

# garry's posthaven

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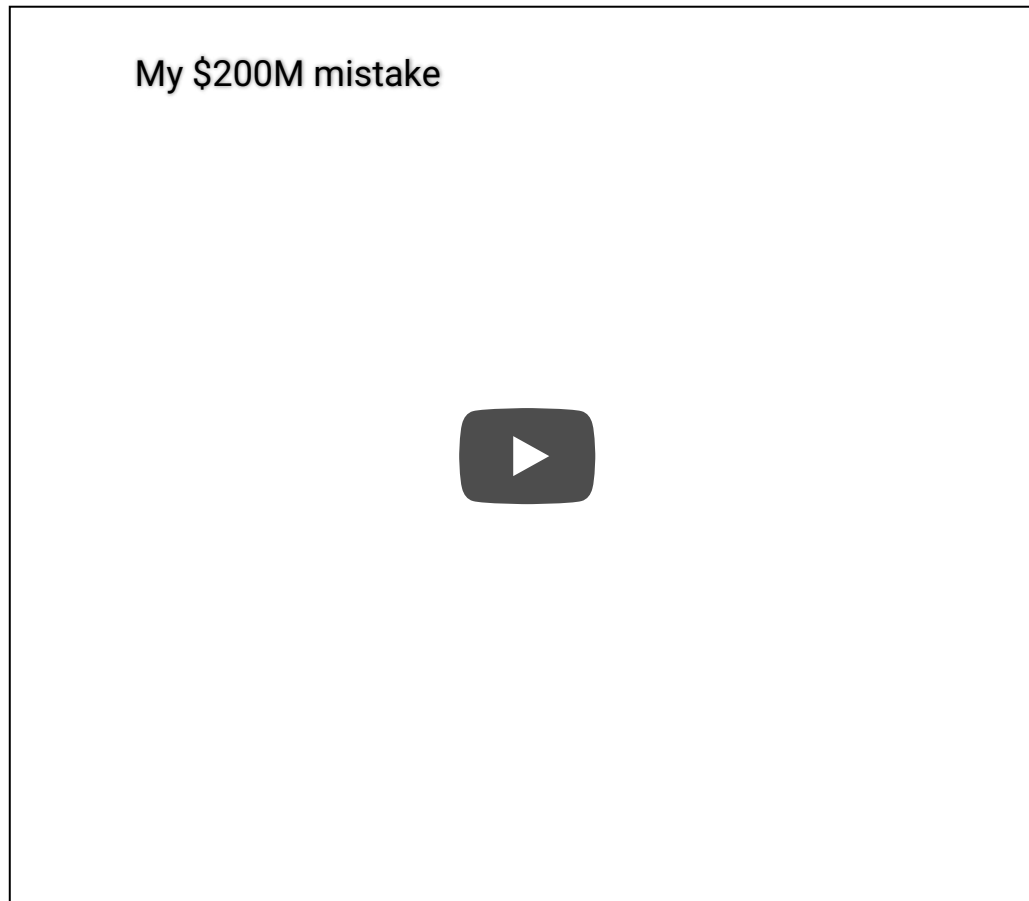
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## Working for Microsoft cost me \$200 million



Hey everyone, new vlog for this morning. I was in Seattle last week and it made me nostalgic. When I lived there, I made a career decision that cost me a lot, so I wanted to share it with you with the hope you can make different mistakes than me.

Watch on YouTube—



### Transcript below

My name's Garry Tan, I'm a Venture Capitalist. I started off as an engineer, a designer, a product manager. If you're new to this channel, I'm here to teach you all the things that I learned the hard way, starting with the most painful lesson, which cost me \$200 million.

I'd just graduated in 2003, and my friends were starting a company with Peter Thiel. They flew me down to have dinner with Peter.



It was about the time Peter wrote the \$500,000 check to Facebook that made him a billionaire. He was a known great entrepreneur. He just wasn't the billionaire that you know him as today.

He looked at me and said, "Garry, "what are you doing at Microsoft? "You're wasting your time." Keep in mind, I was 23 years old, I didn't know anything about startups, I didn't know anything about finance, and I definitely didn't know how these things got started.

He said, "Garry, I'm so sure this is the right thing for you, "you need to quit your job right now."

He asked, "How much a year do you make at Microsoft?"

It was \$72,000 a year, really the lowest of the low coming right out of college. He got out his checkbook and wrote me that check.

"Cash this check, quit your job. This is a zero risk opportunity for you."

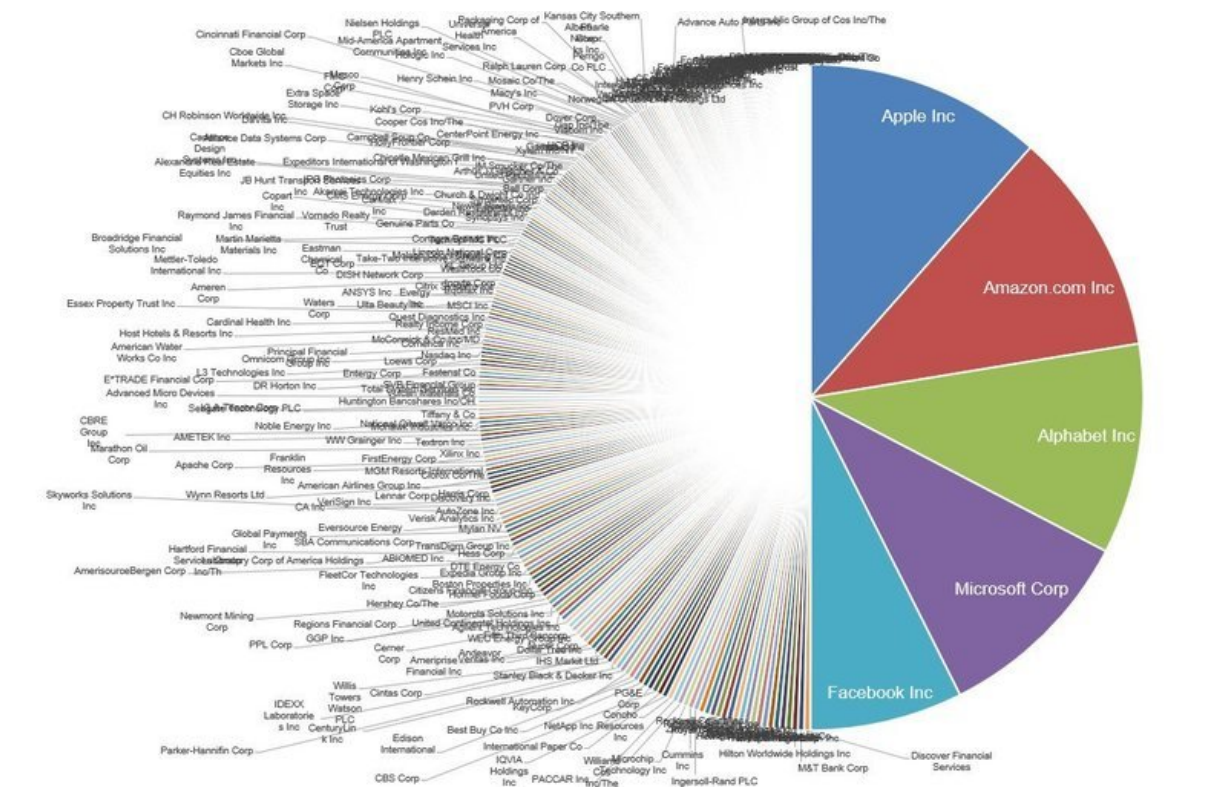
I said, "Thank you very much, Mr. Thiel, but I might get promoted to Level 60 next year."

Big mistake. This mistake cost me \$200 million in equity, at least. Palantir is now worth \$20 billion or more.

Later, I did end up joining as employee number 10. I got to build one of their major product teams from scratch. I learned a lot, and it still worked out, but this is a story that you should keep in mind as you think about where you want to work.

## Tech giants are amazing, even moreso today than in 2003

There are lots of reasons to work at Facebook, Apple, Amazon, Microsoft, and Google. I actually turned down a job interview with Google in 2004, but at the time, and this is what most Stanford engineers thought, it was obviously useful, but it wasn't clear that it was going to make money.



The above graph is the bottom 282 S&P500 companies vs the top 5 (2018) via [Seeking Alpha](#).



In 2019, it's hard to believe any other company other than Google is going to make money.

### **But you only can make a fraction of the value you create if you don't own equity**

Even though these companies pay a lot of money, in real terms, what software is doing in society is creating a lot more value than what they pay you. Google's ~~pure profit~~ net revenue per employee is actually \$1.6 million per year, after all costs.



If you're in the engineering, product, design, marketing, sort of the builder's side of that organization, you've got to know that you're creating a lot more value than that, possibly 10 times, maybe 100 times that value, and the only way you can really access that is by owning equity, and that means either being a founder or working at an early stage startup that gives significant equity.

My friend, Bede Jordan of Shelf Engine here in Seattle, actually said it best, "If you don't work on your dreams, "someone will put you to work on theirs."

### **The Pros: Why you should consider working at a tech giant**

Here are the pros: you get to ship products to millions of people; that is pretty cool. Two, it's very stable, and you get to learn some of the best techniques on how to make products for people. That's really important. Three, you're gonna meet a lot of really smart people, some of whom you may want to co-found something with in the future.

## **Downsides to working at a tech giant**

Obviously, there are lots of downsides. If you like to make something new, it's a lot harder to do that in a big organization. You have to be good at negotiation, you have to be good at getting favors from other people, you have to be good at politics. Those are really valuable life skills, but they are a separate set of skills from being great technically, or great at building product, and you should probably be aware of how you spend your time, especially when you're young.

Do you want to maintain the status quo, or do you want to make something new?

## **The real reason you should consider working at a startup or starting your own: It's not the money**

The two things I really like about working for smaller places or starting a company is you get very direct access to users and customers and their problems, which means you can actually have empathy for what's actually going on with them, and then you can directly solve it. That cycle is so powerful, the sooner you learn how to make that cycle happen in your career, the better off you'll be.

If you can make software and make software for other people, the outcome truly is hundreds of millions of dollars worth of value if you get it right. That's where I'm here to try and encourage you to do. I'm not really saying that you shouldn't go work at a big tech company.

I am saying you should probably leave before it makes you soft.

Don't make my mistakes, make all new mistakes.

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