These are lessons that you can likely use in your own work, even if you don't start a company. Let's shrink down to fly-size and see how they make it all happen!

Lesson 1: When launching an enterprise, a good team is more important than a good idea.

In 1993 Joe Kraus, the co-founder of the early web search tool Excite, teamed up with five of his friends from Stanford University. They demonstrated that having a good team proved more important than having a good plan. Kraus and his friends weren't even sure what their business was going to be, only that they were all passionate and intelligent individuals. All they needed was a goal.

It came together at a taco stand, where Kraus and his friends began brainstorming a solution to search all of the new information in digital formats. They knew that people would need a new means to search and narrow down the information they were looking for.

Their attention soon turned to the web. After showing that their technology could scale to search massive databases, they got $3 million in financing. Their new company, Excite, became the primary search tool for Netscape, the prominent web browser at the time. **Instead of starting by fixating on a single idea, it is better to have a team that is flexible and fluid enough to run with the best way forward when it comes to the surface.**

Lesson 2: Many founders recommend that you reduce costs or find a way to avoid bringing in new investors.

Investor money often comes with strings attached. This can come in various forms, from the addition of investor-approved executives, relinquishing shares in the company, or a percentage of the profits.

Joel Spolsky, the founder of Fog Creek Software, made it his aim to avoid using investor capital. Joel's vision was to start a consulting firm that would attract great programmers. He did this by creating an attractive working environment instead of a set-up that the typical investor might envision.

Rather than having programmers work in an open row of desks like a sweatshop, Spolsky gave his programmers their own office space with comfortable chairs. They flew first class and got four weeks of vacation time every year. Potential investors may have seen all this as unnecessary extravagance. They'd prefer to observe an operation like this run on a shoestring with few frills.

Spolsky's other plan to make sure he didn't need venture capital was raising the price from $199 to $999 per unit. He discovered that the higher cost made customers perceive the product as being of more value and sold more units.

Paul Graham, the co-founder of Viaweb, Y Combinator, and other companies, has another approach to avoid taking venture capital. His vision is to stay cheap, which a lot of startup founders advise. For every penny of investor money you take, you have less autonomy, and you'll be at the mercy of others. Spend little and embrace minimalist, bohemian style, rather than lavish and extravagance.

Lesson 3: It's best to listen and be transparent while creating a product or service that people really need.

The most repeated advice that author Jessica Livingston heard while interviewing founders was the importance of listening to customers. This is critical to creating something of real value to others.

Paul Graham believes this to be the very basis of an enterprise. Create a product or service that makes other people happy and then convert that joy into money.

This is why it's so important to listen to your customers and determine what they really want. Honesty is also key. In the case of Viaweb, Graham and his co-founder, Robert Morris, set out to create the best e-commerce software available. **They kept close tabs on their customers' satisfaction while also on their competitors' product quality.** It was the only honest way to say that Viaweb offered the best product.

Others might argue and say the way to win sales is with charm and finesse. Graham maintains that honesty is the most powerful tool for earning people's trust and business.

Founders at Work Review

Founders at Work has a wealth of information that is of great value even to somebody with no intention of launching a startup. It's a good sampling of some of the smartest business minds in a one-stop-shop. I find it as interesting to learn from their mistakes as from their accomplishments.

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Who would I recommend the Founders at Work summary to?

The 31-year-old retail manager who is looking to start his own store chain, the 46-year-old physical therapist who has a new concept for quick recovery, and anyone who dreams big and has smart friends willing to take some risks.